

ACT 103

H.B. NO. 2657

A Bill for an Act Relating to Agriculture.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Act 387, Session Laws of Hawaii 1988, is amended as follows:

1. By amending section 1 to read:

“SECTION 1. The legislature finds that the economy of the island of Molokai [is] remains at a critical juncture. ~~[The residents have long relied on the pineapple industry as the major provider of jobs; however, since]~~ Since the closure of Dole Company’s operations in 1976 and the reduction of Del Monte’s operations in 1983, hundreds of Molokai residents have been jobless and the island’s unemployment rate ~~[at over fourteen per cent]~~ is more than twice the rate of any other island and the highest in the State. The legislature further finds that the revival of Molokai’s economy is contingent on the development and growth of small businesses, especially in diversified agriculture, and that it is the public interest to provide financial support to facilitate such development and growth on Molokai. Further, the legislature finds that the costs that farmers and ranchers must incur to comply with federal and state requirements, including the food safety requirements of the United States Food and Drug Administration (FDA) Food Safety Modernization Act, are prohibitive to some farmers and ranchers and will likely result in farm and ranch closures on Molokai. These farmers and ranchers require assistance with meeting these compliance costs to prevent such closures and the detrimental effect they will have on the diversified agricultural industry on Molokai. The purpose of this Act is to establish a ~~[revolving loan]~~ cost reimbursement program to stimulate business development and growth in diversified agriculture on the island of Molokai[-] and provide cost reimbursement to farmers and ranchers on Molokai to cover the costs, including audit costs and other expenses, of complying with the FDA Food Safety Modernization Act and state food safety laws.”

2. By amending section 3 to read:

“SECTION 3. (a) The county of Maui shall establish a temporary ~~[revolving loan]~~ cost reimbursement program to provide ~~[financing opportunities]~~ for small business ventures that are in diversified agriculture [on Molokai.] and cost reimbursement to farmers and ranchers on Molokai to help them meet the costs, including audit costs and other expenses, of compliance with the requirements of the FDA Food Safety Modernization Act and state food safety laws. To carry out the ~~[loan]~~ cost reimbursement program, the county shall establish a ~~[revolving]~~ fund from which moneys shall be ~~[loaned]~~ expended to provide cost reimbursements in accordance with this Act ~~[and into which all payments, interest, and fees collected by the county on such loans shall be deposited].~~

(b) The program shall provide ~~[loans]~~ cost reimbursement to qualified applicants with the following terms and conditions:

- (1) No ~~[loan]~~ cost reimbursement shall be granted unless ~~[financial assistance is not otherwise available to the applicant;]~~ money has been spent by the applicant toward complying with the FDA Food Safety Modernization Act or state food safety laws;
- (2) The total amount of ~~[a loan or loans]~~ cost reimbursement to any one applicant ~~[at any one time]~~ shall not exceed ~~[\$150,000;]~~ \$5,000; and
- (3) ~~[The maximum term of a loan]~~ No cost reimbursement shall [not exceed twenty years;] be allowed for costs that were incurred more than five years prior to the time the application for cost reimbursement is received by the county of Maui.
- (4) ~~Each loan shall bear interest conforming to the department of agriculture's "Agricultural Loans" rate, policies, and practices; and~~
- (5) ~~The commencement date for the repayment of the first installment on the principal and interest of each loan may be deferred by the mayor of the county of Maui for a period not to exceed two years.]~~

(c) The program shall be administered by the county of Maui. The county of Maui, in consultation with the department of agriculture, shall adopt rules to carry out the program's purpose. ~~[The loan applications shall be reviewed initially by the credit review committee of the Molokai task force. The committee shall make recommendations regarding the suitability of the proposed business concepts. The county of Maui shall make the final decision to approve or disapprove the application.]~~ The cost reimbursement applications shall be reviewed and approved by an administrative staff member within the county of Maui.”

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2016.

(Approved June 21, 2016.)