

S .B. NO. 2235

JAN 25 2006

A BILL FOR AN ACT

RELATING TO DEPARTMENT OF AGRICULTURE LOANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 155-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§155-4 Powers and duties of the department.** The
4 department of agriculture shall have the following powers:

5 (1) Employ a secretary, who may be exempt from chapter 76,
6 and other full-time and part-time employees, subject
7 to chapter 76, as are necessary to effectuate the
8 purposes of this chapter, subject further to the
9 limitation of funds in the agricultural loan reserve
10 fund;

11 (2) Designate agents throughout the State as may be
12 necessary for property appraisal, the consideration of
13 loan applications, and the supervision of farming
14 operations of borrowers. The agents may be
15 compensated for their services at rates the department
16 in its discretion may fix;

17 (3) Initiate and carry on a continuing research and
18 education program, utilizing and coordinating the

- 1 services and facilities of other government agencies
2 and private lenders to the maximum, to inform
3 qualified farmers concerning procedures for obtaining
4 loans and to inform private lenders concerning the
5 advantages of making loans to qualified farmers;
- 6 (4) Cooperate with private and federal government farm
7 loan sources to increase the amount of loan funds
8 available to qualified farmers in the State;
- 9 (5) Assist individual qualified farmers in obtaining loans
10 from other sources. Insofar as available funds and
11 staff permit, counsel and assist individual farmers in
12 establishing and maintaining proper records to prove
13 their farming ability for loan purposes;
- 14 (6) Insure loans made to qualified farmers and food
15 manufacturers by private lenders under section 155-5;
- 16 (7) Participate in loans made to qualified farmers and
17 food manufacturers by private lenders under section
18 155-6;
- 19 (8) Make direct loans to qualified farmers and food
20 manufacturers under section 155-8;
- 21 (9) Borrow money for loan purposes;
- 22 (10) Assign and sell mortgages;

1 (11) Hold title to, maintain, use, manage, operate, sell,
2 lease, or otherwise dispose of personal and real
3 property acquired by way of foreclosure, voluntary
4 surrender, or otherwise, to recover moneys loaned;

5 (12) Sue and be sued in the name of the "State of Hawaii";

6 (13) Exercise incidental powers as are deemed necessary or
7 requisite to fulfill its duty in carrying out the
8 purposes of this chapter;

9 (14) Delegate authority to its chairperson to approve
10 loans, where the requested amount plus any principal
11 balance on existing loans to the applicant, does not
12 exceed [~~\$25,000~~] \$75,000 of state funds; and

13 (15) Adopt rules pursuant to chapter 91 necessary for the
14 purpose of this chapter."

15 SECTION 2. Section 219-5, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The chairperson may approve loans, where the requested
18 amount, plus any principal balance on existing loans to the
19 applicant, does not exceed [~~\$25,000~~] \$75,000 of state funds."

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



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BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Agriculture

TITLE: A BILL FOR AN ACT RELATING TO DEPARTMENT OF AGRICULTURE LOANS.

PURPOSE: The purpose of this bill is to increase from \$25,000 to \$75,000 the chairperson's authority to approve agricultural loans and aquacultural loans.

MEANS: Amend sections 155-4 and 219-5(b), Hawaii Revised Statutes.

JUSTIFICATION: Section 155-4 delegates authority to the chairperson to approve loans where the requested amounts plus any principal balance on existing loans to the applicant do not exceed \$25,000 of state funds.

Section 219-5(b) allows the chairperson to approve loans where the requested amounts plus any principal balance on existing loans to the applicant do not exceed \$25,000 of state funds.

This bill will increase the authority for the chairperson to approve agricultural and aquacultural loans up to \$75,000. This will allow the Hawaii Department of Agriculture to approve more loans in a shorter period while creating additional time for the Board of Agriculture (BOA) to examine the larger loan applications in greater detail. This amendment will also positively impact the larger loan applicants in that the time normally spent in preparing the \$25,000-\$75,000 loan applications for the BOA can now be spent in processing the larger applications, thus reducing the overall length of time before a decision is rendered and loan proceeds are disbursed.

Impact on the public: The faster loan approvals will assist the agriculture and aquaculture industries by making needed

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funds available so that plans for growth and expansion can be implemented. The expedited approval process will be especially important in the event of an emergency when funds are needed for farmers to quickly recover so they can begin again to provide the food and other agricultural products necessary for the economy. These industries make available fresh locally grown produce and seafood to the general public. They also diversify the State's economy as well as provide employment opportunities, bring in revenue from outside the State, and spend capital in the local economy.

Impact on the department and other agencies:
The faster loan response time may increase the demand for agricultural and aquacultural loans provided by the department.

No impact is anticipated for other agencies.

GENERAL FUND: None required.

OTHER FUNDS: None required.

PPBS PROGRAM
DESIGNATION: AGR-101, AGR-102.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.