

Honolulu, Hawaii

Feb 10, 2006

RE: H.B. No. 3067
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 3067 entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

begs leave to report as follows:

The purpose of this bill is to assist the agriculture
industry by:

- (1) Establishing linked investments for providing loans to
persons engaged in, or proposing to engage in,
agriculture; and
- (2) Authorizing the Director of Finance to invest not more
than ten percent of moneys available in the State
treasury in linked investments.

The Hawaii Farm Bureau Federation testified in support of
this bill. The Board of Agriculture commented on this bill.

The agricultural industry has, and continues to be, an
important but highly competitive facet of Hawaii's economy.
Assisting farmers in obtaining loans through linked investments
will strengthen this industry and in turn, strengthen Hawaii's
economy.



However, your Committee understands concerns raised by the Board of Agriculture regarding the liability of the State in cases where a borrower defaults on a loan provided through linked investments. Accordingly, your Committee has amended this measure by:

- (1) Specifying that an eligible lending institution is liable for payment of a loan that is made through linked investments if an eligible borrower defaults on the loan; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3067, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3067, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



JON RIKI KARAMATSU, Chair



