

STAND. COM. REP. NO. 1009

Honolulu, Hawaii

March 2, 2007

RE: H.B. No. 401
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 401, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO IMPORTANT AGRICULTURAL LANDS
LOAN GUARANTY,"

begs leave to report as follows:

The purpose of this bill is to provide loan incentives for projects on important agricultural land by authorizing the Director of Finance to guarantee loans, made by commercial lenders authorized to do business in the state, to agricultural producers for the development and implementation of agricultural projects.

The Hawaii Agriculture Research Center and Maui County Farm Bureau testified in support of this bill. The Board of Agriculture supported the intent of this measure. The Hawaii Land Use Research Foundation of Hawaii and Alexander & Baldwin, Inc., supported this bill with amendments. The Department of Budget and Finance (B&F) provided comments.

Your Committee has amended this bill by:

- (1) Placing the loan guaranty program under the Department of Agriculture, instead of B&F and giving the Chairperson of the Board of Agriculture discretion to approve guarantees for loans;

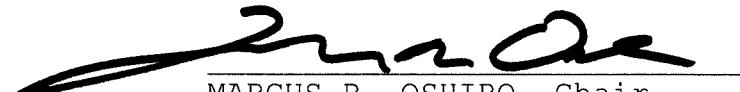
HB401 HD2 HSCR FIN HMS 2007-2615



- (2) Requiring B&F to maintain the responsibility for the reserve and funding of any defaults;
- (3) Limiting the total aggregate amount of the State's liability to \$40,000,000;
- (4) Adding an appropriation for the loan guaranty reserve; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 401, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 401, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



