

JAN 18 2008

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# A BILL FOR AN ACT

RELATING TO AGRICULTURAL LOANS.

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

1           SECTION 1. The purpose of this Act is to create the Hawaii  
2 agricultural micro loan program by which the department of  
3 agriculture will be able to make loans of up to \$25,000 for  
4 agricultural projects by producers of products produced in  
5 Hawaii intended to be marketed and consumed in Hawaii.

6           It is the further purpose of this Act to appropriate funds  
7 into the Hawaii agricultural micro loan revolving fund for the  
8 purposes of this Act.

9           SECTION 2. Chapter 155, Hawaii Revised Statutes, is  
10 amended by adding a new part to be appropriately designated and  
11 to read as follows:

12                           **"PART       .   AGRICULTURAL MICRO LOANS**

13           **§155-       Hawaii agricultural micro loan program.** There is  
14 established the Hawaii agricultural micro loan program, placed  
15 within the department.

16           **§155-       Hawaii agricultural micro loan revolving fund.**

17 There is established a revolving fund to be known as the Hawaii



1 agricultural micro loan revolving fund from which moneys shall  
2 be loaned by the department under this part. All moneys  
3 appropriated to the fund by the legislature, received as  
4 repayments of loans, payments of interest or fees, or received  
5 as royalties, shall be deposited into the revolving fund and  
6 used for the purposes of this part. The department may use all  
7 appropriations and other moneys in the revolving fund not  
8 appropriated for a designated purpose to make loans.

9 **§155- Powers and duties.** The department shall have the  
10 necessary powers to carry out the purposes of this part,  
11 including the following:

- 12 (1) Establishing preferences and priorities in determining  
13 eligibility for the awarding of loans;
- 14 (2) Establishing the conditions, consistent with the  
15 purpose of this part, for the awarding of loans;
- 16 (3) Providing for inspection at reasonable hours of  
17 facilities, books, and records of an applicant or  
18 borrower and require the submission of progress and  
19 final reports;
- 20 (4) Providing loans, consistent with the purpose of this  
21 part;



- 1           (5) Determining the necessity for and the extent of
- 2                   security required in a loan;
- 3           (6) Administering the Hawaii agricultural micro loan
- 4                   revolving fund;
- 5           (7) Including in its budget for subsequent fiscal periods
- 6                   amounts necessary to effectuate the purpose of this
- 7                   part;
- 8           (8) Participating in loans made to qualified persons by
- 9                   private lenders;
- 10          (9) Establishing interest rates chargeable by the State
- 11                   for direct and participation loans; and
- 12          (10) Adopting rules pursuant to chapter 91 to implement
- 13                   this part.

14           **§155-       Loans; limitation and terms.** Loans made under

15 this part shall be for the purpose and in accordance with the

16 terms specified in paragraphs (1) and (2) and shall be made only

17 to applicants who meet the eligibility requirements specified

18 therein. Loans may be made for:

- 19           (1) Projects by the producer of products produced in
- 20                   Hawaii that are intended to be marketed and consumed
- 21                   in Hawaii; or



1           (2) The continuation or improvement of projects by the  
2                   producer of products produced in Hawaii that are  
3                   intended to be marketed and consumed in Hawaii.

4           The loans shall be for an amount not to exceed \$25,000 and  
5 for a term not to exceed ten years.

6           **§155- Terms of loans.** Loans shall be made to qualified  
7 applicants with the following terms and conditions:

8           (1) The amount of the outstanding balance on all loans  
9                   issued under this chapter to any one applicant at any  
10                  one time shall not exceed \$25,000;

11          (2) The maximum term of a loan shall not exceed ten years;

12          (3) Each loan shall bear simple interest at a rate of not  
13                  less than three and not more than ten per cent a year,  
14                  depending on the nature of the loan; and

15          (4) The commencement date for the repayment of the first  
16                  installment on principal and interest of each loan may  
17                  be deferred by the board of agriculture for a period  
18                  not to exceed two years."

19           SECTION 3. There is appropriated out of the general  
20 revenues of the State of Hawaii the sum of \$250,000 or so much  
21 thereof as may be necessary for fiscal year 2008-2009 to  
22 initially fund the Hawaii agriculture micro loan revolving fund.

1           The sum appropriated shall be expended by the department of  
2 agriculture for the purposes of this Act.

3           SECTION 4. This Act shall take effect on July 1, 2008.

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INTRODUCED BY:           *Russell Kohl*          

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**Report Title:**

Agricultural Micro Loan Program; Appropriation

**Description:**

Creates the agricultural micro loan program authorizing the department of agriculture to issue loans up to \$25,000 for projects by Hawaii producers for local markets; appropriates funds into the agricultural micro loan revolving fund.

