

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 662  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 662, S.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 measure is to allow the Director of Finance to guarantee farm loans for farmers or land owners situated on land designated as important agricultural lands.

The measure also fulfills the constitutional requirement that incentives and protections be established with respect to important agricultural lands in the State.

Your Committee received comments in support of the measure from the Hawaii Farm Bureau and the Hawaii Crop Improvement Association. The Board of Agriculture, the Land Use Research Foundation of Hawaii, and Alexander and Baldwin Company submitted comments on the measure.

Your Committee finds that article XI, section 3, of the state constitution requires the State to promote agriculture and conserve productive important agricultural lands. Act 183, Session Laws of Hawaii 2005 established standards, criteria, and mechanisms to identify important agricultural lands to implement the intent and purpose of the state constitution. Act 183 also recognized that while the supply of lands suitable for agriculture is critical, the long-term



viability of agriculture depends on other factors, including the availability of appropriate financing.

This measure addresses the critical component of financing by authorizing the director of finance to guarantee loans for farmers or land owners situated on land designated as important agricultural lands. However, although your Committee is aware that the measure purports to satisfy the incentive and protection requirements pursuant to Act 183, your Committee believes that a comprehensive set of incentives including financing, is needed. Accordingly, your Committee is inclined to study other issues (including agribusiness infrastructure, water availability, streamlining the regulatory process, and county participation) before making a final determination as to whether the requirements of Act 183 are satisfied.

Your Committee has amended the measure by:

- (1) Changing the administrator of the loan program from the Director of Finance to the Chairperson of the Board of Agriculture under chapter 155, Hawaii Revised Statutes, which is dedicated to agricultural loans;
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on this matter; and
- (3) Making technical amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 662, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 662, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
ROSALYN H. BAKER, Chair



