

STAND. COM. REP. NO. 1557

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 1153
S.D. 1
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1153, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO AGRICULTURAL LOANS,"

begs leave to report as follows:

The purpose of this bill is to make loans available to new farmers at affordable rates through the New Farmer Program (Program) by, among other things:

- (1) Revising the Program by qualifying new farmers based on ability, experience, and training, in addition to other eligibility requirements including specified groups of new farmers and substituting Future Farmer of America graduates with graduates of the National FFA Organization;
- (2) Reducing the number of credit denials for class "F" loans required to qualify for the Program;
- (3) Setting the Program interest rate for class "F" loans at one and one-half percent below the prime rate or at a rate of six percent, whichever is less;
- (4) Reducing the minimum interest rate for agricultural loans made under Chapter 155, Hawaii Revised Statutes (HRS), from three percent to one percent;

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- (5) Increasing the Program loan limit to \$250,000; and
- (6) Appropriating an unspecified amount of funds for the Program.

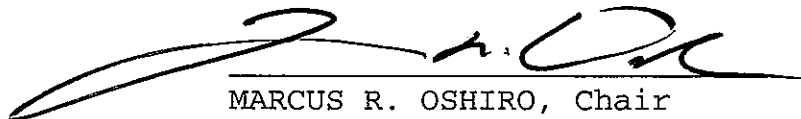
The Department of Agriculture, Hawaii Farm Bureau Federation, and a concerned individual testified in support of this bill.

Your Committee has amended this bill by:

- (1) Reestablishing the minimum interest rate for agricultural loans made under Chapter 155, HRS, at three percent to ensure the sustainability of the loan program;
- (2) Deleting all appropriations for the Program;
- (3) Changing its effective date to July 1, 2011; and
- (4) 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 S.B. No. 1153, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1153, S.D. 1, H.D. 2.

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



MARCUS R. OSHIRO, Chair



