
A BILL FOR AN ACT

RELATING TO AGRICULTURAL LOANS.

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

1 SECTION 1. Section 155-9, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§155-9 Classes of loans; purposes, terms, eligibility.**

4 (a) Loans made under this chapter shall be for the purposes and
5 in accordance with the terms specified in classes "A" through
6 "H" in this section and shall be made only to applicants who
7 meet the eligibility requirements specified therein and except
8 as to class "B" loans to associations and class "E" loans, the
9 eligibility requirements specified in section 155-10. The
10 maximum amount of a loan for class "A", "C", "D", and "F" loans
11 to an individual applicant shall also apply to any loan
12 application submitted by a partnership, corporation, or other
13 entity, and for the purpose of determining whether the maximum
14 loan amount to any individual will be exceeded, outstanding
15 loans to any partnership, corporation, or other entity that the
16 individual has a legal or equitable interest in excess of twenty
17 per cent shall be taken into account.



1 (b) Class A: Farm ownership and improvement loans shall
2 provide for:

- 3 [~~(1)~~ ~~The purchase or improvement of farm land;~~
4 ~~(2)~~ ~~The] (1) Infrastructure improvements, including the
5 purchase, construction, or improvement of farm land,
6 adequate farm dwellings, and other essential farm
7 buildings; [and]
8 (2) The implementation of new farming techniques; and
9 (3) The liquidation of indebtedness incurred for any of
10 the foregoing purposes.~~

11 The loans shall be for an amount not to exceed \$800,000 and
12 for a term not to exceed forty years. To be eligible, the
13 applicant shall (A) derive, or present an acceptable plan to
14 derive, a major portion of the applicant's income from and
15 devote, or intend to devote, most of the applicant's time to
16 farming operations; and (B) have or be able to obtain the
17 operating capital, including livestock and equipment, needed to
18 successfully operate the applicant's farm.

19 (c) Class B: Soil and water conservation loans shall
20 provide for:

- 21 (1) Soil conservation practices;
22 (2) Water development, conservation, and use;



- 1 (3) Drainage; and
- 2 (4) The liquidation of indebtedness incurred for any of
- 3 the foregoing purposes.

4 The loans shall be for an amount not to exceed \$35,000 to
5 an individual or \$200,000 to an association and shall be for a
6 term not to exceed twenty years for a loan to an individual and
7 forty years to an association. To be eligible, an individual
8 applicant shall have sufficient farm and other income to pay for
9 farm operating and living expenses and to meet payments on the
10 applicant's existing debts, including the proposed soil and
11 water conservation loan. An association, to be eligible, shall
12 be a nonprofit organization primarily engaged in extending
13 services directly related to the purposes of the loan to its
14 members, and at least sixty per cent of its membership shall
15 meet the eligibility requirements specified in section 155-10.

16 (d) Class C: Farm operating loans shall be for the
17 purpose of carrying on and improving a farming operation,
18 including:

- 19 (1) The purchase of [~~farm equipment and~~] livestock;
- 20 (2) The payment of production and marketing expenses,
21 including materials, labor, and services;
- 22 (3) The payment of living expenses;



- 1 (4) Infrastructure and infrastructure improvements,
- 2 including the purchase of farm equipment;
- 3 (5) The payment of expenses relating to the implementation
- 4 of new farming techniques;
- 5 [~~4~~] (6) The liquidation of indebtedness incurred for any
- 6 of the foregoing purposes; and
- 7 [~~5~~] (7) The exportation of crops and livestock.

8 The loans shall be for an amount not to exceed \$800,000 and
9 for a term not to exceed ten years. To be eligible, an
10 applicant shall derive, or present an acceptable plan to derive,
11 a major portion of the applicant's income from and devote, or
12 intend to devote, most of the applicant's time to farming
13 operations.

14 Qualified farmers affected by state eradication programs
15 may also be eligible for loans under this subsection. Loans
16 made for rehabilitation from eradication programs shall be
17 subject to the terms of class "C" loans; provided that the
18 interest rate shall be three per cent a year and the
19 requirements in section 155-3 shall be waived and paragraph (4)
20 shall not apply.



1 (e) Class D: Emergency loans shall be for the purpose of
2 providing relief and rehabilitation to qualified farmers without
3 limit as to purpose:

4 (1) In areas stricken by extraordinary rainstorms,
5 windstorms, droughts, tidal waves, earthquakes,
6 volcanic eruptions, and other natural catastrophes;

7 (2) On farms stricken by livestock disease epidemics and
8 crop blights;

9 (3) On farms seriously affected by prolonged shipping and
10 dock strikes;

11 (4) During economic emergencies caused by overproduction,
12 excessive imports, and the like; and

13 (5) During other emergencies as determined by the board of
14 agriculture.

15 The maximum amounts and period for the loans shall be
16 determined by the board of agriculture; provided that the board
17 shall require that any settlement or moneys received by
18 qualified farmers as a result of an emergency declared under
19 this section shall first be applied to the repayment of an
20 emergency loan made under this chapter.

21 (f) Class E: Loans to farmers' cooperatives,
22 corporations, and food manufacturers shall provide credit to.



1 entities engaged in marketing, purchasing, and processing, and
2 providing farm business services, including:

3 (1) Facility loans for infrastructure and infrastructure
4 improvements. This includes loans to purchase or
5 improve land, [~~building,~~] buildings, and equipment for
6 an amount not to exceed \$500,000 and a term not to
7 exceed twenty years;

8 (2) Operating loans to implement new farming techniques,
9 finance inventories of supplies and materials,
10 warehousing, and shipping commodities, extension of
11 consumer credit to justified farmer-members, and other
12 normal operating expenses for an amount not to exceed
13 \$300,000 and a term not to exceed seven years; and

14 (3) The exportation of crops and livestock.

15 To be eligible, a farmers' cooperative or corporation shall
16 have a majority of its board of directors and a majority of its
17 membership as shareholders who meet the eligibility requirements
18 of section 155-10 and who devote most of their time to farming
19 operations, and the facility loans shall be for an amount not to
20 exceed \$500,000 or eighty per cent of the cost of the project,
21 whichever is less.



1 To be eligible, a food manufacturer shall be licensed to do
2 business in the State, and the controlling interest of the
3 entity shall possess a minimum of two years of relevant
4 processing or manufacturing experience as acceptable to the
5 department of agriculture. The entity shall process Hawaii-
6 grown agricultural products or use Hawaii-grown agricultural
7 products as an ingredient in the manufacturing process.

8 Facility loans shall be for an amount not to exceed \$500,000 or
9 eighty per cent of the cost of the project, whichever is less.

10 The requirements in section 155-10 shall be waived for food
11 manufacturing loans; however, the entity shall be a sound credit
12 risk with the ability to repay the money borrowed.

13 (g) Class F: Loans for new farmer programs shall provide
14 for costs of a new farm enterprise for qualified new farmers:

15 (1) Initial loans made under this class shall be for
16 purposes and in accordance with the terms specified in
17 class "A" and "C" only, and shall be made only for
18 full-time farming. The loans shall be made for an
19 amount not to exceed [~~\$250,000~~] \$350,000 or eighty-
20 five per cent of the cost of the project, whichever is
21 less;



1 (2) Any subsequent loan shall be made from classes "A" to
2 "D", respectively, depending upon the purpose for
3 which the loan funds are used; and

4 (3) Borrowers shall comply with special term loan
5 agreements as may be required by the department and
6 shall take special training courses as the department
7 deems necessary.

8 (h) Class G: Loans to part-time farmers shall be for farm
9 improvement and operating purposes for carrying on and improving
10 farming operations, including loans for:

11 ~~[(1) The purchase, construction, and improvement of farm
12 production and growing structures;~~

13 ~~-(2) The purchase of farm equipment or livestock; and]~~

14 (1) Infrastructure and infrastructure improvements,
15 including the purchase, construction, and improvement
16 of farm production and growing structures and
17 equipment;

18 (2) The purchase of livestock;

19 (3) The implementation of new farming techniques; and

20 ~~[(3)]~~ (4) The payment of production and marketing expenses,
21 including materials, labor, and services.



1 The liquidation of indebtedness incurred for any of the
2 purposes under this subsection and for living expenses shall not
3 be authorized purposes. Each loan shall be for an amount not to
4 exceed \$25,000 and for a term not to exceed ten years.

5 (i) Class H: Farm sustainable project loans shall provide
6 for:

7 (1) The purchase, construction, or improvement of
8 essential farm buildings, including the improvement of
9 existing farm buildings related to the project;

10 (2) The improvement of land that may be required by the
11 project;

12 (3) The purchase of equipment and payment of any related
13 expenses, including materials, labor, and services;

14 (4) Operating expenses associated with the project[+],
15 including expenses related to the development and
16 implementation of new farming techniques needed for
17 the project; or

18 (5) The liquidation of indebtedness incurred for any of
19 the foregoing purposes.

20 The loans shall be for an amount not to exceed \$1,500,000
21 or eighty-five per cent of the project cost, whichever is less,
22 and for a term not to exceed forty years.



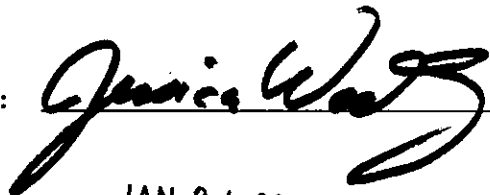
1 To be eligible, the applicant shall be a qualified farmer
2 of sound credit rating with the ability to repay the money
3 borrowed, as determined by the department. Income from the
4 applicant's farming activities and any supplemental income that
5 may be generated from the project shall be the sole criterion
6 for the department's determination of the applicant's ability to
7 repay the money borrowed. The department's determination may be
8 based on projections of income and expenses."

9 SECTION 2. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 3. This Act shall take effect upon its approval.

12

INTRODUCED BY:



JAN 24 2013



Report Title:

Agricultural Loans

Description:

Expands the department of agriculture agricultural loan program to provide loans for infrastructure, infrastructure improvements, and the implementation of new farming techniques.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

