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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. Financial resources are not readily available  
2 to those new to farming and those who would like to experiment  
3 with new crops or techniques. Lack of capital oftentimes weighs  
4 heavily when deciding whether or not to choose farming as a  
5 career.

6           With the average age of the farm operator in Hawaii being  
7 fifty-nine years old, there is a need to encourage the younger  
8 generations to take over existing farms or start their own  
9 farms. Capital is also needed for farmers to be able to test  
10 new techniques and new crops in order to make their operations  
11 run more efficiently and thus be better able to survive foreign  
12 and mainland competition.

13           This Act establishes enhancements to the new farmer program  
14 to address these issues and provide incentives to enter into and  
15 to continue farming.

16           SECTION 2. Section 155-1, Hawaii Revised Statutes, is  
17 amended by amending the definition of "new farmer program" to  
18 read as follows:



1        "New farmer [program]" means a new farm enterprise [~~for~~  
2 ~~qualified new farmers,~~] or a person, who by reason of ability,  
3 experience, and training [~~are~~], is likely to successfully  
4 operate a farm and who otherwise [~~meet~~] meets the eligibility  
5 requirements of section 155-10 and includes any of the  
6 following:

- 7           (1) Persons displaced from employment in an agricultural  
8           production enterprise;
- 9           (2) College graduates in agriculture;
- 10          (3) Community college graduates in agriculture;
- 11          (4) Members of the Hawaii Young Farmer Association and  
12          National FFA Organization graduates with farming  
13          projects;
- 14          (5) Persons who have not less than two years' experience  
15          as part-time farmers;
- 16          (6) Graduates from farm trainee programs designed to  
17          provide interns with the necessary hands on skills and  
18          management training to be able to successfully operate  
19          their own farm;
- 20          [~~(6)~~] (7) Persons who have been farm tenants or farm  
21          laborers; or



1        [~~7~~] (8) Other individuals who have for the two years last  
2                preceding their application [~~have~~] obtained the major  
3                portion of their income from farming operations."

4        SECTION 3. Section 155-3, Hawaii Revised Statutes, is  
5        amended to read as follows:

6                "**§155-3 Restriction.** Loans provided for by this chapter  
7        shall require two credit denials, except for class "F" loans for  
8        new farmer and farm innovation programs which shall require one  
9        credit denial. New farmer loans for \$100,000 or less for farm  
10       trainees and recent college graduates with a degree in  
11       agriculture shall have this requirement waived. This  
12       requirement may also be waived by the board of agriculture for  
13       emergency loans. Credit denials may be accepted from any of the  
14       following:

- 15                (1) Private lenders;  
16                (2) Members of the farm credit system; or  
17                (3) The United States Department of Agriculture."

18        SECTION 4. Section 155-9, Hawaii Revised Statutes, is  
19        amended by amending subsection (g) to read as follows:

20                "(g) Class F: [~~Loans for new farmer programs shall provide~~  
21       ~~for costs of a new farm enterprise for qualified new farmers.]~~  
22       New farmer and farm innovation loan programs shall provide for:



- 1           (1) ~~[Initial]~~ New farmer loans made under this class shall  
2           be for purposes and in accordance with the terms  
3           specified in class "A" and "C" only, and shall be made  
4           only for full-time farming. The loans shall be made  
5           for an amount not to exceed \$250,000 or eighty-five  
6           per cent of the cost of the project, whichever is  
7           less ~~[+]~~. Farm trainees and recent graduates with a  
8           degree in agriculture with smaller projects requiring  
9           loans of \$100,000 or less shall have a minimum five  
10          per cent equity contribution towards the cost of the  
11          project;
- 12          (2) Farm innovation loans are for qualified farmers to  
13          perform practical research in crop development,  
14          innovative production techniques, new technologies,  
15          and production of new crops that are not typically  
16          grown in the State. Farm innovation loans shall be  
17          limited to a maximum of \$75,000;
- 18          ~~[(2)]~~ (3) Any subsequent loan shall be made from classes  
19          "A" to "D", respectively, depending upon the purpose  
20          for which the loan funds are used; and
- 21          ~~[(3)]~~ (4) Borrowers shall comply with special term loan  
22          agreements as may be required by the department and



1           shall take special training courses as the department  
2           deems necessary."

3           SECTION 5. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 6. This Act shall take effect upon its approval.  
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**Report Title:**

Agricultural Loans; New Farmer Loan Program

**Description:**

Modifies the new farmer loan program of the Department of Agriculture to promote the development of innovative technologies and to assist new farm enterprises. (SD1)

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

