
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 "~~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 successfully operate their own
19 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~~] authorized by
7 this chapter shall require two credit denials, except for class
8 "F" loans for new farmer and farm innovation programs, which
9 shall require one credit denial. This requirement shall be
10 waived for new farmer loans for \$100,000 or less for farm
11 trainees and recent college graduates with a degree in
12 agriculture. This requirement may also be waived by the board
13 of agriculture for emergency loans. Credit denials may be
14 accepted from any of the 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~~
21 ~~provide for costs of a new farm enterprise for qualified new~~



1 ~~farmers;]~~ New farmer and farm innovation loan programs shall
2 provide for:

3 (1) [~~Initial~~] New farmer loans made under this class shall
4 be for purposes and in accordance with the terms
5 specified in class "A" and "C" only, and shall be made
6 only for full-time farming. The loans shall be made
7 for an amount not to exceed \$250,000 or eighty-five
8 per cent of the cost of the project, whichever is
9 less[~~er~~]. Farm trainees and recent graduates with a
10 degree in agriculture with smaller projects requiring
11 loans of \$100,000 or less shall have a minimum five
12 per cent equity contribution towards the cost of the
13 project;

14 (2) Farm innovation loans made under this class shall be
15 for qualified farmers to perform practical research in
16 crop development, innovative production techniques,
17 new technologies, and production of new crops that are
18 not typically grown in the State. Farm innovation
19 loans shall be limited to a maximum of \$75,000;

20 [~~2~~] (3) Any subsequent loan shall be made from classes
21 "A" to "D", respectively, depending upon the purpose
22 for which the loan funds are used; and

1 [~~3~~] (4) Borrowers shall comply with special term loan
2 agreements as may be required by the department and
3 shall take special training courses as the department
4 deems necessary."

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 Statutory material to be repealed is bracketed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

7 SECTION 6. This Act shall take effect on July 1, 2050.



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. Effective 07/01/2050. (SD2)

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