

Honolulu, Hawaii

APR 05 2013

RE: H.B. No. 1264
H.D. 2
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1264, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to support the State's agricultural industry by enhancing the Department of Agriculture's agricultural loan program.

Specifically, this measure amends the requirements for agricultural loans that the Department of Agriculture insures, guarantees, participates in, or directly makes pursuant to chapter 155, Hawaii Revised Statutes, by:

- (1) Authorizing loans for biosecurity projects to protect the health of livestock, poultry, and humans from diseases, pests, and pathogens;
- (2) Subjecting all classes of loans that the Department of Agriculture insures, guarantees, or participates in, except for biosecurity project loans, to the same requirements regarding terms, conditions, eligibility, security, repayment, and refinancing set forth in sections 155-9 through 155-13, Hawaii Revised Statutes; and



- (3) Modifying the requirements for new farmer loans and establishing farm innovation loans to promote the development of innovative technologies and assist new farm enterprises, including by:
 - (A) Waiving the qualification of a prior credit denial for new farmer loans of up to \$100,000 for farm trainees and recent college graduates with a degree in agriculture; and
 - (B) Authorizing farm innovation loans of up to \$75,000 and requiring only one credit denial to qualify for these loans, rather than the standard two credit denials currently required for all agricultural loans, other than new farmer loans, under chapter 155, Hawaii Revised Statutes.

Your Committee received written comments in support of this measure from the Department of Agriculture, Hawaii Farm Bureau Federation, and Ulupono Initiative.

Your Committee finds that the mission of the Department of Agriculture's agricultural loan program is to promote agricultural development in the State by stimulating, facilitating, and providing capital to qualified farmers and food manufacturers. This measure expands the loan program to include biosecurity projects that protect the health of poultry and livestock and ensure a safe food supply. In addition, this measure encourages the development of new farmers and new crops by increasing access to smaller loans designed to promote those purposes. Your Committee believes these provisions will protect the health of farm animals and consumers in the State. The measure also assists local agriculture by enabling farm innovation and encouraging more people to become farmers.

Your Committee has amended this measure by:


- (1) Specifying that the proposed incentives for new farmer loans of up to \$100,000 apply to graduates of farm trainee programs and persons who have graduated from college with a degree in agriculture within the five years immediately preceding the date of the loan application;



- (2) Eliminating the division of this measure into separate parts, consolidating sections, and eliminating duplicate language;
- (3) Changing the effective date to July 1, 2050, to encourage further discussion; 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 Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1264, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1264, H.D. 2, S.D. 2.

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



DAVID Y. IGE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* HB 1264, HD2, SD1	Committee Referral: AGL, WAM	Date: 3-22-13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert				✓
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.	✓			
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.				✓
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	11	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes