

Honolulu, Hawaii
February 14, 2013RE: H.B. No. 1264
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 1264 entitled:

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

begs leave to report as follows:

The purpose of this measure is to support agriculture by expanding the Department of Agriculture (DOA) Loan Program. Specifically, the bill amends the Loan Program by:

- (1) Allowing the following costs to qualify for the indicated loans:
 - (A) Infrastructure and the implementation of new farming techniques for farm ownership and improvement loans;
 - (B) Infrastructure, infrastructure improvements, and the implementation of new farming techniques for farm operating loans;
 - (C) Infrastructure, infrastructure improvements, and the implementation of new farming techniques for loans to farmers' cooperatives, corporations, and food manufacturers;



- (D) Infrastructure, infrastructure improvements, and the implementation of new farming techniques for loans to part-time farmers; and
 - (E) Implementation of new farming techniques for farm sustainable project loans; and
- (2) Increasing the maximum loan amount for new farmer programs loans from \$250,000 to \$350,000.

Farm sustainable project loans are also expanded to include costs associated with new farming techniques. In addition, the maximum loan amount for new farmer programs is increased to \$350,000.

Land Use Research Foundation of Hawaii and one individual testified in support of this measure. DOA offered comments.

Your Committee has amended this measure by:

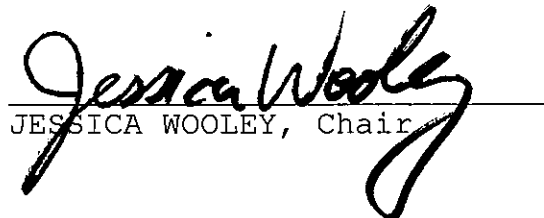
- (1) Adding a new class of loans for biosecurity projects that, among other things:
 - (A) Seeks to protect the health of livestock, poultry, and humans from diseases, pests, and pathogens that may originate on a farm;
 - (B) Encourages infrastructure improvements related to biosecurity by offering better rate loans;
 - (C) Establishes a loan maximum of \$1,000,000; and
 - (D) Requires the loan applicant to have a specified credit rating;
- (2) Enhancing the low interest rate loan for new farmer programs by expanding the loan to include farm innovation programs and:
 - (A) Amending the definition of "new farmer program" to read "new farmer" and expanding the list of qualifying persons to include graduates from farm trainee programs;
 - (B) Reinstating the maximum loan amount of \$250,000 for new farmers;



- (C) Waiving the one credit denial restriction for new farmer loans up to \$100,000 made to farm trainees and recent college graduates with a degree in agriculture;
 - (D) Requiring farm trainees and recent graduates with agriculture degrees to contribute at least five per cent in equity when applying for a new farmer loan of up to \$100,000; and
 - (E) Including a farm innovation loan, limited to \$75,000, for the costs of exploring and performing new farm innovation techniques;
- (3) Authorizing DOA to guaranty all the classes of loans under the DOA Loan Program; provided that the loans meet all qualifications and requirements;
 - (4) Changing its effective date to July 1, 2050, to encourage further discussion; and
 - (5) Making technical, nonsubstantive amendments for the purpose of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1264, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1264, H.D. 1, and be referred to the Committee on Finance.

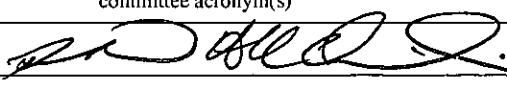
Respectfully submitted on
behalf of the members of the
Committee on Agriculture,


JESSICA WOOLEY, Chair



State of Hawaii
House of Representatives
The Twenty-seventh Legislature

Record of Votes of the Committee on Agriculture

Bill/Resolution No.: HB1264	Committee Referral: AGR, FIN, DW	Date: 2/7/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
AGR Members	Ayes	Ayes (WR)	Nays	Excused
1. WOOLEY, Jessica (C)	✓			
2. ONISHI, Richard H.K. (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.				✓
5. CHOY, Isaac W.	✓			
6. OHNO, Takashi	✓			
7. TAKAYAMA, Gregg	✓			
8. TOKIOKA, James Kunane				✓
9. TSUJI, Clift	✓			
10. CHEAPE, Lauren Kealohilani	✓			
11. WARD, Gene	✓			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				