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# A BILL FOR AN ACT

RELATING TO AGRICULTURE.

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

1 SECTION 1. Act 387, Session Laws of Hawaii 1988, is  
2 amended as follows:  
3 1. By amending section 1 to read:  
4 "SECTION 1. The legislature finds that the economy of the  
5 island of Molokai [~~is~~] remains at a critical juncture. [~~The~~  
6 ~~residents have long relied on the pineapple industry as the~~  
7 ~~major provider of jobs, however, since~~] Since the closure of  
8 Dole Company's operations in 1976 and the reduction of Del  
9 Monte's operations in 1983, hundreds of Molokai residents have  
10 been jobless and the island's unemployment rate [~~at over~~  
11 ~~fourteen per cent~~] is more than twice the rate of any other  
12 island and the highest in the State. The legislature further  
13 finds that the revival of Molokai's economy is contingent on the  
14 development and growth of small businesses, especially in  
15 diversified agriculture, and that it is the public interest to  
16 provide financial support to facilitate such development and  
17 growth on Molokai. Further, the legislature finds that the  
18 costs that farmers and ranchers must incur to comply with



1 federal and state requirements, including the food safety  
 2 requirements of the United States Food and Drug Administration  
 3 (FDA) Food Safety Modernization Act, are prohibitive to some  
 4 farmers and ranchers and will likely result in farm and ranch  
 5 closures on Molokai. These farmers and ranchers require  
 6 assistance with meeting these compliance costs to prevent such  
 7 closures and the detrimental effect they will have on the  
 8 diversified agricultural industry on Molokai. The purpose of  
 9 this Act is to establish a [~~revolving loan~~] cost reimbursement  
 10 program to stimulate business development and growth in  
 11 diversified agriculture on the island of Molokai[-] and provide  
 12 cost reimbursement to farmers and ranchers on Molokai to cover  
 13 the costs, including audit costs and other expenses, of  
 14 complying with the FDA Food Safety Modernization Act and state  
 15 food safety laws."

16 2. By amending section 3 to read:

17 "SECTION 3. (a) The county of Maui shall establish a  
 18 temporary [~~revolving loan~~] cost reimbursement program to provide  
 19 [~~financing opportunities~~] for small business ventures that are  
 20 in diversified agriculture [~~on Molokai-~~] and cost reimbursement  
 21 to farmers and ranchers on Molokai to help them meet the costs,



1 including audit costs and other expenses, of compliance with the  
 2 requirements of the FDA Food Safety Modernization Act and state  
 3 food safety laws. To carry out the [~~loan~~] cost reimbursement  
 4 program, the county shall establish a [~~revolving~~] fund from  
 5 which moneys shall be [~~loaned~~] expended to provide cost  
 6 reimbursements in accordance with this Act [~~and into which all~~  
 7 ~~payments, interest, and fees collected by the county on such~~  
 8 ~~loans shall be deposited~~].

9 (b) The program shall provide [~~loans~~] cost reimbursement  
 10 to qualified applicants with the following terms and conditions:

11 (1) No [~~loan~~] cost reimbursement shall be granted unless  
 12 [~~financial assistance is not otherwise available to~~  
 13 ~~the applicant;~~] money has been spent by the applicant  
 14 toward complying with the FDA Food Safety  
 15 Modernization Act or state food safety laws;

16 (2) The total amount of [~~a loan or loans~~] cost  
 17 reimbursement to any one applicant [~~at any one time~~]  
 18 shall not exceed [~~\$150,000;~~] \$5,000; and

19 (3) [~~The maximum term of a loan~~] No cost reimbursement  
 20 shall [~~not exceed twenty years;~~] be allowed for costs  
 21 that were incurred more than five years prior to the



1           time the application for cost reimbursement is  
2           received by the county of Maui.

3       ~~[-(4) Each loan shall bear interest conforming to the~~  
4           ~~department of agriculture's "Agricultural Loans" rate,~~  
5           ~~policies, and practices; and~~

6       ~~-(5) The commencement date for the repayment of the first~~  
7           ~~installment on the principal and interest of each loan~~  
8           ~~may be deferred by the mayor of the county of Maui for~~  
9           ~~a period not to exceed two years.]~~

10           (c) The program shall be administered by the county of  
11 Maui. The county of Maui, in consultation with the department  
12 of agriculture, shall adopt rules to carry out the program's  
13 purpose. ~~[The loan applications shall be reviewed initially by~~  
14 ~~the credit review committee of the Molokai task force. The~~  
15 ~~committee shall make recommendations regarding the suitability~~  
16 ~~of the proposed business concepts. The county of Maui shall~~  
17 ~~make the final decision to approve or disapprove the~~  
18 ~~application.] The cost reimbursement applications shall be~~  
19 ~~reviewed and approved by an administrative staff member within~~  
20 ~~the county of Maui."~~



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

3 SECTION 3. This Act shall take effect on July 1, 2016.



**Report Title:**

Food Safety; Cost Reimbursement Program; Maui County Revolving Loan Program; Appropriation

**Description:**

Amends the Molokai diversified agricultural revolving loan program established by Act 387, SLH 1988, to provide cost reimbursements to Molokai farmers and ranchers to reimburse costs of mandated food safety compliance audits and other related costs. (HB2657 CD1)

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

