
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. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so much
3 thereof as may be necessary for fiscal year 2016-2017 for the
4 Maui office of economic development to review and approve cost
5 reimbursement applications made pursuant to Act 387, Session
6 Laws of Hawaii 1988, as amended by this Act.

7 The sum appropriated shall be expended by the county of
8 Maui for the purposes of this Act.

9 SECTION 3. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on July 1, 2016.

12



Report Title:

Food Safety Loans; 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. Appropriates funds to the Maui Office of Economic Development to review and approve applications for the loan program. (SD1)

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