

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 530
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 530 entitled:

"A BILL FOR AN ACT RELATING TO MANAGEMENT OF STATE FUNDS,"

begs leave to report as follows:

The purpose of this measure is to encourage eligible lending institutions (Lender) to make loans that support agriculture in Hawaii by establishing a linked investment loan program (Program) that provides financial assistance to the agricultural community in Hawaii. Specifically, the Program:

- (1) Requires the eligible borrower to be engaged in agriculture, have a viable agricultural business plan, and qualify for a loan from a Lender;
- (2) Requires the Lender to prepare a linked investment loan package (Loan Package) in a form and manner specified by the Director of Finance (Director);
- (3) Upon review and acceptance of the Loan Package by the Director, requires the Director to place a certificate of deposit with the Lender, with specified terms and conditions;



- (4) Establishes a cap on the Program at no more than ten percent of moneys available in the State Treasury available for deposit; and
- (5) Establishes an unspecified cap on the amount of each loan made through the Program.

The Hawaii Farmers Union, Ho'omanapono Political Action Committee, and O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i supported this measure. The Department of Agriculture and Department of Budget and Finance (B&F) submitted comments on this measure.

Your Committee has amended this measure by changing its effective date to July 1, 2150, to encourage further discussion.

Your Committee respectfully requests that your Committee on Finance consider and take appropriate action on the amendments proposed by B&F in its testimony on this measure.

This measure caps the amount of state funds for the Program at ten percent of the funds in the State Treasury that are available for deposit. B&F notes that since the amount in the State Treasury fluctuates on a daily basis, a specific and fixed sum should be determined as the cap on the state funds available for the Program. Further, this measure amends the enumerated investments that the Director is authorized to make by adding "(16) Linked investments pursuant to section 36- ;". Since linked investments are not technically a type of investment, B&F recommends that the description be changed to "(16) Certificates of Deposits related to linked investments pursuant to section 36-
i".

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. 530, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 530, H.D. 1, and be referred to your Committee on Finance.



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


RICHARD P. CREAGAN, Chair



