
A BILL FOR AN ACT

RELATING TO AGRICULTURAL LOANS.

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

1 SECTION 1. The legislature finds that Hawaii's
2 agricultural industry continues to struggle. The 2017 census
3 reports that eighty-eight per cent of Hawaii farms have a gross
4 value of production of less than \$50,000 annually. High land
5 costs along with rising inflation have significantly increased
6 costs for farmers and, with the rising interest rates, make it
7 very difficult for beginning farmers as well as existing farmers
8 to obtain financing. If Hawaii is to become more self-
9 sufficient in food production and less reliant on imported
10 products, it will need to assist the existing farming community
11 and encourage new entrepreneurs to enter the industry. Access
12 to affordable credit will encourage new entrepreneurs to enter
13 the field and help existing farmers to maintain their
14 operations.

15 The purpose of this Act is to reduce and set fixed interest
16 rates for loans under the agricultural loan program.



1 SECTION 2. Section 155-8, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:
3 "(c) Loans made under this section shall bear simple
4 interest on the unpaid principal balance, charged on the actual
5 amount disbursed to the borrower. The interest rate on loans of
6 class "A", "B", "C", "E", and "G" shall be ~~[at a rate of one per~~
7 ~~cent below the prime rate or]~~ set at a rate of ~~[seven and one-~~
8 ~~half]~~ four per cent a year~~[, whichever is less. For purposes of~~
9 ~~this subsection, the prime rate shall be determined on January 1~~
10 ~~and July 1 of each year, and shall be the prime rate charged by~~
11 ~~the two largest banks in the State identified by the department~~
12 ~~of commerce and consumer affairs. If the prime rates of the two~~
13 ~~largest banks are different, the lower prime rate of the two~~
14 ~~shall apply]~~. The interest rate of class "F" loans shall be set
15 at a ~~[rate of one and one-half per cent below the prime rate or~~
16 ~~at a]~~ rate of ~~[six]~~ three per cent a year~~[, whichever is less]~~.
17 The interest rate of class "H" and "I" loans shall be three per
18 cent a year. If the money loaned is borrowed by the department,
19 then the interest on loans of the classes shall be the rate as
20 determined above or one per cent over the cost to the State of
21 borrowing the money, whichever is greater. Interest on loans



1 made under this chapter shall [~~not~~] be no less than [~~three~~] two
2 per cent a year."

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

5 SECTION 4. This Act shall take effect on July 1, 3000.



Report Title:

Agricultural Loan Program; Interest Rates; Department of
Agriculture

Description:

Reduces and sets fixed interest rates for loans under the
Agricultural Loan Program. Effective 7/1/3000. (HD1)

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not legislation or evidence of legislative intent.*

