

Honolulu, Hawaii

MAR 13 2025

RE: H.B. No. 984  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
Regular Session of 2025  
State of Hawaii

Sir:

Your Committee on Agriculture and Environment, to which was referred H.B. No. 984, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Update the Agricultural Loan Program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credit denials;
- (2) Include food hubs as an eligible entity for Class E loans;
- (3) Authorize the issuance of line of credit loans;
- (4) Create a new class of loans to encourage large scale agriculture of import replacement crops grown for the farm to state program; and
- (5) Appropriate funds.

Your Committee received testimony in support of this measure from the Department of Agriculture; Department of Research and Development of the County of Hawai'i; Ulupono Initiative; Hawai'i



Farm Bureau; Hawaii Cattlemen's Council, Inc.; Hawai'i Food+ Policy; Chamber of Commerce Hawaii; Hawaii Farmers Union, Hana Chapter; and one individual.

Your Committee finds that the Agricultural Loan Program needs to be updated to meet the current needs and requirements of the agricultural industry. Your Committee recognizes that, as the State moves toward becoming increasingly self-sufficient in food production, it is more critical than ever for local farmers and ranchers to receive access to affordable credit to cover significantly increasing production and inflation costs. Your Committee notes that setting a fixed interest rate for loans under the Agricultural Loan Program would eliminate confusion and inequity for borrowers based on when they received loan approval and increase the cash flow for capital-intensive farming and ranching operations. Your Committee further notes that allowing food hubs to access Class E loans will not only support smaller scale farmers, but also strengthen the local food infrastructure for value-added producers. According to testimony received by your Committee, larger loan limits and faster access to funds are necessary to encourage large scale agriculture to increase production and keep costs down to compete with imported crops and meet the needs of farm to state programs. This measure seeks to efficiently meet the anticipated demand for agricultural loans, thereby enhancing the State's efforts to meet its food security and sustainability goals.

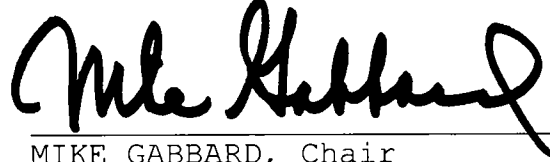
Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 984, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 984, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.



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

A handwritten signature in black ink, appearing to read "Mike Gabbard", written over a horizontal line.

MIKE GABBARD, Chair



**Record of Votes**  
**Committee on Agriculture and Environment**  
**AEN**

\*Only one measure per Record of Votes