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Lt. Governor



**SHARON HURD**  
Chairperson, Board of Agriculture

**DEAN M. MATSUKAWA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT**

**FRIDAY, FEBRUARY 7, 2025  
9:30 AM  
CONFERENCE ROOM 325**

**HOUSE BILL NO. 984  
RELATING TO AGRICULTURAL LOANS**

Chair Kahaloa, Vice Chair Kusch, and Members of the Committee:

Thank you for the opportunity to testify on House Bill 984. The bill updates the agricultural loan program by lowering and fixing interest rates, increasing loan limits and reducing the number of credit denials required to qualify for the program. The bill also creates a new line of credit program and a loan program to encourage larger scale agriculture for import replacement and the farm to state programs. Includes an appropriation.

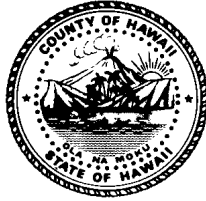
The Hawaii Department of Agriculture strongly supports this measure. Access to affordable capital has long been an issue for the state's farmers and ranchers and is often cited as a critical roadblock to the progression of agriculture. Fixing interest rates makes farm planning purposes easier and is more equitable for borrowers rather than having rates fixed at the time of loan approval. Larger loan limits are needed to deal with inflation, increased cost of production and to encourage larger scale agriculture. Currently no other government agricultural lender offers lines of credit but having faster access to funds is often needed in the business pace of today and allows farmers to



take advantage of short-term time sensitive deals. For farms to compete with imported crops and produce crops for farm-to-state programs they will need to be price competitive. Large scale agriculture offers economies of scale to keep down production costs and allows for production amounts that can meet the needs of regional kitchens and processing facilities.

Thank you for the opportunity to testify on this measure.

C. Kimo Alameda, Ph.D.  
*Mayor*



Benson Medina  
*Director*

Dennis Lin  
*Deputy Director*

# County of Hawai'i

## DEPARTMENT OF RESEARCH AND DEVELOPMENT

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February 5, 2025

### HEARING BEFORE THE HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

FRIDAY, February 7, 2025  
9:30 AM  
CONFERENCE ROOM 325

TESTIMONY ON HB 984  
Relating to Agricultural Loans

Aloha Chair Kahaloa, Vice Chair Kusch and Members of the Committee,

I am Benson Medina, Director of the Department of Research and Development, County of Hawai'i. One of the agricultural objectives of this department is to "support collaboration, innovation, resource development, and programmatic sustainability throughout the food system to reduce food waste, improve producer viability and resilience, develop workforce development pathways, or increase access to locally produced food among low-income residents."

The County of Hawai'i provides written testimony in **SUPPORT of HB984**, to update the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credit denials, as well as authorizing the agricultural loan program to issue lines of credit and creating a new class of loans to encourage large scale agriculture of import replacement crops grown for the farm to state program.

Access to capital is one of the top five issues Hawai'i farmers face in 2024, restricting economic viability ([HDOA, 2024](#)). A statewide survey found that farmers' most frequently identified solution for accessing capital was low-interest loans or grants for farm improvements or expansion ([Hawaii Farmer Needs Assessment, 2018](#)).

The loan program modifications included in HB984 will offer higher loan limits and favorable interest rates to encourage farmers and ranchers to expand their current operations to meet the needs of state agencies for the farm to state program and to assist the state in becoming more self-sufficient in food production.

Additionally, establishing a line of credit program will provide great benefits to the farming and ranching communities. Lines of credit allow for faster access to capital, borrowers can take advantage of time sensitive business opportunities and deal with cashflow issues that may arise due issues such as slow collections, unexpected expenses and emergency situations.

May 1, 2023

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Thank you for championing agriculture in Hawai'i and for the opportunity to provide testimony in **SUPPORT** of HB984.

Respectfully,

Benson Medina  
Director, Research and Development  
County of Hawai'i



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS  
Friday, February 7, 2025 — 9:30 a.m.

**Ulupono Initiative supports HB 984, Relating to Agricultural Loans.**

Dear Chair Kahaloa and Members of the Committee:

My name is Mariah Yoshizu, and I am the Government Affairs Associate at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

**Ulupono supports HB 984**, which updates the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credits denials. This bill also authorizes the agricultural loan program to issue lines of credit and creates a new class of loans to encourage large scale agriculture of import replacement crops grown for the farm to state program.

Local farmers and ranchers have faced many challenges in recent years — from pandemic-related market disruptions to inflation and rising operational costs. To help agricultural businesses survive and grow, we support improving access to financing as proposed in this bill.

Recognizing its pivotal role, the Hawai'i Department of Agriculture last year launched a massive statewide outreach effort — its most extensive in recent memory — to identify the industry's top priorities and long-standing challenges. Through this process, Hawai'i's agricultural producers and affiliated organizations shared intimate experiences and insights on the most pressing needs. Access to capital emerged among the many top issues.

This bill relating to agricultural loans seeks to drive forward a key initiative supporting Hawai'i's agricultural community and advancing the state's broader goals for sustainable and economically viable agriculture. By improving access to capital while encouraging larger-scale production, this legislation will help create a more robust and self-sufficient agricultural economy. The proposed changes in this bill will help farmers scale up operations, adopt new technologies, and compete more effectively with imported products.

Thank you for the opportunity to testify.

Respectfully,

Mariah Yoshizu  
Government Affairs Associate

*Investing in a Sustainable Hawai'i*



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February 7, 2025

HEARING BEFORE THE  
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

**TESTIMONY ON HB 984**  
RELATING TO AGRICULTURAL LOANS

Conference Room 325 & Videoconference  
9:30 AM

Aloha Chair Kahaloa, Vice-Chair Kusch, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports HB 984**, which strengthens the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, reducing the number of required credit denials, and authorizing the issuance of lines of credit. Additionally, we support the creation of a new class of loans designed to encourage large-scale agriculture for import replacement crops that align with the Farm to State program.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawai'i can be significant. In many cases, agricultural operations require capital that our local farmers just don't have, and many of Hawai'i's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to affordable HDOA loans can result in increased capacity, new business opportunities, and increased employment opportunities and address Hawai'i's goals of increased self-sufficiency and sustainability.

Lowering interest rates and increasing loan limits will provide much-needed financial relief for farmers and ranchers facing high operational costs. More favorable loan terms will encourage investment in farm expansion, equipment purchases, and sustainable practices. Additionally, reducing the number of required credit denials will expedite access to funding for viable farming operations that may not qualify for commercial loans.

Allowing the agricultural loan program to issue lines of credit will provide farmers with greater flexibility to manage cash flow and respond to market fluctuations. Many

agricultural operations experience seasonal costs and revenue variability, and access to a line of credit will enable better financial planning and stability.

Encouraging large-scale agriculture of import replacement crops for the Farm to State program is essential to strengthening Hawai'i's food security. Investing in local food production will reduce reliance on imports, stabilize local markets, and ensure that state institutions such as schools, hospitals, and correctional facilities have access to fresh, Hawai'i-grown products. Additionally, replacing imported crops with locally grown alternatives can help reduce the risk of introducing new invasive species that often arrive through imported agricultural goods, strengthening biosecurity and protecting Hawai'i's environment.

We recommend that the program remains accessible to small and mid-sized farmers who contribute significantly to Hawai'i's local food system. Additionally, streamlining the loan application and approval process will enable farmers to access funding in a timely manner, particularly for urgent operational needs. Coordination with existing federal and state agricultural support programs can further enhance financial assistance and create a more comprehensive support system.

Thank you for the opportunity to testify on this matter.



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Aloha Chair Kahaloe, Vice Chair Kusch, and Members of the House Agriculture & Food Systems Committee,

The Hawaii Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU supports HB984.**

While we appreciate the intent of HB984 to improve agricultural lending programs, we urge the Legislature to ensure that these financing opportunities do not disproportionately favor large-scale agriculture at the expense of Hawaii's diverse farming community, which includes food hubs, cooperatives, and independent producers.

**Small and mid-sized farms produce a significant portion of Hawaii's fresh, locally consumed food.** A loan program that primarily benefits large-scale agribusiness risks sidelining the diversity and resilience of our agricultural system. **Food hubs provide critical infrastructure** that allows smaller producers to scale up and access wholesale, retail, and institutional markets.\*Supporting food hubs strengthens the overall food supply chain and reduces dependence on imports. **Equitable access to financing ensures fair growth** for all farmers, not just those positioned to expand large-scale production.

#### Recommended Amendments to Strengthen the Bill:

##### **Include Food Hubs in Class E Loans (Farmers' Cooperatives, Corporations, and Food Manufacturers)**

Food hubs play a critical role in supporting small and mid-sized farmers by providing aggregation, distribution, and marketing services. Amending the bill to explicitly include food hubs as eligible recipients under Class E loans will provide much-needed financing for infrastructure that expands local food markets and improves food security. Section 5, Class E:

To be eligible, a farmers' cooperative, food hub, or corporation shall have a majority of its board of directors and a majority of its membership as shareholders who meet the eligibility requirements of section 155-10 and who devote most of their time to farming operations. For the purposes of this section, a 'food hub' is defined as a business or organization that actively manages the aggregation,



distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.

### **Create a Dedicated Loan Category for Small& Mid-Sized Farmers (New Class L)**

The bill currently prioritizes large-scale import replacement agriculture, which risks directing funds toward operations that may not reflect the diverse needs of Hawai'i's food system. A dedicated Small and Mid-Sized Farmer Loan Program (Class L) should be created, capping loans at \$500,000 and ensuring reasonable terms for infrastructure, operational, and market expansion needs. Proposed Addition to Section 155-9:

(1) Class L: Small and Mid-Sized Farmer Loans shall provide credit to farmers with annual gross farm revenues under \$750,000 for operational expenses, infrastructure improvements, equipment purchases, and market expansion. These loans shall be for an amount not to exceed \$500,000 with a term not to exceed 15 years and an interest rate of three percent.

### **Lower Collateral Requirements for Small Farmers and Expand Line of Credit Limits**

Small farmers often lack traditional collateral but have strong business plans and market demand for their products. Amending Class J (Lines of Credit) to allow \*\*higher borrowing limits (\$150,000) with reduced collateral requirements for farmers with sound business plans will expand access to necessary capital.

Section 5, Class J (Line of Credit Loans):

(1) A line of credit secured by chattel, crops, or equipment shall not exceed \$150,000 or eighty-five per cent of the collateral valuation, whichever is less. The Department of Agriculture may waive collateral requirements for applicants with strong production and business plans.

### **Ensure Equitable Distribution of Loan Funds for Producers of All Scales**

HFU recommends that at least 30% of appropriated funds be prioritized for loans to farmers with annual gross revenues under \$750,000 to ensure small and mid-sized farms receive fair access to funding.

Proposed Addition to Section 7:

At least 30% of the funds appropriated under this Act shall be prioritized for loans to farmers with annual gross revenues under \$750,000.

By adopting these amendments, SB1303 can truly serve the needs of Hawai'i's agricultural producers—large and small—while making our islands more self-sufficient and food-secure.

### **Modifying Intent Language in Section 1**

Based on the valid case for the above amendments, we suggest the following edit to Section 1:

~~Larger scale agriculture operations are more efficient and better able to compete with imported products and assist the state in becoming more self-sufficient in food production. A~~  
diverse agricultural sector that includes small and mid-sized farms is essential to Hawaii's food security, economic resilience, and self-sufficiency. Modifications to the state agricultural loan program should ensure equitable access to capital for farmers of all scales, with a focus on enabling sustainable, community-based, and diversified production.

Mahalo for the opportunity to testify.

Hunter Heavilin  
Advocacy Director  
Hawai'i Farmers Union



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

Rep. Kirstin Kahaloa, Chair

Rep. Matthias Kusch, Vice Chair

**HB984**

RELATING TO AGRICULTURAL LOANS

Friday, February 7, 2025, 9:30 AM

Conference Room 325 & Videoconference

Chair Kahaloa, Vice Chair Kusch, and Members of the Committee,

The Hawaii Cattlemen's Council **supports HB984** which updates the agricultural loan program by lowering interest rates, increasing and standardizing loan limits, and reducing the number of credit denials. Authorizes the agricultural loan program to issue lines of credit. Creates a new class of loans to encourage large scale agriculture of import replacement crops grown for the farm to state program. Appropriates funds.

Increasing costs of doing business is a constraining factor for Hawaii's agriculture sector. The cost of land, labor, equipment, and utilities continue to climb, reducing an already small profit margin. In addition, ranchers contend with environmental factors such as drought and invasive species which can have negative impacts on their bottom line. Lowering agricultural loan rates will make it easier for farmers and ranchers to obtain a line of credit to continue their operations to provide food to our community.

We appreciate the opportunity to testify on this measure. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase  
Hawaii Cattlemen's Council  
Managing Director





February 6, 2025

To: Chair Rep. Kirstin Kahaloa, Vice Chair Rep. Matthias Kusch and the House Committee on Agriculture and Food Systems

Subject: **HB984**, Relating to Agricultural Loans

Aloha,

I am writing this testimony in **support** of HB984. This bill brings important updates to the agricultural loans program by lowering interest rates, increasing loan limits, and reducing the required number of credit denials. Additionally, it will introduce programs that support import replacement crops and will appropriate funds to accommodate for the increased demand of loans with higher limits.

By fulfilling these goals, this bill will support the local agricultural community in the following ways:

- **Lower and fix the state agricultural loan program's interest rates, increase loan limits, and reduce the required number of credit denials**

These changes will make the process of getting capital far more straightforward for farmers. By having access to loans that are larger and more forgiving, it becomes much easier for farmers to buy equipment or pursue entrepreneurial ventures.

- **Establish a program for a secured line of credit and create a new loan initiative to encourage larger scale agriculture for import replacement and crops grown for farm to state programs**

Hawaii imports the vast majority of its food, which leaves the islands' in an incredibly vulnerable position in the event of a supply chain cutoff. By incentivising local large scale farming we can make our food system far more secure in the event of an emergency.

- **Appropriate funds to meet the anticipated increase in loan demand and to accommodate the increased loan limits.**

In order for these programs to work there has to be funding behind them. Even if it feels like a sacrifice at the moment, it is important to remember that it is an investment into the people of Hawaii's food security. Food is a required resource for survival, so it is impossible for the islands to be prosperous without it

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**The Food+ Policy internship** develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.



**HAWAI'I  
FOOD+  
POLICY**

Honolulu, HI 96813  
food@purplemaia.org

It is for the above reasons that I chose to write this testimony in support of HB984.

Mahalo for the opportunity to testify,  
Lea iaea & the Food+ Policy Team  
#fixourfoodsystem

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**The Food+ Policy internship** develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

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**HB-984**

Submitted on: 2/5/2025 10:45:20 AM

Testimony for AGR on 2/7/2025 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
penny levin	Individual	Comments	Written Testimony Only

Comments:

While the intent of this bill is good, as written, this appears to be a subsidy for only large scale producers, of which there are very few entities in Hawaii'i that can be so described. I strongly object to the use of state funds (our tax dollars) as a bail out corporate agriculture, particularly when owned by out of state entities. I recommend the removal of "large scale" from the bill language. I strongly recommend inclusion of a a clause stating that out of state corporate agriculture businesses, whether they own land in Hawaii'i or not, shall not qualify for such loans.

Mahalo for the opportunity to comment.