

ACT 317

H.B. NO. 958

A Bill for an Act Relating to Farm Loans.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the sugar industry is the largest agricultural industry in Hawaii and is a vital component of the State's economic base. This industry occupies approximately 184,000 acres of land and employs nearly 6,500 employees with an annual payroll that was \$130 million in 1988.

It is evident that the adverse effects of losing this industry would be catastrophic to the State. In particular, the collapse of the sugar industry and its growers on the island of Hawaii would have severe adverse effects along the Hamakua Coast of Hawaii county.

The legislature finds that it is in the public interest to continue assisting the sugar industry as it struggles through economic difficulties.

The legislature finds that the Hilo-Hamakua Coast has been declared an emergency area by the governor and has provided for low-interest loans to be made through the department of agriculture's emergency loan fund. The legislature further finds that emergency conditions continue to exist in the sugar industry with respect to growing, producing, processing, and related activities.

The purpose of this Act is to assist those farmers adversely affected by these economic difficulties by authorizing the department of agriculture to issue them low-interest loans.

SECTION 2. Section 155-8, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) Loans made under this section shall bear simple interest on the unpaid principal balance, charged on the actual amount disbursed to the borrower. The interest rate on class "A" and class "B" loans shall be the rate charged for similar type loans by the Federal Land Bank Association of Hawaii; the interest rate on class "C" loans shall be the interest rate charged for similar type loans by the Hawaii Production Credit Association of Hawaii; the interest rate charged on class "E" loans shall be two per cent less than the rate charged for similar type loans by the Sacramento Bank for Cooperatives; and the interest rate on class "F" loans shall be [two per cent less than the rate charged by the appropriate farm credit bank for

similar type loans;] six per cent a year; provided if the money loaned is borrowed by the department, then the interest on loans of such classes shall be the rate charged by the appropriate farm credit bank for similar type loans or one per cent over the cost to the State of borrowing the money, whichever is greater. Interest on class "D" loans shall not [exceed] be less than three per cent a year."

SECTION 3. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$8,500,000, or 0.36 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$8,500,000, or so much thereof as may be necessary for fiscal year 1989-1990, to be paid into the agricultural loan revolving fund created under section 155-14, Hawaii Revised Statutes. The moneys shall be used as class "D" loans, as defined by section 155-9(4), Hawaii Revised Statutes, and shall be loaned by the department of agriculture to qualified farmers.

SECTION 5. The sum appropriated shall be expended by the department of agriculture.

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 1989.

(Approved June 13, 1989.)