

ACT 253

H.B. NO. 4008

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. Section 155-9, Hawaii Revised Statutes, is amended by amending subsection (f) to read as follows:

“(f) Class E: Loans to cooperatives and corporations shall provide credit to farmers’ cooperative associations and corporations engaged in marketing, purchasing, and processing, and providing farm business services, including:

- (1) Facility loans to purchase or improve land, building, and equipment for an amount not to exceed \$500,000 and a term not to exceed twenty years; and
- (2) Operating loans to finance inventories of supplies, warehousing, and shipping commodities, extension of consumer credit to justified farmer-members, and other normal operating expenses for an amount not to exceed \$300,000 and a term not to exceed [three] seven years.

To be eligible, a cooperative or corporation shall have [at least seventy-five per cent] a majority of its board of directors and [seventy-five per cent] 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, and the facility loans shall be for an amount not to exceed \$500,000 or eighty per cent of the cost of the project, whichever is the lesser.”

SECTION 2. Section 155-11, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) It also shall be lawful for the department of agriculture to require and accept as security for any loan:

- (1) A [second] junior mortgage [when any prior mortgage does not contain provisions which might jeopardize the security position of the department or the borrower’s ability to repay]; or
- (2) Written agreements such as an assignment of income.”

SECTION 3. Section 155-14, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is created a special fund to be known as the [agriculture] agricultural loan revolving fund, from which moneys shall be loaned by the department of agriculture under this chapter. The department, by its board of agriculture, may transfer moneys from the [agriculture] agricultural loan revolving fund to the aquaculture loan revolving fund, from which moneys shall be disbursed by the department pursuant to chapter 219, and may transfer moneys from that revolving fund to the [agriculture] agricultural loan revolving fund for disbursement pursuant to this chapter; provided that:

- (1) The amount of moneys transferred shall not exceed \$1,000,000 for each revolving fund within the calendar year; and
- (2) Twenty days prior to the convening of each regular session of the legislature, the department shall report to the legislature all transfers that were made between the [agriculture] agricultural loan revolving fund and the aquaculture loan revolving fund during the preceding calendar year and the balance of each revolving fund as of December 31 of each year[; and
- (3) This authority to transfer moneys shall expire on June 16, 1995].”

SECTION 4. Section 219-4, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is established a special fund to be known as the aquaculture loan revolving fund from which moneys shall be loaned by the department of agriculture under this chapter. The department, by its board of agriculture, may transfer moneys from the aquaculture loan revolving fund to the [agriculture] agricultural loan revolving fund, from which moneys shall be disbursed by the department pursuant to chapter 155, and may transfer moneys from that revolving fund to the aquaculture loan revolving fund for disbursement pursuant to this chapter; provided that:

- (1) The amount of moneys transferred shall not exceed \$1,000,000 for each revolving fund within the calendar year; and
- (2) Twenty days prior to the convening of each regular session of the legislature, the department shall report to the legislature all transfers that were made between the aquaculture loan revolving fund and the [agriculture] agricultural loan revolving fund during the preceding calendar year and the balance of each revolving fund as of December 31 of each year[; and
- (3) This authority to transfer moneys shall expire on June 16, 1995].”

SECTION 5. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved June 18, 1996.)