

## ACT 141

H.B. NO. 869

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. Section 155-1, Hawaii Revised Statutes, is amended by amending the definition of “qualified farmer” to read:

““Qualified farmer” means a person of proven farming ability who operates the person’s own farm on land owned by the person in fee or on land rented or leased from others and who is presently devoting, has recently devoted, or intends to devote most of the person’s time or who derives a major portion of the person’s net cash income from direct participation in farming in its broadest sense. It includes:

- (1) Hawaii partnerships controlled [~~to the extent of~~] by at least seventy-five per cent by persons who would qualify individually and would meet the eligibility requirements of section 155-10;
- (2) Small corporations where at least seventy-five per cent of each class of stock issued by the corporation is owned by persons who qualify individually and would meet the eligibility requirements of section 155-10 and where seventy-five per cent of the directors are qualified farmers; [and]
- (3) Corporations incorporated in the State primarily for agricultural production purposes; actively engaged in agricultural production for a minimum of two years; and with at least seventy-five per cent of each class of stock owned by [~~residents of this State.~~] persons who are residents of this State or entities that are domiciled in this State;
- (4) Trusts with situs in Hawaii in which the trustee or other individual or entity in control of the operations of the trust would qualify and meet the eligibility requirements of section 155-10; and
- (5) Any other legal entity recognized by the State that conducts business in the State and that is capable of acquiring, holding, encumbering, transferring, or otherwise administering property, whether real or personal, or tangible or intangible, and which entity is owned and controlled by persons or other entities, at least seventy-five per cent of which would qualify and would meet the eligibility requirements of section 155-10.”

SECTION 2. Section 155-10, Hawaii Revised Statutes, is amended to read as follows:

**“§155-10 General eligibility requirements for loans.** To be eligible for loans under this chapter, an applicant shall be:

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- (1) A qualified farmer, a person under the new farmer program, or a part-time farmer;
- (2) A citizen of the United States who has resided in the State for at least three years, or any permanent resident alien who has resided in the State for at least three years; provided that this requirement shall not apply to applicants for class "D" loans who otherwise qualify.<sup>1</sup> [~~In the case of partnerships and corporations, the residence requirement must be met by seventy-five per cent of the members or stockholders~~];
- (3) A sound credit risk with the ability to repay the money borrowed; and
- (4) Willing to carry out recommended farm management practices."

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

SECTION 4. This Act shall take effect upon its approval.

(Approved May 24, 2001.)

### Note

1. Period should be bracketed.