

ACT 267

H.B. NO. 1556

A Bill for an Act Relating to Agricultural Loans.

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

SECTION 1. The legislature finds that agriculture in Hawaii is one of the fastest growing industries valued at \$2,900,000,000 and provides 5.6 per cent of the State's total employment. Recent changes in state farm programs have helped part-time farmers and immigrant farmers, and have increased production through value-added products that require processing and manufacturing. These changes are in keeping with the industry's transition from large plantation industries to smaller diversified agriculture farms.

The legislature also finds that the cost of farm ownership and related improvements as well as farm operations, while financially prohibitive at the onset, can be recovered as a farm business grows.

The purpose of this Act is to respond to the changing agricultural needs of Hawaii's farmers by raising the ceiling amounts for class A and class C agricultural loans.

SECTION 2. Section 155-9, Hawaii Revised Statutes, is amended:

1. By amending subsection (b) to read as follows:

“(b) Class A: Farm ownership and improvement loans shall provide for:

- (1) The purchase or improvement of farm land;
- (2) The purchase, construction, or improvement of adequate farm dwellings, and other essential farm buildings; and
- (3) The liquidation of indebtedness incurred for any of the foregoing purposes.

The loans shall be for an amount not to exceed ~~[\$400,000]~~ \$800,000 and for a term not to exceed forty years. To be eligible, the applicant shall (A) derive, or present an acceptable plan to derive, a major portion of the applicant's income from and devote, or intend to devote, most of the applicant's time to farming operations; and (B) have or be able to obtain the operating capital, including livestock and equipment, needed to successfully operate the applicant's farm.”

2. By amending subsection (d) to read as follows:

“(d) Class C: Farm operating loans shall be for the purpose of carrying on and improving a farming operation, including:

- (1) The purchase of farm equipment and livestock;
- (2) The payment of production and marketing expenses including materials, labor, and services;

- (3) The payment of living expenses;
- (4) The liquidation of indebtedness incurred for any of the foregoing purposes; and
- (5) The exportation of crops and livestock.

The loans shall be for an amount not to exceed [~~\$400,000~~] \$800,000 and for a term not to exceed ten years. To be eligible, an applicant shall derive, or present an acceptable plan to derive, a major portion of the applicant's income from and devote, or intend to devote, most of the applicant's time to farming operations.

Qualified farmers affected by state eradication programs may also be eligible for loans under this subsection. Loans made for rehabilitation from eradication programs shall be subject to the terms of class "C" loans; provided that the interest rate shall be three per cent a year and the requirements in section 155-3 shall be waived and paragraph (4) shall not apply."

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 June 22, 2001.)