
A BILL FOR AN ACT

RELATING TO SOCIAL SERVICES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that micro-credit is the
2 extension of small loans to the unemployed, to poor
3 entrepreneurs, and others who are "pre-bankable" or not
4 otherwise qualified for traditional loans. This financial
5 innovation originated in developing countries where it
6 successfully engaged extremely impoverished people in self-
7 employment projects that enabled them to generate an income.
8 Muhammad Yunus, a United States educated professor of economics,
9 shared the Nobel Peace Prize for 2006, for a project that he
10 initiated in his native Bangladesh in 1974. Similar efforts
11 throughout the developing world and even in the United States
12 have proven that micro-credit can be a liberating force and help
13 people find ways to break out of poverty.

14 The purpose of this Act is to require the department of
15 human services to develop and implement a micro-credit pilot
16 program and to appropriate or authorize money from temporary
17 assistance for needy families funds to the department of human



1 services to develop and implement the micro-credit pilot
2 program.

3 SECTION 2. (a) The department of human services shall
4 develop and implement a micro-credit pilot program no later than
5 July 1, 2008, that:

- 6 (1) Provides loans to low-income individuals who are
7 pre-bankable;
- 8 (2) Enables participants to engage in self-employment
9 projects that allow them to generate an income; and
- 10 (3) Provides counseling and fiscal assistance to
11 participants to help them manage their loans and
12 responsibilities.

13 (b) For purposes of this section, "pre-bankable" means
14 lacking collateral, steady employment, verifiable credit
15 history, or the other minimum qualifications necessary to gain
16 access to traditional credit.

- 17 (c) The department of human services shall:
 - 18 (1) Research similar programs currently implemented in
19 other states and determine best practices;
 - 20 (2) Develop the pilot program in consultation with the
21 United States Small Business Administration; the Small
22 Business Development Center; the department of



1 business, economic development, and tourism; and the
2 department of labor and industrial relations;

3 (3) Encourage the support of local lending institutions in
4 the pilot program; and

5 (4) Request any federal funding that may be available for
6 the pilot program.

7 (d) The department of human services may contract for
8 services related to the development and implementation of the
9 micro-credit pilot program.

10 SECTION 3. The department of human services shall submit
11 an interim report including research, evaluation, and best
12 practices for micro-credit loan programs and recommendations for
13 implementation of such a program within the department, to the
14 legislature no later than twenty days prior to the convening of
15 the 2008 regular session. The department of human services
16 shall submit a final report including its progress with the
17 micro-credit pilot program and recommendations on whether to
18 make the pilot program permanent and any proposed legislation,
19 to the legislature no later than twenty days prior to the
20 convening of the 2009 regular session.

21 SECTION 4. There is appropriated or authorized out of the
22 federal temporary assistance for needy families program funds



1 the sum of \$, or so much thereof as may be necessary for
2 fiscal year 2007-2008, and the same sum, or so much thereof as
3 may be necessary for fiscal year 2008-2009, for the department
4 of human services to develop and implement a micro-credit pilot
5 program.

6 The sums appropriated shall be expended by the department
7 of human services for the purposes of this Act.

8 SECTION 5. This Act shall take effect on July 1, 2007.



REPORT Title:

Asset Building; Micro-credit Pilot Program

Description:

Requires the Department of Human Services to develop and implement a micro-credit pilot program, or contract for services. Appropriates Temporary Assistance for Needy Families funds for the micro-credit pilot program. (SB1937 HD1)

