

JAN 24 2007

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 funds for that purpose.



1 SECTION 2. (a) The department of human services shall
2 develop and implement a micro-credit pilot program that:

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

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

14 (c) The department of human services shall:

- 15 (1) Research similar programs currently implemented in
16 other states and determine best practices;
- 17 (2) Develop the pilot program in consultation with the
18 United States Small Business Administration; the Small
19 Business Development Center; the department of
20 business, economic development, and tourism; and the
21 department of labor and industrial relations;



- 1 (3) Encourage the support of local lending institutions in
- 2 the pilot program; and
- 3 (4) Request any federal funding that may be available for
- 4 the pilot program.

5 SECTION 3. The department of human services shall submit

6 an interim report to the legislature no later than twenty days

7 prior to the convening of the 2008 regular session, and shall

8 submit a final report, including a recommendation on whether to

9 make the pilot program permanent and any proposed legislation,

10 to the legislature no later than twenty days prior to the

11 convening of the 2009 regular session.

12 SECTION 4. There is appropriated out of the general

13 revenues of the State of Hawaii the sum of \$, or so

14 much thereof as may be necessary for fiscal year 2007-2008, and

15 the same sum, or so much thereof as may be necessary for fiscal

16 year 2008-2009, for the department of human services to develop

17 and implement a micro-credit pilot program.

18 The sums appropriated in section 4 shall be expended by the

19 department of human services for the purposes of this Act.



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

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INTRODUCED BY:

Gary L. Rosen

David J. Lee
4-1-10 Edh

Erzanne Chun Oakland

Will Syro

Jon Wren
Carol Fulkerson

J. S. T. W.

Presley & Baker



Report Title:

Asset Building; Micro-credit Pilot Program

Description:

Requires the department of human services to develop and implement a micro-credit pilot program and appropriates funds for that purpose.

