
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 that:

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

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

16 (c) The department of human services shall:

- 17 (1) Research similar programs currently implemented in
18 other states and determine best practices;
- 19 (2) Develop the pilot program in consultation with the
20 United States Small Business Administration; the Small
21 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 SECTION 3. The department of human services shall submit
8 an interim report to the legislature no later than twenty days
9 prior to the convening of the 2008 regular session, and shall
10 submit a final report, including a recommendation on whether to
11 make the pilot program permanent and any proposed legislation,
12 to the legislature no later than twenty days prior to the
13 convening of the 2009 regular session.

14 SECTION 4. There is appropriated or authorized from out of
15 the federal temporary assistance for needy families program
16 funds the sum of \$, or so much thereof as may be necessary
17 for fiscal year 2007-2008, and the same sum, or so much thereof
18 as may be necessary for fiscal year 2008-2009, for the
19 department of human services to develop and implement a micro-
20 credit pilot program.

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



1 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 and appropriates or authorizes temporary assistance for needy families funds for that purpose. (SD2)

