
A BILL FOR AN ACT

RELATING TO COMMUNITY-BASED ECONOMIC DEVELOPMENT.

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

1 SECTION 1. The legislature finds that the business
2 community, nonprofit organizations, and other entrepreneurs
3 require a functional, service-oriented agency that is readily
4 available to provide business counseling, financial backing, and
5 general support to foster real community-based economic
6 development for the various products and services demonstrating
7 and embracing Hawaii's diversified economy.

8 The Hawaii community-based economic development technical
9 and financial assistance program in the department of business,
10 economic development, and tourism, was established for this
11 purpose. The legislature established the community-based
12 economic development program in Act 111, Session Laws of Hawaii
13 1990, codified as chapter 210D, Hawaii Revised Statutes, to
14 provide financial assistance to community-based businesses and
15 enterprises through low-interest loans and grants to qualifying
16 applicants.

17 The purpose of this Act is to:



- 1 (1) Amend the definition of "community of interest" to
- 2 better conform the wording to the preceding definition
- 3 of "community of identity";
- 4 (2) Amend wording to expand the opportunities for the
- 5 community-based economic development revolving fund to
- 6 access additional funding from other sources, and
- 7 ensure the deposit of other funding into the
- 8 community-based economic development revolving fund;
- 9 and
- 10 (3) Adjust loan maximum to reflect current available
- 11 funding.

12 SECTION 2. Section 210D-2, Hawaii Revised Statutes, is

13 amended by amending the definition of "community of interest" to

14 read as follows:

15 "Community of interest" means a group of people who may

16 not live in the same geographic area but who are bound together

17 through a common economic interest such as coffee growers or an

18 aquaculture cooperative."

19 SECTION 3. Section 210D-4, Hawaii Revised Statutes, is

20 amended to read as follows:

21 "**§210D-4 Hawaii community-based economic development**

22 **revolving fund; established.** There is established a revolving



1 fund to be known as the Hawaii community-based economic
2 development revolving fund from which moneys shall be loaned~~[7]~~
3 or granted by the department under this chapter. All moneys
4 appropriated to the fund by the legislature, received as
5 repayments of loans, payments of interest or fees, ~~[received as~~
6 ~~royalties,]~~ and all other moneys received by the fund from any
7 other source shall be deposited into the revolving fund and used
8 for the purposes of this chapter. The department may use all
9 appropriations and other moneys in the revolving fund not
10 appropriated for a designated purpose to make grants or loans~~[7~~
11 ~~provided that at no time shall the department reallocate funds~~
12 ~~from the loan program to the grant program so that insufficient~~
13 ~~funds remain available to make loans]."~~

14 SECTION 4. Section 210D-6, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "[+]§210D-6[+] **Compensation and expenses of members.** All
17 members shall serve without compensation, but may be reimbursed
18 ~~[from the fund]~~ for any actual and necessary expenses, including
19 travel expenses, incurred in carrying out their official
20 duties."

21 SECTION 5. Section 210D-10, Hawaii Revised Statutes, is
22 amended to read as follows:



- 1 "**§210D-10 Terms of loans.** Loans shall be made to
2 qualified applicants with the following terms and conditions:
- 3 (1) The amount of the outstanding balance on all loans
4 issued under this chapter to any one applicant at any
5 one time shall not exceed [~~\$500,000~~] \$250,000;
- 6 (2) The maximum term of a loan shall not exceed ten years;
- 7 3) Each loan shall bear simple interest at a rate of not
8 less than three and not more than [~~ten~~] six per cent a
9 year, depending on the nature of the loan; and
- 10 (4) The commencement date for the repayment of the first
11 installment on principal and interest of each loan may
12 be deferred by the director of business, economic
13 development, and tourism for a period not to exceed
14 two years."

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect July 1, 2008.



Report Title:

Community-Based Economic Development; Loans

Description:

Authorizes the Hawaii community-based economic development program revolving fund to receive funding from any source. Repeals prohibition on reallocation of funds from loan program to grant program and reduces the maximum interest rate on the loans from 10% to 6%. Reduces limit on applicant's total loan balance from \$500,000 to \$250,000. (SB2983 SD2)

