



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT  
AND TAXATION**

Tuesday, February 5, 2008  
1:15 P.M.  
State Capitol, Conference Room 224

in consideration of  
**SB 2983**  
**RELATING TO COMMUNITY BASED ECONOMIC DEVELOPMENT**

Chair Fukunaga, Vice-Chair Espero, and Committee members:

The department strongly supports the passage of SB 2983, an Administration Bill.

This bill makes technical and "housekeeping" revisions to sections of Chapter 210D, Hawaii Revised Statutes, which created the Hawaii Community-Based Economic Development (CBED) Program, the Hawaii Community-Based Development Revolving Fund, and the CBED Advisory Council.

The purpose of this measure is to update and improve the provision of CBED services by:

- Allowing for smaller CBED loans, and reducing the maximum interest rate on these loans. A smaller CBED loan maximum of \$250,000 is necessitated by the reduced amount of funds available. Currently the

CBED loan maximum stands at \$500,000. The interest rate will be reduced from a maximum 10% simple interest to 6%.

- Clarifying the definition of “community of interest” to mean “a group of people who may not live in the same geographic area, but who are bound together through a common economic interest, e.g coffee growers, aquaculture cooperative, Pacific Island crafters, etc.”
- Permitting the CBED Revolving Fund to access additional funding from other sources and to deposit these outside funds into the CBED Revolving Fund.

Due to the ever-changing financial conditions of the State that affect financial assistance for community-based economic development, and the evolving challenges faced by distressed communities throughout Hawaii, it is imperative that Chapter 210D, Hawaii Revised Statutes, be revised to keep pace with the changes and needs of our needy communities.

Thank you for the opportunity to offer these comments.