

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 2984
A BILL RELATING TO DISASTER LOANS

PRESENTATION TO THE
COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS

BY

MAJOR GENERAL ROBERT G. F. LEE
DIRECTOR OF CIVIL DEFENSE

February 1, 2008

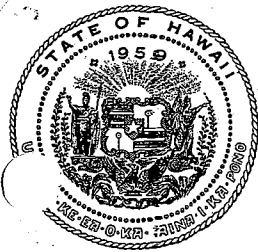
Chair Inouye and Committee Members:

I am Major General Bob Lee, Director of Civil Defense, State Department of Defense. I am testifying in strong support of Senate Bill 2984.

Senate Bill 2984 strengthens the State's Disaster Commercial and Personal Loan Program under Chapter 209, Hawaii Revised Statutes. When authorized by a Governor's Emergency Proclamation, this loan program has been a resource for our residents including business owners who need financial help in recovering from damage caused by the effects of natural or man-made hazards.

The proposed bill sets new loan application deadlines and increases the loan ceiling for individuals and businesses. More importantly, the bill sets a loan interest rate at 1.0 percent below the lending rate of the U. S. Small Business Administration's disaster loan program.

Thank you for the opportunity to provide testimony on behalf of an important disaster preparedness initiative.



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

No. 1 Capitol District Bldg., 250 South Hotel St., Rm. 503, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Tel.: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON INTERGOVERNMENTAL & MILITARY AFFAIRS
February 1, 2008
1:15pm
State Capitol, Conference Room 229

in consideration of
SB2984
RELATING TO DISASTER LOANS

Chair Inouye, Vice Chair Tsutsui and Members of the Senate Committee:

The Department of Business, Economic Development and Tourism (DBEDT) supports SB2984 an Administration Bill, which implements changes to the disaster loan program by providing for a variable interest rate below the applicable Small Business Administration Disaster Loan Program rates; increase loan ceiling amounts; allow for the remediation and mitigation; set loan application deadlines; and to make other housekeeping changes to the State Disaster Commercial and Personal Loan Program.

The Commercial and Personal Loan Program (Part III, Chapter 209, HRS) was established by the State Legislature in 1961, to provide financial assistance to businesses who suffer damages in a State-declared disaster. The program was expanded in 1976 to include personal loans to meet the necessary expenses and needs of individuals and families as a direct result of the disaster.

- Allow for flexibility in the loan deadline. Under the current law, there is no specified loan application deadline. The Administration rules states, “six month after the date of the disaster declaration”; however, it does not take into account the occasional long disaster declaration period nor the time for SBA to provide for a denial of a loan application. A specific loan application deadline will accommodate longer federal processing time of their loan applicants.

These amendments update and housekeeping change to the current program is inline and will be compatible with the federal programs.

Thank you for the opportunity to offer these comments.