

1 (4) Employs Hawaii residents; and

2 (5) Employs fewer than one hundred full-time employees.

3 **§ -2 Small business hardship loan program.** (a) There
4 is established the small business hardship loan program to be
5 administered by the department. The purpose of the loan program
6 is to enable the department to make direct loans to eligible
7 small businesses, as determined by the department, that are
8 experiencing economic hardship.

9 (b) In administering the small business hardship loan
10 program, the department shall adopt rules under chapter 91 to
11 establish the terms and conditions, maturities, interest rates,
12 collateral, and other requirements for the loans; provided that
13 the interest on loans made under this chapter shall bear simple
14 interest at the rate of one per cent below the prime rate or at
15 a rate of _____ per cent a year, whichever is lower. For
16 purposes of this subsection, the prime rate shall be determined
17 on the first day of each month and shall be the rate charged by
18 the two largest banks in the State identified by the department
19 of commerce and consumer affairs. If there is a difference in
20 rate charged by the institutions, the lower of the two shall be
21 used.



1 (c) The department shall establish the qualifications for
2 eligible small businesses; provided that:

3 (1) To be eligible, a small business shall obtain a tax
4 clearance certificate from the department of taxation
5 verifying that the small business has filed all
6 required returns and paid all required taxes,
7 penalties, and interest; and

8 (2) No small business shall be eligible for more than one
9 loan under this chapter.

10 **§ -3 Small business hardship loan revolving fund. (a)**

11 There is established in the state treasury the small business
12 hardship loan revolving fund, into which shall be deposited:

- 13 (1) Appropriations from the legislature;
14 (2) Interest derived from moneys in the fund;
15 (3) Moneys received as repayment of loans; and
16 (4) Federal funds, if available.

17 (b) Moneys in the small business loan revolving fund shall
18 be used for the purposes provided in this chapter.

19 **§ -4 Default; security.** The department may take all
20 necessary action to collect any delinquent amount in the event
21 of a default in the payment of any installation of principal or
22 interest on any loan made from the small business hardship loan



1 revolving fund and to otherwise secure the loans in a manner
2 that affords reasonable protection of the State's resources.

3 **§ -5 Rulemaking authority.** The director may adopt
4 rules, pursuant to chapter 91, necessary to carry out the
5 purposes of this chapter."

6 SECTION 2. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so much
8 thereof as may be necessary for fiscal year 2011-2012 and the
9 same sum or so much thereof as may be necessary for fiscal year
10 2012-2013 to be deposited into the small business hardship loan
11 revolving fund.

12 The sums appropriated shall be expended by the department
13 of business, economic development, and tourism for the purposes
14 of this Act.

15 SECTION 3. This Act shall take effect on July 1, 2112.



Report Title:

Small Business Loans; Revolving Fund

Description:

Establishes the Small Business Hardship Loan Program to direct one-time loans to small businesses that are experiencing economic hardship. Establishes the Small Business Hardship Loan Revolving Fund. Effective July 1, 2012. (HB702 HD1)

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