

# LATE TESTIMONY

HB  
367

Testimony of Thomas J. Smyth, CEcD

Before the  
Committee on Economic Revitalization & Business

Thursday, February 3, 2011, 8:00 a.m. Conference Room 312

On

HB 367 Relating to Small Business

Chair McKelvey, Vice Chair Choy and Committee Members:

Having managed the Hawaii Capital Loan Program for nearly 18 years, I believe I bring some background as to its effectiveness and role in the establishment and growth of local small businesses. **I strongly support SB 757 which would once again provide funding for this needed program. There are some specific issues that I would call to your attention in order to make this measure effective.**

1. In addition to making an appropriation for the program it is legally necessary to re-establish the Hawaii Capital Loan Revolving Fund formerly Sec. 209-3, so that the funds have a place to be deposited. The fund was terminated as part of the omnibus special and revolving fund "raid" under Act 178/2003 (HB1152 CD2). The language of the entire section could be inserted into HB 367 as a new Section 2 of the bill.

2. Having re-established the revolving loan fund, the appropriation could then be directed to the fund as Section 3 in the bill.

3. I would also suggest that the principal and interest payments being made on the loans currently outstanding, if any, be directed into the fund to lower, if not eliminate the need, for further appropriations in the future. At its termination in 2003, the fund was replenishing itself without general fund appropriations.

4. Finally, I suggest that language in Chapter 209, HRS, Disaster Relief and Rehabilitation that allowed DBEDT to use local commercial banks to administer and service the loans be inserted as a new Section 4 in this bill. That language reads:

"Section 209-26 (b): the department **may** contract with any financial institution for services including servicing or administering loans pursuant to this section."

Thank you for the opportunity to provide comments on this important bill.