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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,  
AND TOURISM.

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

1           SECTION 1. The legislature finds that among the many  
2 special and revolving funds currently administered by the  
3 department of business, economic development, and tourism, three  
4 funds have become either dormant or unnecessary. The  
5 legislature further finds that the remaining balances in these  
6 funds would be more effectively used if transferred to the high  
7 technology special fund.

8           The purpose of this Act is to repeal the following funds  
9 and transfer the unencumbered balances into the high technology  
10 special fund:

- 11           (1) State disaster revolving loan fund;  
12           (2) Hawaii community-based economic development revolving  
13           fund; and  
14           (3) Fee simple residential revolving fund.

15           SECTION 2. Section 210D-8, Hawaii Revised Statutes, is  
16 amended to read as follows:



1           **"§210D-8 Powers and duties.** The department shall have the  
2 necessary powers to carry out the purposes of this chapter,  
3 including the following:

4           (1) With advice from the council, prescribe the  
5 qualifications for eligibility of applicants for loans  
6 and grants;

7           (2) With advice from the council, establish preferences  
8 and priorities in determining eligibility for  
9 financial assistance;

10          (3) Establish the conditions, consistent with the purpose  
11 of this chapter, for the awarding of financial  
12 assistance;

13          (4) Provide for inspection at reasonable hours of  
14 facilities, books, and records of a community-based  
15 organization that has applied for or has been awarded  
16 financial assistance and require the submission of  
17 progress and final reports;

18          (5) Provide loans and grants for community-based economic  
19 development activities and community-based enterprises  
20 for purposes consistent with this chapter;



- 1 (6) Determine the necessity for and the extent of security
- 2 required in a loan;
- 3 (7) Prescribe and provide appropriate management
- 4 counseling and monitoring of business activities;
- 5 ~~[(8) Administer the Hawaii community based economic~~
- 6 ~~development revolving fund;~~
- 7 ~~+(9)]~~ (8) Include in its budget for subsequent fiscal
- 8 periods amounts necessary to effectuate the purposes
- 9 of this chapter;
- 10 ~~[(10)]~~ (9) Participate in loans made to qualified persons by
- 11 private lenders;
- 12 ~~[(11)]~~ (10) Establish interest rates chargeable by the State
- 13 for direct and participation loans; and
- 14 ~~[(12)]~~ (11) Adopt rules pursuant to chapter 91 to implement
- 15 this chapter."

16 SECTION 3. Section 516-5, Hawaii Revised Statutes, is  
 17 amended to read as follows:

18 **"§516-5 Penalty.** Any person who violates this chapter  
 19 shall be fined not more than \$5,000 nor less than \$1,000 or  
 20 imprisoned not more than one year, or both. All fines collected



1 shall be deposited in the [~~fee simple~~ [~~residential~~] revolving]  
2 \_\_\_\_\_ fund [~~created by this chapter~~]."

3 SECTION 4. Section 516-45, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 **"§516-45 General obligation bonds.** The director of  
6 finance may, from time to time, issue general obligation bonds  
7 in such amounts as may be authorized by the legislature, for the  
8 purpose of acquisition by the Hawaii housing finance and  
9 development corporation of residentialouselots within  
10 development tracts pursuant to chapter 516, part II or for the  
11 acquisition of suitable properties to exchange pursuant to  
12 section 516-24.5 or for the acquisition by the department of  
13 land and natural resources under section 171-50.1 of suitable  
14 properties for exchange pursuant to section 171-50.2 to  
15 effectuate the purpose of this chapter. [~~The principal and~~  
16 ~~interest of general obligation bonds issued pursuant to this~~  
17 ~~section shall be reimbursed to the general fund from the fee~~  
18 ~~simple residential revolving fund as provided in section~~  
19 ~~516-44.~~] Pending the receipt of funds from the issuance and  
20 sale of general obligation bonds, amounts required within the  
21 limits of legislative authorization may be advanced to the



1 Hawaii housing finance and development corporation from the  
2 general fund of the State. Upon the receipt of the bond funds,  
3 the general fund shall be reimbursed the amount advanced."

4 SECTION 5. Section 209-34, Hawaii Revised Statutes, is  
5 repealed.

6 ~~["§209-34 State disaster revolving loan fund. (a) There~~  
7 ~~is established the state disaster revolving loan fund into which~~  
8 ~~shall be deposited all moneys appropriated by the legislature to~~  
9 ~~the fund, contributed or transferred to the fund, and received~~  
10 ~~as repayment of loans and interest payments as provided in this~~  
11 ~~part, and from which the director of business, economic~~  
12 ~~development, and tourism may make loans in accordance with this~~  
13 ~~part.~~

14 ~~(b) The director may transfer moneys from the state~~  
15 ~~disaster revolving loan fund established by this section to~~  
16 ~~either the Hawaii capital loan revolving fund established by~~  
17 ~~section 210-3 or the Hawaii innovation development fund~~  
18 ~~established by section 211E-2. Moneys from the Hawaii capital~~  
19 ~~loan revolving fund established by section 210-3, the Hawaii~~  
20 ~~innovation development loan revolving fund established by~~  
21 ~~section 211E-2, and the state disaster revolving loan fund shall~~



1 ~~be disbursed by the department or the director pursuant to~~  
2 ~~chapters 209, 210, and 211E, respectively. The department or~~  
3 ~~the director may transfer moneys from the Hawaii capital loan~~  
4 ~~revolving fund and the Hawaii innovation development fund to the~~  
5 ~~state disaster revolving loan fund for disbursement pursuant to~~  
6 ~~this chapter.~~

7 ~~(c) The total amount of moneys transferred to the state~~  
8 ~~disaster revolving loan fund, the Hawaii capital loan revolving~~  
9 ~~fund, or the Hawaii innovation development fund shall not exceed~~  
10 ~~\$1,000,000 for each respective fund within the calendar year.~~

11 ~~(d) Notwithstanding subsection (c) to the contrary, the~~  
12 ~~total amount of moneys transferred between the state disaster~~  
13 ~~revolving loan fund and the Hawaii capital loan revolving fund~~  
14 ~~or the Hawaii innovation development fund shall not exceed~~  
15 ~~\$1,000,000 within the calendar year if the governor proclaims a~~  
16 ~~state disaster pursuant to section 209-2.~~

17 ~~(e) The director shall report any transfer of funds made~~  
18 ~~under this section to the legislature within ten days of the~~  
19 ~~transfer.~~

20 ~~(f) All unexpended and unencumbered moneys remaining in~~  
21 ~~the state disaster revolving loan fund at the close of each~~



1 ~~fiscal year, which are deemed by the director of finance to be~~  
2 ~~in excess of the moneys necessary to carry out the purposes of~~  
3 ~~this section over the next following fiscal year, shall lapse to~~  
4 ~~the credit of the general fund." ]~~

5 SECTION 6. Section 210D-4, Hawaii Revised Statutes, is  
6 repealed.

7 ~~["§210D-4 Hawaii community-based economic development~~  
8 ~~revolving fund, established. There is established a revolving~~  
9 ~~fund to be known as the Hawaii community based economic~~  
10 ~~development revolving fund from which moneys shall be loaned or~~  
11 ~~granted by the department under this chapter. All moneys~~  
12 ~~appropriated to the fund by the legislature, received as~~  
13 ~~repayments of loans, payments of interest or fees, and all other~~  
14 ~~moneys received by the fund from any other source shall be~~  
15 ~~deposited into the revolving fund and used for the purposes of~~  
16 ~~this chapter. The department may use all appropriations and~~  
17 ~~other moneys in the revolving fund not appropriated for a~~  
18 ~~designated purpose to make grants or loans." ]~~

19 SECTION 7. Section 516-44, Hawaii Revised Statutes, is  
20 repealed.



1           ~~["§516-44 Fee simple residential revolving fund. A fee~~  
2 ~~simple residential revolving fund is created. The funds~~  
3 ~~appropriated for the purposes of this chapter and chapter 519~~  
4 ~~and all moneys received or collected by the Hawaii housing~~  
5 ~~finance and development corporation under this chapter and~~  
6 ~~chapter 519 shall be deposited in the revolving fund. Moneys~~  
7 ~~collected to reimburse the corporation from the lessees for~~  
8 ~~their pro rata share of the direct costs incurred by the~~  
9 ~~corporation under this chapter shall be deposited into the~~  
10 ~~revolving fund. The proceeds in the funds shall first be used~~  
11 ~~to pay the principal and interest on bonds or other indebtedness~~  
12 ~~issued by the corporation, or by the State, and then for~~  
13 ~~necessary expenses, including indirect costs of the corporation~~  
14 ~~in administering chapters 516 and 519.~~

15           ~~Moneys in the fund shall be used to pay all costs of~~  
16 ~~chapters 516 and 519 including administration." ]~~

17           SECTION 8. On June 30, 2015, all unencumbered balances  
18 remaining in the funds repealed by this Act shall be transferred  
19 by the director of finance into the high technology special  
20 fund.





1           SECTION 9. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 10. This Act shall take effect on June 30, 2015.



**Report Title:**

Special Funds; Revolving Funds; Department of Business, Economic Development, and Tourism; High Technology Special Fund

**Description:**

Repeals particular funds that have become dormant or unnecessary and transfers the unencumbered balances in those funds into the high technology special fund. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

