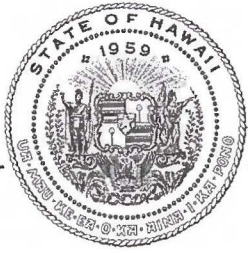


SB 2792

Measure Title: RELATING TO ECONOMIC DEVELOPMENT.

Report Title: Hawaii Capital Loan Revolving Fund; Appropriation (\$)

Description: Reenacts the Hawaii capital loan revolving fund. Appropriates funds to the Hawaii capital loan revolving fund and funds one permanent full-time program manager position (1.0 FTE) within the department of business, economic development, and tourism.



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
Luis P. Salaveria, Director
Department of Business, Economic Development and Tourism
before the
Senate Committee on Economic Development, Environment, and Technology
Friday, February 5, 2016
1:15 PM
State Capitol, Conference Room 414

In consideration of
SB2792
RELATING TO ECONOMIC DEVELOPMENT.

Chair Wakai, Vice Chair Slom and members of the Senate Committee on Economic Development, Environment, and Technology.

The Department of Business, Economic Development and Tourism (DBEDT) supports **SB2792** that reenacts the Hawaii Capital Loan Revolving Fund (HCLRF) within DBEDT provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

Understanding the difficulty that small businesses encounter obtaining business loans through commercial banks, the Hawaii Capital Loan Revolving Fund can play an important role by providing small businesses an alternative means of financing for their business start-up or expansion.

However, it should be pointed out that the HCLRF serves as a lender of last resort. According to records in our files, the rate of loans written off as a percentage of total loans made was 11.6%, which is considered high by banking standards. In addition, by statute, the maximum interest rate that could be charged on HCLRF loans would be 1% below the prime rate, which equates to 2.5%.

Thank you for the opportunity to offer these comments.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Economic Development, Environment
and Technology
Friday, February 5, 2016 at 1:15 P.M.
Conference Room 414, State Capitol**

RE: SENATE BILL 2792 RELATING TO ECONOMIC DEVELOPMENT

Chair Wakai, Vice Chair Slom, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2792, which reenacts the Hawaii capital loan revolving fund and appropriates funds to the Hawaii capital loan revolving fund and funds one permanent full-time program manager position (1.0 FTE) within the department of business, economic development, and tourism.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Lack of capital is one of the top issues that face small business owners. Many find it difficult to find financing to start or expand their small business. This is more apparent now following the "great recession". Cash flow is one of the major factors that banks look at in determining whether to give out a loan or not. During the recession, many small business' cash flow was cut drastically, and even though the economy and business has improved, many still struggle to access capital.

Thank you for the opportunity to testify.