

STAND. COM. REP. NO. **3243**

Honolulu, Hawaii

**MAR 22 2024**

RE: H.B. No. 2369  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Second State Legislature  
Regular Session of 2024  
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,  
to which was referred H.B. No. 2369, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY-BASED  
ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE  
PROGRAM,"

begs leave to report as follows:

The purpose and intent of this measure is to increase the  
maximum interest rate on Community-Based Economic Development  
loans to ten percent.

Your Committee received testimony in support of this measure  
from the Department of Business, Economic Development, and  
Tourism.

Your Committee received testimony in opposition to this  
measure from one individual.

Your Committee finds that under existing law the interest  
rate allowable on Community-Based Economic Development (CBED)  
business loans is between three and six percent, and that the CBED  
program uses federal funds to leverage or supplement these loans.  
Your Committee further finds that federal rules require an  
interest rate floor according to market conditions, which is  
defined by the Wall Street Journal (WSJ) prime rate minus four

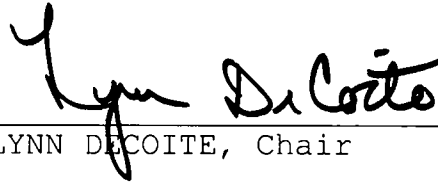


percent. Your Committee additionally finds that the WSJ prime rate is currently at 8.5 percent and that the federal floor may approach or overtake the CBED maximum interest rate in the future, which would make it impossible to use federal funds for these loans. This measure increases the CBED maximum rate to ten percent and ensures the CBED loan program has the flexibility to offer low interest loans to comply with federal requirements.

Your Committee has amended this measure by inserting an effective date of January 1, 2060, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2369, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2369, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy, Economic  
Development, and Tourism,



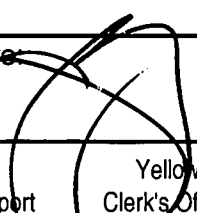
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LYNN DECOITE, Chair



The Senate  
 Thirty-Second Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2369, HD1	EET, WAM	3-19-24		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol				✓
KIM, Donna Mercado	✓			✓
FEVELLA, Kurt				✓
<b>TOTAL</b>	3	∅	∅	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-size: 2em;">  </div>				
<b>Distribution:</b> Original    Yellow    Pink    Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes