

## ACT 42

A Bill for an Act Relating to the Hawaii Capital Loan Program.

*Be it Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Urgency. This bill is hereby declared to be an urgency measure deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

Act 76, Session Laws of Hawaii 1963, was passed for the purpose of creating a program intended to provide a medium for furnishing risk capital to small businesses which private lending institutions could not readily support.

As written, Act 76 contains some limitations which could severely restrict the scope of the loan program. These should be corrected as soon as possible to render the loan program more effective. It is also important that certain steps be taken immediately which are necessary to implement the act and make its passage meaningful.

SECTION 2. Purpose. The purpose of this bill is to:

(a) Amend Act 76 of the Session Laws of Hawaii 1963, by allowing greater latitude to the Department of Planning and Economic Development in implementing its responsibilities by liberalizing existing loaning provisions and by hereafter enabling the State to loan to Local Development Corporations incorporated or to be incorporated under the laws of the State of Hawaii and meeting and qualifying under the requirements of, and receiving a loan from the SBA.

(b) Implement the Hawaii Capital Loan Program by providing for an appropriation for the revolving fund.

SECTION 3. Section 2 of Act 76 is hereby amended by adding thereto the following new subsection:

“(e) ‘SBIA’ means the Federal Small Business Investment Act of 1958, as amended.”

SECTION 4. Section 7 of Act 76 is hereby amended by:

(a) Inserting the word “direct” before the words “Loans, terms and restrictions” contained in the heading.

(b) Deleting the phrase “pursuant to this Act” in subsection (a).

(c) Substituting “\$50,000” for “\$20,000” in subsection (b).

SECTION 5. Act 76 is amended by adding thereto a new section, to be appropriately numbered, to read as follows:

**“Section . . . . . Loans to Local Development Corporations.** The department is authorized to make loans to local development corporations incorporated in the State of Hawaii for the purpose of supplementing the funds required to be forthcoming from the local development corporations in order to qualify them to receive a loan under the provisions of section 502 of SBIA. Such loans shall be:

“(a) of such amount determined by the department to be necessary and proper, subject however to a maximum of 20 percent of the total cost of any single project;

“(b) at such rate of interest determined by the department to be necessary and proper but not less than that fixed by SBA in its loan; and

“(c) subject to terms and conditions established by the department as similar as possible to applicable terms and conditions prescribed by rules and regulations promulgated by SBA.”

SECTION 6. There is hereby appropriated the sum of \$250,000 to be deposited into the Hawaii Capital Loan revolving fund and used for the authorized purposes of such fund.

SECTION 7. This bill shall take effect upon its approval.

(Approved April 28, 1964.) **S.B. 178.**

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