

**ACT 193**

A Bill for an Act Relating to the Establishment of the Hawaii Fisheries New Vessel Construction Loan Program and Making an Appropriation Therefor.

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

**SECTION 1. Purpose.** The purpose of the Hawaii fisheries new vessel construction loan program is to enhance and assist the development of commercial fishing in the State by providing financial assistance for the construction of new fishing vessels in order to expand fishing activity in areas of greater resources and to complement the United States Fishing Fleet Improvement Act (P.L. 88-498) of 1964.

**SECTION 2. Definitions.** As used in this Act:

(a) "Chairman" means the chairman of the board of land and natural resources.

(b) "Bureau of Commercial Fisheries" shall mean the United States Bureau of Commercial Fisheries, Branch of Loans and Grants, U. S. Department of Interior.

(c) "Vessel" shall mean vessels as defined in the U. S. Fishing Fleet Improvement Act (P.L. 88-498) of 1964.

(d) "Department" shall mean the department of land and natural resources.

**SECTION 3. Hawaii Fisheries New Vessel Construction Loan Program.** There is hereby created the Hawaii New Vessel Construction Fisheries loan program which shall be administered by the Chairman in accordance with the spirit and intent of this Act.

**SECTION 4. Hawaii Fisheries New Vessel Construction Loan Revolving Fund.** There is hereby established the Hawaii fisheries new vessel construction loan revolving fund into which shall be deposited all monies received as repayment of loans and interest payments as provided for in this Act.

**SECTION 5. Functions, powers, and duties of director.** In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Chairman may:

(a) Prescribe the qualifications for eligibility of applicants for loans to conform with the requirements as set forth in P.L. 88-498.

(b) Establish preferences and priorities in determining eligibility for loans.

(c) Establish the conditions, consistent with the purposes of this Act, for the granting of the loan.

(d) Provide for inspection, at reasonable hours, of the vessel, books and records of an individual or enterprise who has applied for or has been granted a loan and to require the submission of progress and final reports.

**SECTION 6. Loans, terms and restrictions.** The department is empowered to make loans to individuals or businesses for the financing of the construction of new vessels. Such loans may be made in conjunction with loans made by other financial institutions including the Branch of Loans and Grants of the Bureau of Commercial Fisheries. Where the loans made by the department are secured, such security may be subordinated to the loans made by other financial institutions, when such subordination is required in order to obtain loans from such institutions. The necessity for and the extent of security required in any loan shall be determined by the chairman.

The foregoing powers shall be subject, however, to the following restrictions and limitations:

(a) No loan shall exceed 80% of the difference between the cost of construction of a vessel and federal subsidy under P.L. 88-498.

(b) No loan shall be made for a term exceeding twenty years.

(c) Each loan shall bear simple interest at the rate of  $5\frac{1}{2}\%$  per annum.

(d) The commencement date for the repayment of the first installment on the principal of each loan may be deferred by the chairman, but in no event shall such initial payment be deferred in excess of two years.

(e) In the event the State repossesses any vessel financed under this program, such repossessed vessel shall not be resold to the individual to whom the loan has been made to construct the vessel, or to anyone with a financial interest in such vessel.

**SECTION 7. Reports.** The department shall make a report by December 31 of each year to the governor, the president of the senate, and the speaker of the house of representatives, on the progress made under provisions of this Act. Such report shall be submitted not later than February 1 immediately following the period covered by the report.

**SECTION 8. Appropriation.** There is hereby appropriated out of the general revenues of the State of Hawaii, not otherwise appropriated, the sum of \$20,000, or so much thereof as may be necessary for the accomplishment of the purposes of this Act.

**SECTION 9. Effective date.** This Act shall take effect upon its approval.

(Approved June 25, 1965.) **H.B. 1248.**