

A Bill for an Act Relating to Expenditure of Public Money and Public Contracts.

Be It Enacted by the Legislature of the State of Hawaii:

PART I.

SECTION 1. Section 103-28, Hawaii Revised Statutes, is amended to read:

“Sec. 103-28 Deposits of legal tender, etc., to accompany bid. All bids shall be accompanied by a deposit of legal tender or by a certificate of deposit, cashier’s check or certified check on a bank that is insured by the Federal Deposit Insurance Corporation, for or in a sum equal to five per cent of the amount bid, payable at sight to the officer advertising for tenders; provided that when the amount bid exceeds \$50,000, the legal tender, certificate of deposit, cashier’s check or certified check shall be for \$2,500 plus two per cent of the amount in excess of \$50,000. A certificate of deposit, cashier’s check or certified check may be utilized only to a maximum of \$40,000.

A bid deposit for a bid requiring a deposit in excess of \$40,000 shall only be in the form of legal tender or a surety bond conforming to the requirements of section 103-31.”

SECTION 2. Section 102-6, Hawaii Revised Statutes, is amended to read:

“Sec. 102-6 Deposits of legal tender, etc., to accompany bid. All bids shall be accompanied by a deposit of legal tender, or a certificate of deposit, cashier’s check or certified check on a bank that is insured by the Federal Deposit Insurance Corporation, for or in a sum equal to five per cent of the amount bid, payable at sight to the officer advertising for tenders; provided that when the amount bid exceeds \$50,000, the legal tender, certificate of deposit, cashier’s check or certified check shall be \$2,500 plus two per cent of the amount in excess of \$50,000. A certificate of deposit, cashier’s check, or certified check may be utilized only to a maximum of \$40,000.

A bid deposit for a bid requiring a deposit in excess of \$40,000 shall only be in the form of legal tender or a surety bond conforming to the requirements of section 103-31.”

PART II.

SECTION 3. Purpose. The purpose of this part is to improve the concept and operation of the Fisheries New Vessel Construction Loan Program by enlarging the scope and transferring the administration of the program from the department of land and natural resources to the department of planning and economic development.

SECTION 4. Chapter 189, part II, Hawaii Revised Statutes, is amended to read as follows:

“PART II. FISHING VESSEL PURCHASE, CONSTRUCTION, RENOVATION, MAINTENANCE AND REPAIR LOAN PROGRAM

Sec. 189-21 Definitions. As used in this part:

- (1) “Director” means the director of the department of planning and economic development.
- (2) “National Marine Fisheries Service” means the Financial Assistance Division, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, United States Department of Commerce.
- (3) “SBA” means the Federal Small Business Administration.
- (4) “Fishing Vessel” means any vessel designed to be used in the Hawaii commercial fisheries for catching fish, processing, or transporting fish loaded on the high seas that derives at least fifty-one percent of that vessel’s gross annual income from commercial (as opposed to recreational) operations, or any vessel outfitted for such activity.
- (5) “Department” means the department of planning and economic development.

Sec. 189-22 Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan program. There is hereby created the Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan program which shall be administered by the director of the department of planning and economic development in accordance with the spirit and intent of this part.

Sec. 189-23 Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan revolving fund. There is established the Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan revolving fund into which shall be deposited all monies received as repayment of loans and interest payments as provided for in this part.

Sec. 189-24 Functions, powers and duties of director. In the performance of, and with respect to, the functions, powers, and duties vested in him by this part, the director of the department of planning and economic development may:

- (1) Prescribe the qualifications for eligibility of applicants for loans and, in so doing, be guided by requirements as set forth in Public Law 88-498.
- (2) Establish preferences and priorities in determining eligibility for loans.

- (3) Establish the conditions, consistent with the purposes of this part, for the granting of the loan.
- (4) 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.

Sec. 189-25 Loans, terms and restrictions. The department of planning and economic development may make loans to individuals or businesses for the financing of the purchase, construction, renovation, maintenance or repair of vessels. The loans may be made in conjunction with loans made by other financial institutions including the Financial Assistance Division of the National Marine Fisheries Service and the SBA. Where the loans made by the department are secured, such security may be subordinated to the loans made by other financial institutions, when subordination is required in order to obtain loans from the institutions. The necessity for and the extent of security required in any loan shall be determined by the director of the department of planning and economic development.

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

- (1) No loan of state funds shall exceed eighty per cent of the cost of purchase, construction, renovation, maintenance, or repair of a vessel.
- (2) No loan for renovation, maintenance or repair of a fishing vessel shall exceed fifty thousand dollars (\$50,000) nor for a term exceeding ten (10) years.
- (3) No loan for purchase or construction of a fishing vessel shall be made for a term exceeding twenty years.
- (4) Each loan shall bear simple interest at the rate of seven and one-half per cent a year.
- (5) The commencement date for the repayment of the first installment on the principal of each loan may be deferred by the director, but in no event shall such initial payment be deferred in excess of two years.
- (6) In the event the State repossesses any vessel financed under this program, the repossessed vessel shall not be resold to the individual to whom the loan has been made, or to anyone with a financial interest in the vessel.

Sec. 189-26 Reports. The department of planning and economic development shall make an annual report ending 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 this part. The report shall be submitted not later than February 1 immediately following the calendar year period covered by the report."

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$500,000 or so much thereof as may be necessary to be deposited into the Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan revolving fund. The sum appropriated shall be expended by the department of planning and economic development for

the purposes of this Act.

SECTION 6. Administrative funds necessary for the operating expenses of the program have been provided for the coming biennium of the Hawaii fishing vessel purchase, construction, renovation, maintenance and repair loan program. The sum appropriated shall be expended by the department of planning and economic development to accomplish the purpose of this Act.

PART III.

SECTION 7. Findings and purpose. The purpose of this part is to insure the continued orderly development of Hawaii's commercial fishing fleet by providing financial assistance for the maintenance and repair of commercial fishing vessels in order to increase productivity in traditional state fishing grounds and to foster development of new fishing grounds by Hawaii's commercial fishing vessels. The legislature finds that: (1) the several financial assistance programs available to Hawaii's commercial fishermen are primarily for new vessel construction with national agency program emphasis on large fishing vessels; (2) that the large majority of Hawaii's commercial fishing vessels are small vessels (under 5 net tons, i.e., under 31 feet long) whose owners often do not have the financial resources of the larger vessels; (3) there is no financial program specializing in providing financial assistance for the maintenance and repair of commercial fishing vessels; (4) that the nature of commercial fishing is noted for occasional poor years when reduced landings adversely affect the economic resources of commercial fishermen, especially those with the smaller vessels; (5) that the recently released report "Hawaii and the Sea—1974" calls for further development of measures to strengthen Hawaii's commercial fishing fleet, for example, by expanding the present Hawaii Fisheries New Vessel Construction Loan Program (Act 193, Session Laws of Hawaii 1965, as amended by Act 28, Session Laws of Hawaii 1968); (6) that the Hawaii Fisheries New Vessel Construction Loan Program does not include maintenance and repair of commercial fishing vessels; (7) that the creation of a maintenance and repair loan program would help fulfill the intent of "Hawaii and the Sea—1974"; (8) that some usually efficient commercial fishermen, due to the above reasons, are unable to upgrade their vessels in order to take advantage of new fishing gear and technology, and; (9) that the State of Hawaii should make every effort to strengthen its commercial fishing fleet.

SECTION 8. Definitions. As used in this part:

- (1) "Director" means the director of planning and economic development.
- (2) "Vessel" means vessels as defined in the U.S. Fishing Fleet Improvement Act of 1964, as amended (P. L. 88-498, P. L. 91-279); (Any vessels designed to be used in catching fish, processing, or transporting fish loaded on the high seas, or any vessel outfitted for such activity.)
- (3) "Commercial fishing vessel" means any vessel that derives at least fifty-one per cent of that vessel's gross annual income from commercial (as opposed to recreational) operations.

- (4) "Department" means the department of planning and economic development.
- (5) "SBA" means the Federal Small Business Administration.
- (6) "National Marine Fisheries Service" means Financial Assistance Division, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, United States Department of Commerce.

SECTION 9. (a) Hawaii commercial fishing vessel maintenance and repair loan program. There is created the Hawaii commercial fishing vessel maintenance and repair loan program, which shall be administered by the director in accordance with the spirit and intent of this Part.

(b) Hawaii commercial fishing vessel maintenance and repair loan revolving fund. There is established the Hawaii commercial fishing vessel maintenance and repair loan revolving fund into which shall be paid all moneys received as repayment of loans and interest payments as provided in this part.

SECTION 10. Functions, powers, and duties of the director. In performance of, and with respect to, the functions, powers, and duties vested in him by this part, the director may:

- (1) Prescribe the qualifications for eligibility of applicants for loans.
- (2) Establish preferences and priorities in determining eligibility for loans.
- (3) Establish the conditions, consistent with the purposes of this part, for the granting of the loan.
- (4) Provide for inspection, at reasonable hours, of the vessel, records and books of an individual or enterprise who has applied for or has been granted a loan and to require the submission of periodic reports.

SECTION 11. Loans, terms, and restrictions. The department may make loans to individuals or businesses for the financing of expenses incurred in the maintenance and repair of commercial fishing vessels. The loans may be made in conjunction with loans made by other financial institutions including the Small Business Administration or loans guaranteed by the National Marine Fisheries Service. 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 director.

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

- (1) No loan shall exceed \$50,000.
- (2) No loan shall be made for a term exceeding ten years.
- (3) Each loan shall bear simple interest at the rate of five and one-half per cent a year.
- (4) The commencement date for the repayment of the first installment on the principal of each loan may be deferred by the director, but in no event shall such initial payment be deferred in excess of two years.

SECTION 12. 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 this part. The report shall be submitted not later than February 1 immediately following the period covered by the report.

SECTION 13. Appropriation. There is appropriated out of the revenues of the State of Hawaii the sum of \$500,000 to be expended by the department of planning and economic development to fulfill the purposes of this part.

PART IV.

SECTION 14. Chapter 150, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read:

“Sec. 150- Seed distribution program; revolving fund. There is established a revolving fund the purpose of which shall be to enable the seed distribution program to operate at a level which will adequately meet the demand for seed. The fund shall be used for the cultivation and production of seeds and for research and developmental purposes directly related to such cultivation and production. The fund shall be administered by the college of tropical agriculture. All sums withdrawn from the fund shall be reimbursed or restored thereto from the proceeds realized through the sale of seeds. The college of tropical agriculture shall submit an annual report summarizing receipt and expenditures and the fund balance of the revolving fund to the department of budget and finance. The first annual report shall be due within six months following the initial twelve-month period that the revolving fund is in operation and shall be due annually thereafter not later than September 30 following the end of the immediately preceding fiscal year.”

SECTION 15. There is appropriated out of the general revenues of the State of Hawaii the sum of \$35,000, to be deposited in the seed distribution revolving fund. Any funds in excess of \$35,000 at the end of each fiscal year shall be remitted to the state general fund.

PART V.

SECTION 16. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000, or so much thereof as may be necessary, for the purpose of increasing the State Farm Loan Revolving Fund to be expended by the department of agriculture for the purposes of this section.

SECTION 17. There is appropriated out of the general revenues of the State of Hawaii the sum of \$500,000, or so much thereof as may be necessary, for the new farm loan program to be expended by the department of agriculture.

SECTION 18. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000, or so much thereof as may be necessary, for the capital loan program to be expended by the department of planning and economic development.

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SECTION 19. Material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.*

SECTION 20. This Act shall take effect upon its approval.

(Approved June 2, 1975.)

*Edited accordingly.