

ACT 387

S.B. NO. 2195

A Bill for an Act Relating to a Revolving Loan Program for Business Opportunities on Molokai.

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

SECTION 1. The legislature finds that the economy of the island of Molokai is at a critical juncture. The residents have long relied on the pineapple industry as the major provider of jobs; however, since the closure of Dole Company's operations in 1976 and the reduction of Del Monte's operations in 1983, hundreds of Molokai residents have been jobless and the island's unemployment rate at over fourteen per cent is the highest in the State. The legislature further finds that the revival of Molokai's economy is contingent on the development and growth of small businesses, especially in diversified agriculture, and that it is in the public interest to provide financial support to facilitate such development and growth on Molokai. The purpose of this Act is to establish a revolving loan program to stimulate business development and growth in diversified agriculture on the island of Molokai.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000, or so much thereof as may be necessary for fiscal year 1988-1989, for the establishment of a revolving loan program to provide financing opportunities for small business ventures in diversified agriculture on Molokai. The sum appropriated shall be expended by the county of Maui for the purposes of this Act.

SECTION 3. (a) The county of Maui shall establish a temporary revolving loan program to provide financing opportunities for small business ventures in diversified agriculture on Molokai. To carry out the loan program, the county shall establish a revolving fund from which moneys shall be loaned in accordance with this Act and into which all payments, interest, and fees collected by the county on such loans shall be deposited.

(b) The program shall provide loans to qualified applicants with the following terms and conditions:

- (1) No loan shall be granted unless financial assistance is not otherwise available to the applicant;
- (2) The amount of a loan or loans to any one applicant at any one time shall not exceed \$150,000;
- (3) The maximum term of a loan shall not exceed twenty years;
- (4) Each loan shall bear interest conforming to the department of agriculture's "Agricultural Loans" rate, policies, and practices; and
- (5) The commencement date for the repayment of the first installment on the principal and interest of each loan may be deferred by the mayor of the county of Maui for a period not to exceed two years.

(c) The program shall be administered by the county of Maui. The county of Maui, in consultation with the department of agriculture, shall adopt rules to carry out the program's purpose. The loan applications shall be reviewed initially by the credit review committee of the Molokai task force. The committee shall make recommendations regarding the suitability of the proposed business concepts. The county of Maui shall make the final decision to approve or disapprove the application.

SECTION 4. The county of Maui may expend up to \$40,000 from the revolving fund in each year the revolving loan program is in operation for the purpose of hiring a professional staff person for, and to cover the operating costs of, the program.

SECTION 5. The county shall annually submit a written report as of December 31, to the governor and the legislature, on the progress of the revolving loan program for each year the revolving loan program is in operation.

SECTION 6. This Act shall take effect on July 1, 1988.

(Approved June 15, 1988.)