

**ACT 143**

**S.B. NO. 1735**

A Bill for an Act Relating to Loans.

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

SECTION 1. The legislature finds that parts II and IV, chapter 189, Hawaii Revised Statutes, authorizing the department of business, economic development, and tourism to make loans for financing the purchase, construction, renovation, maintenance, and repair of fishing vessels has had minimal activity since 1986. This has been due in part to the suspension of new loans for the purchase or construction of vessels since then, with only loans for repair and maintenance being processed. In view of this, the legislature finds that it is more efficient and economical to consolidate these loan programs with the Hawaii capital loan program and associated revolving loan fund.

The legislature further finds that fiscal efficiency can be achieved by authorizing the department of business, economic development, and tourism to transfer up

to \$1,000,000 in the aggregate, within the calendar year, between the state disaster revolving loan fund and the Hawaii capital loan revolving fund or the Hawaii innovation development fund. Such a transfer would be made only upon the declaration of a state disaster and with the specific approval of the governor. The flexibility to transfer funds will permit better use of available funds by allowing the State to provide immediate assistance to businesses and individuals with disaster relief and rehabilitation needs.

SECTION 2. Section 209-34, Hawaii Revised Statutes, is amended to read as follows:

**“§209-34 State disaster revolving loan fund.** (a) There is established the state disaster revolving loan fund into which shall be deposited all moneys appropriated by the legislature to the fund, contributed or transferred to the fund, and received as repayment of loans and interest payments as provided in this part, and from which the director of business, economic development, and tourism may make loans in accordance with [provisions of] this part.

(b) The director may transfer moneys from the state disaster revolving loan fund established by this section to either the Hawaii capital loan revolving fund established by section 210-3 or the Hawaii innovation development fund established by section 211E-2. Moneys from the Hawaii capital loan revolving fund established by section 210-3, the Hawaii innovation development loan revolving fund established by section 211E-2, and the state disaster revolving loan fund shall be disbursed by the department or the director pursuant to chapters 209, 210, and 211E, respectively. The department or the director may transfer moneys from the Hawaii capital loan revolving fund and the Hawaii innovation development fund to the state disaster revolving loan fund for disbursement pursuant to this chapter.

(c) The total amount of moneys transferred to the state disaster revolving loan fund, the Hawaii capital loan revolving fund, or the Hawaii innovation development fund shall not exceed \$1,000,000 for each respective fund within the calendar year.

(d) Notwithstanding subsection (c) to the contrary, the total amount of moneys transferred between the state disaster revolving loan fund and the Hawaii capital loan revolving fund or the Hawaii innovation development fund shall not exceed \$1,000,000 within the calendar year if the governor proclaims a state disaster pursuant to section 209-2.

(e) The director shall report any transfer of funds made under this section to the legislature within ten days of the transfer.

(f) All unexpended and unencumbered moneys remaining in the state disaster revolving loan fund at the close of each fiscal year, which are deemed[,] by the director of finance[,] to be in excess of the moneys necessary to carry out the purposes of this section over the next following fiscal year, shall lapse to the credit of the [state] general fund.”

SECTION 3. Section 210-3, Hawaii Revised Statutes, is amended to read as follows:

**“§210-3 Hawaii capital loan revolving fund.** (a) There is established the Hawaii capital loan revolving fund into which shall be deposited all moneys received as repayment of loans and interest payments as provided in this chapter. The department may transfer moneys from the Hawaii capital loan revolving fund established by this section to either [to] the [Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund established by section 189-23, the Hawaii small fishing vessel purchase, construction, renovation,

maintenance, and repair loan revolving fund established by section 189-43,] state disaster revolving loan fund established by section 209-34, or the Hawaii innovation development [loan revolving] fund established by section 211E-2, and moneys from these three funds shall be disbursed by the department or the director pursuant to chapters [189] 209, 210, and 211E, respectively[, and further, the]. The department or the director may transfer moneys from the [revolving funds enumerated in this section] state disaster revolving loan fund and the Hawaii innovation development fund to the Hawaii capital loan revolving fund for disbursement pursuant to this chapter[; provided that:].

[(1)] (b) The total amount of moneys transferred [into any revolving fund] to the state disaster revolving loan fund, the Hawaii capital loan revolving fund, or the Hawaii innovation development fund shall not exceed \$1,000,000 for each [revolving] respective fund within the calendar year[; and].

(c) Notwithstanding subsection (b) to the contrary, the total amount of moneys transferred between the state disaster revolving loan fund and the Hawaii capital loan revolving fund or the Hawaii innovation development fund shall not exceed \$1,000,000 within the calendar year if the governor proclaims a state disaster pursuant to section 209-2.

[(2)] (d) The department shall report any transfer of funds made under this section to the legislature within ten days of the transfer.'

SECTION 4. Section 211E-2, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) There is established a revolving fund to be known as the Hawaii innovation development fund [to], that shall be administered by the department of business, economic development, and tourism for the purpose of promoting the development of new products or inventions that have direct economic benefits for Hawaii. The department shall provide low interest loans pursuant to subsection (b) to inventors for the development of their new product or invention. All moneys received as repayment of loans and interest payment shall be deposited in the fund. The department may transfer moneys from the [loan revolving] Hawaii innovation development fund established by this section to either the [Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund established by section 189-23, the Hawaii small fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund established by section 189-43,] state disaster revolving loan fund established by section 209-34, or the Hawaii capital loan revolving fund established by section 210-3, and moneys from these three funds shall be disbursed by the department or the director pursuant to chapters [189 and] 209, 210, and 211E, respectively[, and further, the]. The department or the director may transfer moneys from the [revolving funds enumerated in this section] state disaster revolving loan fund and the Hawaii capital loan revolving fund to the Hawaii innovation development [loan revolving] fund for disbursement pursuant to this chapter[; provided that]:

- (1) The total amount of moneys transferred [into any revolving fund] to the state disaster revolving loan fund, the Hawaii capital loan revolving fund, or the Hawaii innovation development fund shall not exceed \$1,000,000 for each [revolving] respective fund within the calendar year[; and]
- (2) Notwithstanding paragraph (1), the total amount of moneys transferred between the state disaster revolving loan fund and the Hawaii capital loan revolving fund or the Hawaii innovation development fund shall not exceed \$1,000,000 within the calendar year if the governor proclaims a state disaster pursuant to section 209-2; and

[(2)] (3) The department shall report any transfer of funds made under this section to the legislature within ten days of the transfer.”

SECTION 5. Section 189-23, Hawaii Revised Statutes, is repealed.

SECTION 6. Section 189-43, Hawaii Revised Statutes, is repealed.

SECTION 7. All encumbered moneys in the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund established by section 189-23, Hawaii Revised Statutes, along with all outstanding loan balances and all receipts of principal and interest payments hereafter, shall be transferred to the Hawaii capital loan revolving fund established by section 210-3, Hawaii Revised Statutes. All unencumbered moneys in the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund on the effective date of this Act shall be transferred to the general fund. Loans for the purchase, construction, renovation, maintenance, and repair of large fishing vessels shall continue to be made under the Hawaii capital loan program established by chapter 210, Hawaii Revised Statutes.

SECTION 8. All encumbered moneys in the Hawaii small fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund established by section 189-43, Hawaii Revised Statutes, along with all outstanding loan balances and all receipts of principal and interest payments hereafter, shall be transferred to the Hawaii capital loan revolving fund established by section 210-3, Hawaii Revised Statutes. All unencumbered moneys in the Hawaii small fishing vessel purchase, construction, renovation, maintenance, and repair loan revolving fund on the effective date of this Act shall be transferred to the general fund. Loans for the purchase, construction, renovation, maintenance, and repair of small fishing vessels shall continue to be made under the Hawaii capital loan program established by chapter 210, Hawaii Revised Statutes.

SECTION 9. Statutory material to be repealed is bracketed.<sup>1</sup> New statutory material is underscored.

SECTION 10. This Act shall take effect on July 1, 1996.

(Approved June 12, 1996.)

**Note**

1. Edited pursuant to HRS §23G-16.5.