

ACT 8

S.B. NO. 2128

A Bill for an Act Relating to Business Development Corporations.

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

SECTION 1. Section 420-2, Hawaii Revised Statutes, is amended to read as follows:

“§420-2 Creation of corporation; purposes. (a) Any number of persons not less than [five,] two, [a majority] at least one of whom shall be [residents] a resident of the State, who may desire to create a business development corporation under this chapter, for the purpose of promoting, developing, and advancing the prosperity and economic welfare of the Pacific Islands and, to that end, to exercise the powers and privileges hereinafter provided, may be incorporated in the following manner; [such] the persons [shall], by articles of incorporation filed with the director of commerce and consumer affairs, under their hands and seals, shall set forth:

- (1) The name of the corporation, which shall include the words "Business Development Corporation".
- (2) The location of the principal office of the corporation, but the corporation may have offices in such other places within the State as may be fixed by the board of directors.
- (3) The purpose for which the corporation is founded, which shall include the following:

The purposes of the corporation shall be to promote, stimulate, develop, and advance the business prosperity and economic welfare of the Pacific Islands and their citizens; to encourage and assist through loans, investments, or other business transactions, in the location of new business and industry in the Pacific Islands and to rehabilitate and assist existing business and industry; and so to stimulate and assist in the expansion of all kinds of business activity which will tend to promote the business development and maintain the economic stability of the Pacific Islands, provide maximum opportunities for employment, encourage thrift, and improve the standard of living of the citizens of the Pacific Islands; similarly, to cooperate and act in conjunction with other organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural, and recreational developments in the Pacific Islands, and to provide financing for the promotion, development, and conduct of all kinds of business activity in the Pacific Islands.

(b) In furtherance of [these] the purposes in subsection (a) and in addition to the powers conferred on business corporations by the general corporation laws, the corporation [shall], subject to the restrictions and limitations [herein contained,] in this chapter, shall have the following powers:

- (1) To elect, appoint, and employ officers, agents, and employees; to make contracts and incur liabilities for any of the purposes of the corporation; provided that the corporation shall not incur any secondary liability by way of guaranty or endorsement of the obligations of any person, firm, corporation, joint-stock company, association, or trust, or in any other manner[.];
- (2) To borrow money from the members and others, including the Small Business Administration and other federal agencies, for any of the purposes of the corporation; to issue therefor its bonds, debentures, notes, or other evidences of indebtedness, whether secured or unsecured, and to secure the same by mortgage, pledge, deed of trust, or other lien on its property, franchises, rights, and privileges of every kind and nature or any part thereof or interest therein, without securing stockholder or member approval[.];
- (3) To make loans to any person, firm, corporation, joint-stock company, association, or trust, and to establish and regulate the terms and conditions with respect to the loans and the charges for interest and service connected therewith; provided that the corporation shall not approve any application for a loan unless and until the person applying for the loan shows that the person has applied for the loan through ordinary banking channels and that the loan has been refused by at least one bank or other financial institution[.];
- (4) To purchase, receive, hold, lease, or otherwise acquire, and to sell, convey, transfer, lease, or otherwise dispose of real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including, but not restricted to, any real or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations[.];

- (5) To acquire the good will, business, rights, real and personal property, and other assets, or any part thereof, or interest therein, of any persons, firms, corporations, joint-stock companies, associations, or trusts, and to assume, undertake, or pay the obligations, debts, and liabilities of any such person, firm, corporation, joint-stock company, association, or trust; to acquire improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments thereon or for the purpose of disposing of the real estate to others for the construction of industrial plants or other business establishments; and to acquire, construct, or reconstruct, alter, repair, maintain, operate, sell, convey, transfer, lease, or otherwise dispose of industrial plants or business establishments[.];
- (6) To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the stock, shares, bonds, debentures, notes, or other securities and evidences of interest in, or indebtedness of, any person, firm, corporation, joint-stock company, association, or trust, and while the owner or holder thereof to exercise all of the rights, powers, and privileges of ownership, including the right to vote thereon[.];
- (7) To mortgage, pledge, or otherwise encumber any property, right, or thing of value, acquired pursuant to the powers contained in paragraphs (4), (5), or (6), as security for the payment of any part of the purchase price thereof[.];
- (8) To cooperate with and avail itself of the facilities of the department of business, economic development, and tourism and any similar governmental agencies; and to cooperate with and assist, and otherwise encourage organizations in the various communities of the Pacific Islands in the promotion, assistance, and development of the business prosperity and economic welfare of the communities or of the Pacific Islands or of any part thereof[.];
- (9) To avail itself of any loan or other assistance from nonmembers, including the Small Business Administration or any other federal agencies[.]; and
- (10) To do all acts and things necessary or convenient to carry out the powers expressly granted in this chapter.”

SECTION 2. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

(Approved April 12, 1996.)