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# A BILL FOR AN ACT

RELATING TO SOCIAL SERVICES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that micro-credit is the  
2 extension of small loans to the unemployed, to poor  
3 entrepreneurs, and others who are "pre-bankable" or not  
4 otherwise qualified for traditional loans. This financial  
5 innovation originated in developing countries where it  
6 successfully engaged extremely impoverished people in self-  
7 employment projects that enabled them to generate an income.  
8 Muhammad Yunus, a United States educated professor of economics,  
9 shared the Nobel Peace Prize for 2006, for a project that he  
10 initiated in his native Bangladesh in 1974. Similar efforts  
11 throughout the developing world and even in the United States  
12 have proven that micro-credit can be a liberating force and help  
13 people find ways to break out of poverty.

14           The purpose of this Act is to require the department of  
15 human services to study the feasibility of implementing a micro-  
16 credit loan program and to appropriate funds for that purpose.



1 SECTION 2. (a) The department of human services shall  
2 conduct a study on the feasibility of implementing a micro-  
3 credit loan program that would:

- 4 (1) Provide loans to low-income individuals who are  
5 pre-bankable;
- 6 (2) Enable participants to engage in self-employment  
7 projects that allow them to generate an income; and
- 8 (3) Provide counseling and fiscal assistance to  
9 participants to help them manage their loans and  
10 responsibilities.

11 (b) For purposes of this section, "pre-bankable" means  
12 lacking collateral, steady employment, verifiable credit  
13 history, or the other minimum qualifications necessary to gain  
14 access to traditional credit.

15 (c) The study shall include:

- 16 (1) Research on similar programs currently implemented in  
17 other states and determine best practices;
- 18 (2) Consultation with the United States Small Business  
19 Administration; department of business, economic  
20 development, and tourism; department of labor and  
21 industrial relations; and the department of human



1 services vocational rehabilitation and services for  
2 the blind division;

3 (3) Gauging the support of local lending institutions in a  
4 micro-credit loan program;

5 (4) Finding sources of federal funding that may be  
6 available for the program; and

7 (5) Consultation with Maui Economic Opportunity and other  
8 local agencies with experience in micro-credit loan  
9 programs.

10 (c) The department of human services shall submit a report  
11 on its findings and recommendations, including any proposed  
12 legislation, to the legislature no later than twenty days prior  
13 to the convening of the 2008 regular session that shall include  
14 research, evaluation, and best practices for the implementation  
15 of micro-credit loan programs, and the feasibility of  
16 implementing a micro-credit loan program within the department  
17 of human services.

18 SECTION 3. There is appropriated out of the federal  
19 temporary assistance for needy families program funds the sum of  
20 \$ or so much thereof as may be necessary for fiscal  
21 year 2007-2008 and the same sum or so much thereof as may be  
22 necessary for fiscal year 2008-2009 for the department of human



1 services to conduct a study on the feasibility of implementing a  
2 micro-credit loan program.

3 The sums appropriated shall be expended by the department  
4 of human services for the purposes of this Act.

5 SECTION 4. This Act shall take effect on July 1, 2007.



**Report Title:**

Micro-credit Loan Program; DHS Feasibility Study

**Description:**

Requires the Department of Human Services to conduct a study on the feasibility of implementing a micro-credit loan program.

Appropriates funds.

