
A BILL FOR AN ACT

RELATING TO NEW MARKET TAX CREDITS.

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

1 SECTION 1. The legislature finds that the business
2 community, nonprofit organizations, and other entrepreneurs
3 require a functional, service-oriented agency that is readily
4 available to provide business counseling, financial backing, and
5 general support to foster real community-based economic
6 development for the various products and services demonstrating
7 and embracing Hawaii's diversified economy.

8 The Hawaii community-based economic development technical
9 and financial assistance program in the department of business,
10 economic development, and tourism, was established for this
11 purpose. Chapter 210D, Hawaii Revised Statutes, provides for
12 financial assistance to community-based businesses and
13 enterprises through low-interest loans and grants to qualifying
14 applicants.

15 There are various programs provided by the federal
16 government, nonprofit organizations, and foundations, as well as
17 opportunities provided by public-private partnerships that



1 further these goals. These programs and partnerships can be
2 used to provide a portion of the funding needed by economic
3 development projects. The project funding provided by the State
4 will be made more efficient and more effective if provided in
5 the form most compatible with these programs and in the manner
6 most suitable to optimize all sources of funding.

7 The purpose of this Act is to authorize the department of
8 business, economic development and tourism to:

9 (1) Participate with qualified community development
10 entities that serve or provide investment capital to
11 low-income communities or individuals to pursue
12 federal financing for community-based development
13 through the federal new market tax credits program for
14 private, for-profit investors; and

15 (2) Encourage the use of federal and private funds for
16 economic development and use of state funds to
17 leverage federal and private funding opportunities
18 through the federal new market tax credits program.

19 SECTION 2. Section 210D-2, Hawaii Revised Statutes, is
20 amended by adding a new definition to be appropriately inserted
21 and to read as follows:



1 "Qualified community development entity" has the same
2 meaning as in section 45D(c)(1) of the Internal Revenue Code of
3 1986, as amended."

4 SECTION 3. Section 210D-8, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§210D-8 Powers and duties. The department shall have the
7 necessary powers to carry out the purposes of this chapter,
8 including the following:

9 (1) With advice from the council, prescribe the
10 qualifications for eligibility of applicants for loans
11 and grants;

12 (2) With advice from the council, establish preferences
13 and priorities in determining eligibility for
14 financial assistance;

15 (3) Establish the conditions, consistent with the purpose
16 of this chapter, for the awarding of financial
17 assistance;

18 (4) Provide for inspection at reasonable hours of
19 facilities, books, and records of a community-based
20 organization that has applied for or has been awarded



1 financial assistance and require the submission of
2 progress and final reports;

3 (5) Provide loans and grants for community-based economic
4 development activities and community-based enterprises
5 for purposes consistent with this chapter;

6 (6) Participate with qualified community development
7 entities in the pursuit of federal financing
8 opportunities through the federal new market tax
9 credits program;

10 (7) Encourage the use of federal and private funds for
11 economic development purposes and use of state
12 resources as applicable to leverage federal and
13 private dollars through the federal new market tax
14 credits program to supplement state economic
15 development efforts subject to section 210D-11(7);

16 ~~[(+6)]~~ (8) Determine the necessity for and the extent of
17 security required in a loan;

18 ~~[(+7)]~~ (9) Prescribe and provide appropriate management
19 counseling and monitoring of business activities;

20 ~~[(+8)]~~ (10) Administer the Hawaii community-based economic
21 development revolving fund;



1 [~~(9)~~] (11) Include in its budget for subsequent fiscal
2 periods amounts necessary to effectuate the purposes
3 of this chapter;
4 [~~(10)~~] (12) Participate in loans made to qualified persons
5 by private lenders;
6 [~~(11)~~] (13) Establish interest rates chargeable by the State
7 for direct and participation loans; and
8 [~~(12)~~] (14) Adopt rules pursuant to chapter 91 to implement
9 this chapter."
10 SECTION 4. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.
12 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Economic Development; New Markets Tax Credits; Qualified
Community Development Entity

Description:

Expands methods for the delivery of funding to projects under the Hawaii community-based economic development technical and financial assistance program by allowing the Department of Business, Economic Development, and Tourism to participate with qualified community development entities in the pursuit of federal financing opportunities and encourage the use of federal and private funds for economic development purposes and use State resources to leverage federal and private dollars to supplement State economic development efforts. (SB765 HD1)

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