

1 "Start-up business" means a business that:

- 2 (1) Is registered in the State;
- 3 (2) Has been in business for three years or less; and
- 4 (3) Fulfills the qualifications established by the
- 5 division to receive a start-up business loan under
- 6 this chapter.

7 § -2 **Hawaii start-up business loan program.** There is
8 established a Hawaii start-up business loan program that shall
9 be administered by the division in coordination with the Hawaii
10 technology development corporation.

11 § -3 **Functions, powers, and duties of the division.** In
12 the performance of, and with respect to, the functions, powers,
13 and duties vested in the division by this chapter, the division
14 may:

- 15 (1) Prescribe rules and regulations to carry out this
- 16 chapter; and
- 17 (2) Perform all functions necessary to effectuate the
- 18 purposes of this chapter.

19 § -4 **Rules and regulations.** The rules and regulations
20 shall:



- 1 (1) Prescribe the qualifications for eligibility of
- 2 applicants for loans;
- 3 (2) Establish preferences and priorities in determining
- 4 eligibility for loans;
- 5 (3) Establish the conditions, consistent with the purposes
- 6 of this chapter, for the granting or for the
- 7 continuance of a grant of a loan; and
- 8 (4) Provide for inspection, at reasonable hours, of the
- 9 plant, books, and records of an enterprise that has
- 10 applied for or has been granted a loan, and to require
- 11 the submission of progress and final reports.

12 § -5 Direct loans, terms, and restrictions. (a) The

13 division may make loans to start-up business concerns for the

14 financing of working capital, construction or improvement of

15 facilities, and equipment. The loans shall not be made in

16 conjunction with any loans made or grants awarded by the

17 division. Where the loans made by the division are secured, the

18 security may be subordinated to the loans made by other

19 financial institutions, when the subordination is required to

20 obtain loans from those institutions. The necessity for and the



1 extent of security required in any loan shall be determined by
2 the division.

3 (b) The foregoing powers shall be subject to the following
4 restrictions and limitations:

5 (1) No loan shall be granted unless financial assistance
6 is not available to the applicant; provided that the
7 condition may be waived by the division for
8 participation loans or loan guarantees with a private
9 financial institution;

10 (2) The amount of the loan shall not exceed a total of
11 \$10,000;

12 (3) No loan shall be made for a term exceeding six years;

13 (4) Each loan shall bear simple interest at a rate of four
14 per cent per year; and

15 (5) The payment of interest on the principal of a loan may
16 be deferred by the division, but in no event shall
17 interest payments be deferred in excess of twenty-four
18 months from the date of issuance of the loan.

19 (c) The division may contract with any financial
20 institution for services, including servicing or administering
21 loans pursuant to this section.



1 § -6 Start-up business loan program special fund. (a)

2 There is established in the state treasury the Hawaii start-up
3 business loan program special fund, into which shall be
4 deposited appropriations made by the legislature to the fund.

5 (b) Moneys in the Hawaii start-up business loan program
6 special fund shall be administered by the department and shall
7 be used for providing loans to start-up businesses.

8 (c) All unexpected and unencumbered moneys remaining in
9 the start-up business loan program special fund at the close of
10 each fiscal year shall not lapse to the credit of the state
11 general fund.

12 (d) The department may contract with any financial
13 institution for services including the day-to-day management of
14 the fund pursuant to this section.

15 § -7 Reports. The department shall submit a report to
16 the legislature on the division's activities in administering
17 the loan program no later than twenty days prior to the
18 convening of each regular session beginning with the regular
19 session of 2024. The report shall include:

20 (1) A description and uses of the loan program;



- 1 (2) A summary of information and analytical data
- 2 concerning the implementation of the loan program; and
- 3 (3) Repayments made."

4 SECTION 2. There is appropriated out of the funds received
5 by the State from the American Rescue Plan Act, Public Law
6 117-2, Section 9901, the sum of \$500,000 or so much thereof as
7 may be necessary for fiscal year 2023-2024 and the same sum or
8 so much thereof as may be necessary for fiscal year 2024-2025 to
9 be deposited into the Hawaii start-up business loan program
10 special fund.

11 The sums appropriated shall be expended by the department
12 of business, economic development, and tourism for the purposes
13 of this Act.

14 SECTION 3. There is appropriated out of the Hawaii start-
15 up business loan program special fund the sum of \$500,000 or so
16 much thereof as may be necessary for fiscal year 2023-2024 and
17 the same sum or so much thereof as may be necessary for fiscal
18 year 2024-2025 for the purpose of implementing the Hawaii start-
19 up business loan program and to provide loans under the program.



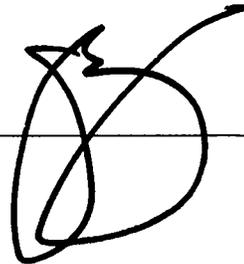
1 The sums appropriated shall be expended by the department
2 of business, economic development, and tourism for the purposes
3 of this Act.

4 SECTION 4. If any provision of this Act, or the
5 application thereof to any person or circumstance, is held
6 invalid, the invalidity does not affect other provisions or
7 applications of the Act that can be given effect without the
8 invalid provision or application, and to this end the provisions
9 of this Act are severable.

10 SECTION 5. This Act shall take effect on July 1, 2023.

11

INTRODUCED BY: _____

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S.B. NO. 706

Report Title:

Hawaii Start-Up Business Loan Program; Start-Up Business Loan Program Special Fund; Department of Business, Economic Development, and Tourism; Hawaii Technology Development Corporation; Appropriation

Description:

Creates the Hawaii Start-Up Business Loan Program to be administered by the Business Development and Support Division of the Department of Business, Economic Development, and Tourism, in coordination with the Hawaii Technology Development Corporation. Establishes the Hawaii Start-Up Business Loan Program Special Fund. Makes an appropriation.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

