

STAND. COM. REP. NO. **235**-24

Honolulu, Hawaii

FEB 12, 2024

RE: H.B. No. 2369
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Economic Development, to which was referred H.B. No. 2369 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM,"

begs leave to report as follows:

The purpose of this measure is to increase the maximum interest rate on Community-Based Economic Development loans to ten percent.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism.

Your Committee finds that the Community-Based Economic Development Program (Program) stimulates business activity, creates jobs, and benefits the State's most socially and economically challenged regions and demographic groups through community-supported economic development projects. Your Committee further finds that the interest rate on Program business loans is between three and six percent. The Program uses federal funds for a part of these loans, which under federal rules require an interest rate floor according to market conditions. Your Committee notes that the federal floor could approach or overtake

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the Program's current maximum interest rate, making it impossible to use federal funds for these loans. This measure will increase the Program's maximum rate to ten percent to ensure the Program has the flexibility to offer low-interest loans while complying with federal requirements.

Your Committee has amended this measure by changing the effective date to July 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2369, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development,



DANIEL HOLT, Chair



Record of Votes of the Committee on Economic Development

Bill/Resolution No.: HB 2369	Committee Referral: ECD, FIN	Date: 7/21/2024		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
ECD Members	Ayes	Ayes (WR)	Nays	Excused
1. HOLT, Daniel (C)	✓			
2. LAMOSAO, Rachele F. (VC)	✓			
3. HUSSEY-BURDICK, Natalia	✓			
4. KONG, Sam Satoru	✓			
5. LA CHICA, Trish				X
6. NAKAMURA, Nadine K.	✓			
7. QUINLAN, Sean	✓			
8. PIERICK, Elijah	✓			
TOTAL (8)	7			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				