

# S.B. NO. 3058

JAN 24 2024

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## A BILL FOR AN ACT

RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT  
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.

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

1           SECTION 1. Section 210D-10, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§210D-10 Terms of loans.** Loans shall be made to  
4 qualified applicants with the following terms and conditions:

5           (1) The amount of the outstanding balance on all loans  
6 issued under this chapter to any one applicant at any  
7 one time shall not exceed \$250,000;

8           (2) The maximum term of a loan shall not exceed ten years;

9           (3) Each loan shall bear simple interest at a rate of not  
10 less than three and not more than [~~six~~] ten per cent a  
11 year, depending on the nature of the loan; and

12           (4) The commencement date for the repayment of the first  
13 installment on principal and interest of each loan may  
14 be deferred by the director of business, economic  
15 development, and tourism for a period not to exceed  
16 two years."


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1 SECTION 2. Statutory material to be repealed is bracketed  
2 and stricken. New material is underscored.

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

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INTRODUCED BY: 

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BY REQUEST

# S.B. NO. 3058

**Report Title:**

Hawaii Community-Based Economic Development Technical and Financial Assistance Program; Department of Business, Economic Development, and Tourism

**Description:**

Amends section 210D-10, HRS, to increase the maximum interest rate on Community-Based Economic Development loans to ten percent.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.

PURPOSE: To increase the maximum interest rate on Community-Based Economic Development (CBED) loans to 10 percent.

MEANS: Amend section 210D-10, Hawaii Revised Statutes.

JUSTIFICATION: The CBED small business loan program stimulates business activity, creates jobs and benefits Hawaii's most socially and economically challenged regions and demographic groups through community-supported economic development projects. By statute the interest rate on CBED business loans is between 3 and 6 percent. CBED uses federal funds for part of these loans. The federal rules require an interest rate floor according to market conditions. At some point in the future the federal floor could approach or overtake the CBED maximum interest rate, thus making it impossible to use federal funds for these loans. Increasing the CBED maximum rate to 10 percent will ensure the CBED loan program has the flexibility to offer low interest loans, but also comply with federal requirements.

Impact on the public: This amendment ensures that the CBED loan program will be in compliance with federal rules, securing the use of these federal funds for loans to the Hawaii business community in the future.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-100.

OTHER AFFECTED  
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.