

**ACT 185**

A Bill for an Act Establishing an Economic Redevelopment Program for Depressed Areas and Making an Appropriation Therefor.

*Be it Enacted by the Legislature of the State of Hawaii:*

**SECTION 1. Popular title.** This Act may be cited as the "Depressed Areas Redevelopment Act."

**SECTION 2. Declaration of purpose.** The Legislature declares that substantial and persistent unemployment and underemployment in any area of the State cause hardship to many individuals and their families and detract from the welfare of this State and the Nation by the waste of vital human resources and nonuse of other economic resources. The Legislature finds that continued emigration of residents of neighbor islands may have, in some respects, unfortunate economic effect on those islands; that it is in the best interests of the State to assist in rehabilitating the economy by developing, where feasible, sound, efficient industries in depressed areas; that the State should work in cooperation with the federal government in any similar program which the latter establishes by law in addition to having its own area redevelopment program.

**SECTION 3. Department responsible for program and for cooperation with federal government; duties.** (a) The department of economic development shall be the State agency charged with the responsibility of representing the State and for providing the information, plans, program, coordination and action necessary to comply with all requirements of any State or federal law on redevelopment of depressed areas and for all other purposes covered by such laws. The director of the department of economic development is hereinafter referred to as the "director".

(b) It shall be the duty of the director to compile and keep up to date a general economic development and redevelopment plan for the entire State and each County thereof, including a list, in order of priority, of all needed and desirable facilities, buildings or improvements, public and private, which

should be constructed or improved, and to compile and keep up to date State and area statistics on employment, unemployment, population, wages, home ownership and other data pertinent to economic development. For the purpose of obtaining such statistics and information the director is hereby authorized to make direct requests of any department or agency of the State and its political subdivisions, and such departments and agencies shall furnish such information direct to the director.

**SECTION 4. "Depressed area" defined; designation of.** (a) The director shall designate as a "depressed area" any County when any of the following criteria is met in such district:

(1) Where the level of unemployment has been 7 per cent or more for a period of twelve consecutive months immediately prior to the designation; or

(2) Where the population has declined 5 per cent or more per year for four of the five preceding calendar years; or

(b) The director shall also designate as a "depressed area", any area regardless of size which has been designated as a "redevelopment area" by the federal government pursuant to law.

**SECTION 5. Advisory council; its duties.** (a) The members of the board of economic development, as constituted by section 14A-24, Revised Laws of Hawaii 1955, as amended, and the following ex officio members: director of labor and industrial relations, director of planning, director of budget, superintendent of public instruction, and director of land and natural resources, are hereby designated as an area redevelopment council to advise and assist the director in carrying out the program provided for by this Act.

(b) The council shall advise the director and the governor on the best methods for carrying out the provisions of this Act and to secure the cooperation of all the departments of the State and agencies of the federal government. The director shall not declare an area to be a "depressed area" for the reasons set forth in subsection (a) of section 4 of this Act without prior consultation with the area redevelopment council.

**SECTION 6. Aid to depressed area; appropriate projects; aid in conjunction with federal funds.** (a) Upon a declaration that any area within the State is a "depressed area", the director is authorized to make loans as hereinafter provided either as a total State project, or in participation with projects of the federal government, the State or its political subdivisions, or any private lender as follows:

(1) To purchase and develop land and facilities for industrial and commercial use in the depressed area, including the construction of new buildings and the rehabilitation, alteration, conversion, or enlargement of existing buildings;

(2) To purchase machinery and equipment for use in the depressed area to establish a new business or to expand an existing business if the director determines that without such aid the proposed new business would not be established in the depressed area or the proposed existing business would not expand therein; and

(3) To assist any project in the depressed area where federal aid is conditioned upon the State financing or otherwise aiding and participating in such project.

(b) Upon the required declaration, the director, in consultation with the council, is further authorized:

(1) To aid financially or otherwise the occupational and vocational training of unemployed persons in the depressed area to increase their skill and opportunity for employment in other lines of industry in any area in the State; and

(2) To furnish financially or otherwise technical assistance to any businesses or persons in such depressed area.

(c) Any loans made hereunder shall bear such interest as may be determined by the director in consultation with the council.

**SECTION 7. Restrictions on aid to depressed areas.** (a) No aid shall be granted to or used by any person or organization :

(1) To compete with any public utility which adequately provides service in a depressed area ; or

(2) To influence industry to move from one island of the State to another where such a move will unduly depress the area in which such industry is located ; or

(3) For use as working capital to operate any business in a depressed area, except for occupational training.

(b) No financial assistance shall be extended hereunder unless the financial assistance applied for is not otherwise available on a reasonable basis from private lenders or from federal agencies other than those charged with area redevelopment.

(c) No financial or other assistance shall be extended for any project in a depressed area unless all of the following conditions are met in the determination of the director :

(1) The area has an economic development program approved by the director and the project for which assistance is sought is consistent with such program ; and

(2) The project for which such assistance is requested will help fulfill a pressing need of the depressed area, or part thereof, in which it is or will be located ; and

(3) There are other funds available which, when added to aid granted by this Act, will be sufficient to complete the project ; and

(4) The project is reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment.

**SECTION 8. Termination of aid to depressed areas.** When the director in consultation with the area development council determines that an area once declared to be a "depressed area" no longer qualifies as a depressed area, he shall declassify said area, and all aid to such area shall terminate, with the following exceptions :

(a) Buildings, water lines, and other such projects which have been physically started (as distinguished from merely planned or studied) shall be completed where the circumstances are such that a stoppage of said project would result in a clear loss to the State of funds already expended ; and

(b) Occupational classes shall continue to the completion of the course by the trainees then enrolled ; and

(c) Projects being undertaken in collaboration with the federal government shall be continued unless and until the federal government terminates its aid thereto.

**SECTION 9. Depressed area fund.** There is hereby created a fund to be known as the "State Depressed Area Fund", the moneys from which, or so much thereof as may be necessary, shall be expended by the director of

economic development, with the approval of the governor, for the purposes specified in the depressed areas redevelopment act in rendering aid to a depressed area. There is hereby appropriated to the State Depressed Area Fund sufficient moneys from the general revenues not otherwise appropriated as will from time to time be required to re-establish the said fund at the total of \$500,000; provided, that the director of economic development, when authorized by the governor, may not expend more than \$500,000 in rendering aid to any single depressed area.

**SECTION 10. Sections affected.** There is hereby added to the Revised Laws of Hawaii 1955, a new chapter, which chapter and its section shall be appropriately numbered by the revisor of statutes and entitled: "Economic Redevelopment Program for Depressed Areas."

**SECTION 11. Severability.** If any portion of this Act or its application to any circumstance or person is held to be invalid for any reason, the remainder thereof shall not be affected thereby.

**SECTION 12.** This Act shall take effect upon its approval.

(Approved July 11, 1961.) **H.B. 10.**

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