

ACT 255

S.B. NO. 1737

A Bill for an Act Making an Appropriation to the Department of Business, Economic Development, and Tourism for the Community-Based Development Program.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that a community-based development program was established in 1990 to assist traditional and small community-based businesses and enterprises in becoming self-sufficient and to encourage the diversification of economic opportunities for Hawaii's residents and communities. The legislature also finds that a Hawaii community-based development revolving fund was established because conventional financial institutions traditionally did not provide loans to initiate the establishment of community-based enterprises, and because there was a need to support economic alternatives for communities, to provide assistance through loans and grants, and to initiate the establishment and expansion of traditional enterprises.

The legislature further finds that the community-based development program has the support of the administration, as evidenced by the fact that the governor in his State of the State address proposed that the State support the Opelu Project on the Waianae coast as a prototype of community-based development. During the first six months of the program, one grant of \$470,000 was made to the Waianae coast community alternative development corporation, leaving only \$30,000 in the grant program. Meanwhile, the loan program has \$400,000 available but has had no applicants, and loan applicants are likely to request only small loans.

The purpose of this Act is to provide that moneys appropriated to the Hawaii community-based development revolving fund for the purpose of making loans can be used to make grants, for the purpose of providing additional grants to traditional and small community-based businesses and enterprises.

SECTION 2. Chapter 210D, Hawaii Revised Statutes, is amended as follows:

1. By amending Section 210D-4 to read as follows:

“[§210D-4] Hawaii community-based development revolving fund;

established. There is established a revolving fund to be known as the Hawaii community-based development revolving fund from which moneys shall be loaned or granted by the department under this chapter. All moneys appropriated to the fund by the legislature, received in repayment of loan principal, or payment of interest, and fees shall be deposited into the revolving fund and used for the purposes of this chapter. The department may use all appropriations and other moneys in the revolving fund not appropriated for a designated purpose to make grants or loans, provided that at no time shall the department reallocate funds from the loan program to the grant program so that insufficient funds remain available to make loans.”

2. By amending subsection (a) of Section 210D-11 to read as follows:

“(a) Grants [shall only be made with funds specifically appropriated for providing grants, and] shall be made for amounts not to exceed \$500,000 for each applicant. Applications for grants shall be made to the department and contain such information as the department shall require by rules adopted pursuant to chapter 91. At a minimum, the applicant must show that:

- (1) The grant shall be used exclusively for a traditional or small community-based business or enterprise for a continuous period of at least five years;
- (2) The traditional or small community-based business or enterprise shall have applied for or received all applicable licenses and permits;
- (3) The applicant will comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, or physical handicap;
- (4) The grant shall not be used for purposes of entertainment or perquisites;
- (5) The applicant shall comply with other requirements as the department of business, economic development, and tourism may prescribe;
- (6) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules;
- (7) The applicant will indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department; and
- (8) The facilities will not be used and are not intended to be used for sectarian instruction or as a place of worship.”

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000, or so much thereof as may be necessary for fiscal year 1991-1992, to be paid into the Hawaii community-based development revolving fund, for the purpose of providing grants under section 210D-11, Hawaii Revised Statutes.

SECTION 4. The sum appropriated shall be expended by the department of business, economic development, and tourism for the purposes of this Act.

SECTION 5. This Act shall take effect on July 1, 1991.
(Approved June 12, 1991.)