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# A BILL FOR AN ACT

RELATING TO MANUFACTURING.

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

1           SECTION 1. The legislature finds that there is a  
2   disparity between Oahu and the neighbor islands concerning  
3   the opportunities that exist for business expansion, energy  
4   efficiency training and development, and general  
5   maintenance of highly complex manufacturing equipment. The  
6   lack of available resources and qualified businesses and  
7   overuse of obsolete equipment have contributed to  
8   significantly barring future market competitiveness of  
9   Hawaii businesses and foreign investment interest in the  
10   State and businesses located across the islands.

11           The legislature further finds that it is incumbent on  
12   the State to ease the financial burdens facing particular  
13   businesses and to ensure the long-term financial and  
14   economic sustainability of the State.

15           The purpose of this Act is to establish the Hawaii  
16   manufacturing capital program that shall be administered by  
17   the high technology development corporation to encourage  
18   Hawaii-based companies to:



- 1           (1) Purchase manufacturing equipment;
- 2           (2) Implement training programs for employees on the
- 3                 proper and safe methods of operating relevant
- 4                 manufacturing equipment;
- 5           (3) Improve business practices involving use of
- 6                 existing manufacturing equipment or purchase of
- 7                 improved energy efficiency equipment involved in
- 8                 the manufacturing process; or
- 9           (4) Study or plan the implementation of a new
- 10                manufacturing facility.

11           SECTION 2. Chapter 206M, Hawaii Revised Statutes, is  
 12 amended by adding three new sections to be appropriately  
 13 designated and to read as follows:

14           "**§206M-A Hawaii manufacturing capital program;**  
 15 **established.** There is established the Hawaii manufacturing  
 16 capital program, to be administered by the development  
 17 corporation through a program administrator, to provide  
 18 loans to Hawaii-based companies that encourage:

- 19           (1) Purchasing of manufacturing equipment;
- 20           (2) Training programs for employees on the proper and
- 21                 safe methods of operating relevant manufacturing
- 22                 equipment;



1       (3) Improving business practices involving use of  
2       existing manufacturing equipment or purchase of  
3       improved energy efficiency equipment involved in  
4       the manufacturing process; or

5       (4) Studying or planning the implementation of a new  
6       manufacturing facility.

7       provided that no loan shall exceed twenty per cent of the  
8       cost of any of the above items, and no company shall  
9       receive a loan exceeding \$100,000 in any given year.

10       **§206M-B Hawaii manufacturing capital revolving fund;**

11       **annual report.** (a) There is established the Hawaii  
12       manufacturing capital revolving fund, into which shall be  
13       deposited all moneys received as repayment of loans and  
14       interest payments as provided pursuant to this section and  
15       all legislative appropriations into the revolving fund.

16       The development corporation may expend moneys from the  
17       Hawaii manufacturing capital revolving fund to administer  
18       the Hawaii manufacturing capital program.

19       (b) The development corporation shall report to the  
20       legislature, no later than twenty days prior to the  
21       convening of the regular session every year, the following  
22       items:



1        (1) The full business name, the date of the  
2        business's establishment, and the number of  
3        employees of the business at the time the loan  
4        was provided;

5        (2) The type of business sectors provided with loans;

6        (3) The amount of each loan provided;

7        (4) The total projected economic and employment  
8        growth facilitated within businesses provided  
9        with loans;

10       (5) The actual economic and employment growth that  
11       occurred in all businesses as a result of the  
12       loans provided; and

13       (6) The actual economic and financial growth of each  
14       business for five years past the end date of any  
15       loan received under this section.

16       **§206M-C Hawaii manufacturing capital program; loan**  
17       **terms and conditions; repayment.**    (a) Loans shall be made  
18       to qualified applicants under the following terms and  
19       conditions:

20       (1) The maximum term and repayment period of a loan  
21       shall not exceed the term commensurate with



1           standard business practices of the sector of the  
2           business provided with a loan;

3           (2) Each loan shall be for an amount commensurate  
4           with the project cost as based on the standard  
5           business practices of the sector of the business  
6           provided with a loan; and

7           (3) Each loan shall bear the annual interest rate  
8           that is commensurate with the sector of the  
9           business provided with a loan.

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

15          SECTION 3. There is appropriated out of the general  
16 revenues of the State of Hawaii the sum of \$2,000,000 or so  
17 much thereof as may be necessary for fiscal year 2015-2016  
18 and the same sum or so much thereof as may be necessary for  
19 fiscal year 2016-2017 for deposit into the Hawaii  
20 manufacturing capital revolving fund.

21          SECTION 4. There is appropriated out of the Hawaii  
22 manufacturing capital revolving fund the sum of \$2,000,000



1 or so much thereof as may be necessary for fiscal year  
2 2015-2016 and the same sum or so much thereof as may be  
3 necessary for fiscal year 2016-2017 for the establishment  
4 and operation of the Hawaii manufacturing capital program,  
5 including personnel costs.

6 The sums appropriated shall be expended by the high  
7 technology development corporation for the purposes of this  
8 Act.

9 SECTION 5. In codifying the new sections added by  
10 section 2 of this Act, the revisor of statutes shall  
11 substitute appropriate section numbers for the letters used  
12 in designating the new sections in this Act.

13 SECTION 6. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on July 1,  
15 2015.



**Report Title:**

Manufacturing; High Technology Development Corporation;  
Revolving Fund; Appropriation

**Description:**

Establishes the Hawaii manufacturing capital program and revolving fund. Appropriates funds to the Hawaii manufacturing capital revolving fund. (SD1)

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

