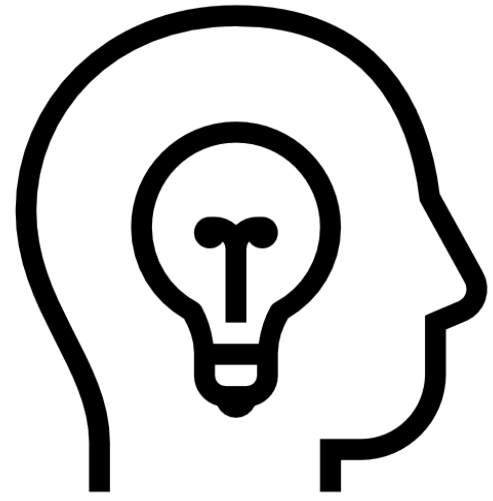




# **STATE ECONOMIC RECOVERY DRAFT STRATEGY PLAN**

**Presentation to Senate COVID-19 Special Committee  
June 4, 2020**

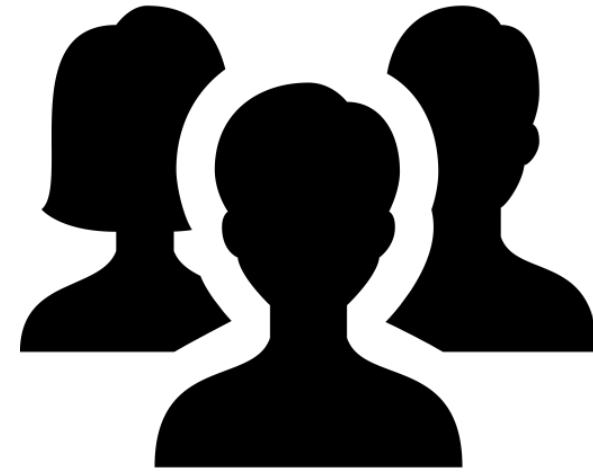
# DBEDT: A Facilitative Catalyst for the Future of Hawaii



**Embraces  
innovation**

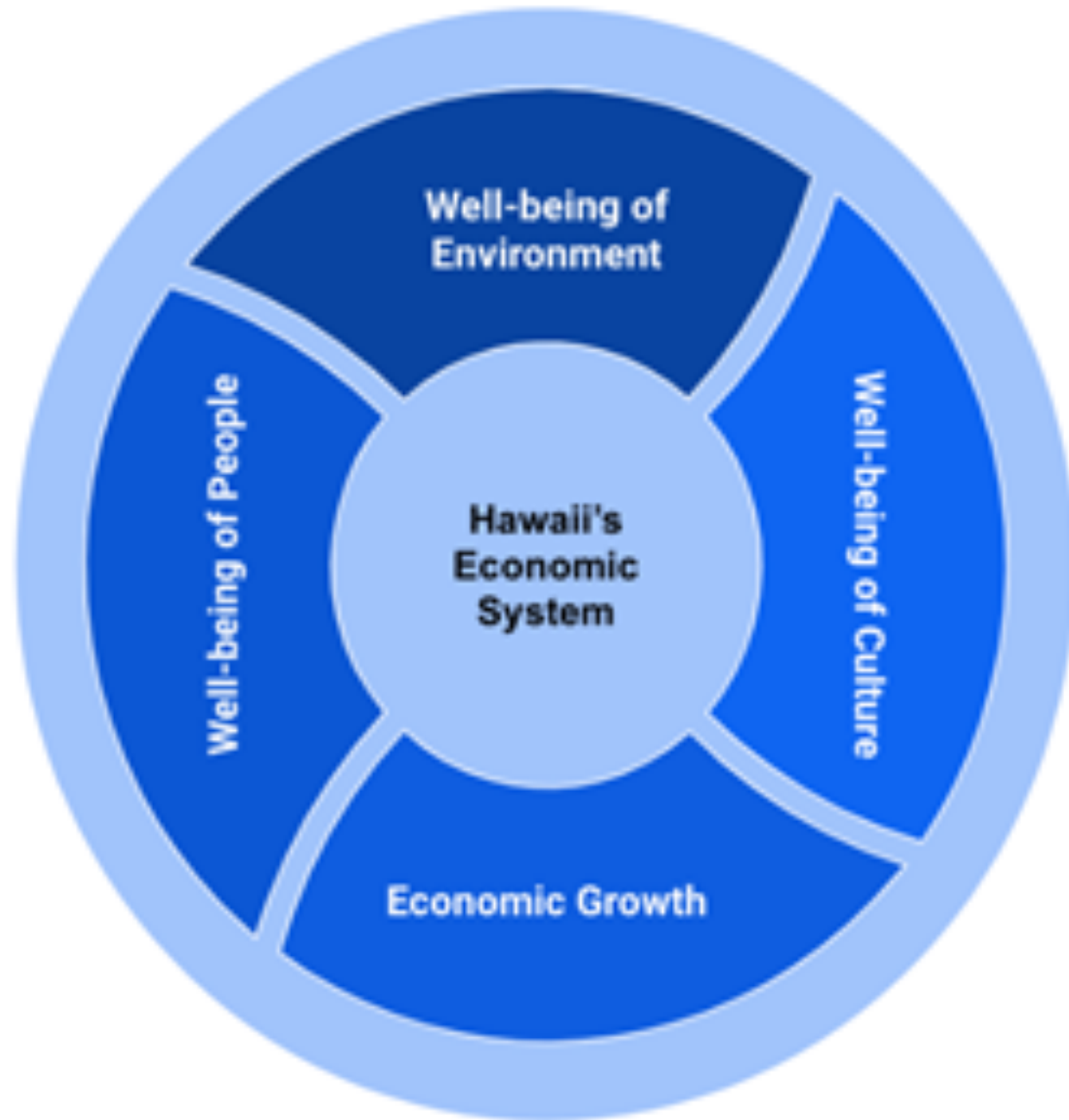


**Globally  
relevant,  
dynamic, and  
productive**



**Provides  
opportunities  
for all of  
Hawaii's  
citizens**

# A New Model for Economic Development



Source: DBEDT Strategic Plan (May 15, 2020)

DBEDT's approach to economic development consists of a balance between economic growth and the well-being of Hawaii's people, culture, and environment.

In honoring each of these segments, we will be able to achieve a sustainable economic system that better serves Hawaii's people.

# Values, Strategies, and Tactics

## VALUES

- ▶ Always be considerate and respectful of Hawaii's people, place, and culture
- ▶ Work together to prioritize balanced long-term growth and sustainable economic development
- ▶ Integrate all sectors and stakeholders to work for the common good and collective existence

## STRATEGIES

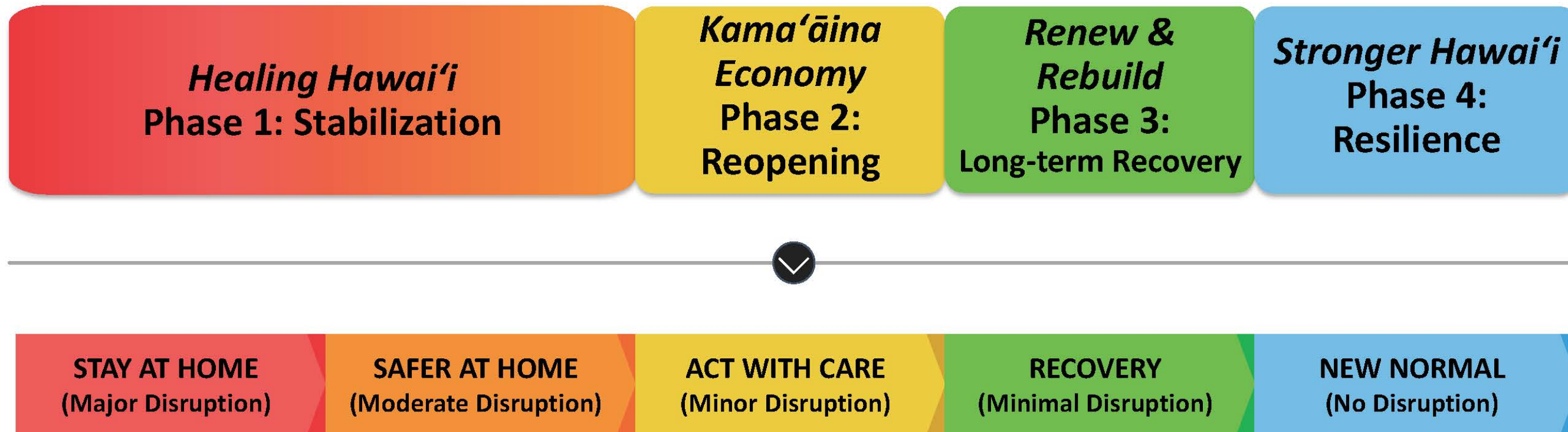
- ▶ Capitalize on Hawaii's strengths and assets
- ▶ Strengthen and leverage collaboration between public and private organizations and Hawai'i citizens
- ▶ Empower the internal capacity of the department by giving programs and staff the tools they need to succeed
- ▶ Redesign the department to support flexibility and agility to better serve a dynamic economy
- ▶ Use continuous improvement processes for long-term growth

## TACTICS

- ▶ Leverage internal expertise to sift through large volumes of information to make data-driven decisions
- ▶ Empower DBEDT's economic development experts with data to facilitate deep evaluation and analysis that can generate compelling and innovative ideas for a sustainable economic future
- ▶ Foster connections and collaboration amongst all stakeholders in order to build trust, consensus, and buy-in

# We Continue to Align with the State's Reopening Strategy

## State Roadmap to Recovery and Resilience



**Impact Levels** informed by  
health, economic, and community-based indicators

(Impact level may vary by County. Phase durations not to scale.)

# Reopening Our Economy Depends on Key Health Determinants

## How We Move to the Next Impact Level



### Moving forward

- 
- **Minimum of 14 days** of observation between decision points before moving to the next impact level
  - Decisions to be made by Governor and Mayors, informed by subject matter experts
  - **Proactive prevention practices** such as hand-washing, face coverings, and physical distancing **greatly reduce the spread of COVID-19** and other diseases

### Option to move back

- 
- Depending on **health, economic, and community-based indicators**, the Governor and Mayors may consider stricter response measures

May 18, 2020

(Impact level may vary by County)

7

# Reopening Our Economy Depends on Key Health Determinants

## COVID-19 Health-based Community Response

IMPACT	HEALTH DETERMINANTS					RESPONSE
	DISEASE ACTIVITY		CAPACITY			
	Severity	Prevalence	Healthcare Supply	Contact Tracing	Diagnostic Testing	
<b>STAY AT HOME</b> (MAJOR DISRUPTION)	Number of new hospital cases <b>threatens</b> hospital capacity	Median number of new cases per day per week indicates <b>uncontrolled community spread</b>	Surge/crisis plans deployed <b>and</b> hospital capacity maxed out	Max capacity of contact tracing is <b>below</b> the number of new cases/close contacts per day	Max capacity of testing is <b>below</b> the number of new cases/close contacts per day	<ul style="list-style-type: none"> <li>Safe Practices</li> <li><b>Essential activities</b> and their support services</li> <li>Prepare to resume low-risk activities</li> </ul>
<b>SAFER AT HOME</b> (MODERATE DISRUPTION)	Number of new hospital cases <b>requires consideration of</b> hospital surge/crisis plans	Median number of new cases per day per week indicates <b>controlled community spread</b>	Surge/crisis plans considered <b>and</b> hospitals can increase capacity by at least 10% within 5 days	<b>80-100% of max capacity</b> of contact tracing would be reached at current rate of new cases/close contacts per day	<b>80-100% of max capacity</b> of testing would be reached at current rate of new cases/close contacts per day	<ul style="list-style-type: none"> <li>Continue above</li> <li>Resume <b>low-risk activities</b></li> <li>Prepare to resume medium to high-risk activities</li> </ul>
<b>ACT WITH CARE</b> (MINOR DISRUPTION)	Number of new hospital cases <b>requires preparation of</b> hospital surge/crisis plans	Median number of new cases per day per week indicates <b>local, controlled clusters</b>	Surge/crisis plans in preparation <b>and</b> hospitals can increase capacity by at least 25% within 5 days	<b>50-80% of max capacity</b> of contact tracing would be reached at current rate of new cases/close contacts per day	<b>50-80% of max capacity</b> of testing would be reached at current rate of new cases/close contacts per day	<ul style="list-style-type: none"> <li>Continue above</li> <li>Start with <b>medium-risk activities</b>; then move to <b>high-risk activities</b></li> <li>Prepare to resume highest risk activities</li> </ul>
<b>RECOVERY</b> (MINIMAL DISRUPTION)	Number of new hospital cases is <b>managed</b> within normal hospital capacity	Median number of new cases per day per week indicates <b>sporadic activity</b>	Surge/crisis plans in place <b>and</b> hospitals can increase capacity by at least 50% within 5 days	<b>&lt;50% of max capacity</b> of contact tracing would be reached at current rate of new cases/close contacts per day	<b>&lt;50% of max capacity</b> of testing would be reached at current rate of new cases/close contacts per day	<ul style="list-style-type: none"> <li>Continue above</li> <li>Resume <b>highest-risk activities</b></li> </ul>
<b>NEW NORMAL</b> (NO DISRUPTION)						<ul style="list-style-type: none"> <li>Continue above</li> <li>Adjust Safe Practices to new normal</li> </ul>

# DBEDT's Key Performance Indicators & Economic Recovery Gaps

- ▶ Business / Job Retention and Creation
  - ▶ *149k unemployed, 21k job openings* (DLIR, Research & Statistics Office, April 2020)
- ▶ Tax Revenue
  - ▶ *Forecasted reduction of 7% for FY 20 and 12% for FY 21* (Council on Revenues, May 2020)
- ▶ GDP Growth and Diversification
  - ▶ *Projected GDP reduction of 12.4% 2020 vs. 2019* (DBEDT, Research & Economic Analysis Division, May 2020)



# Impact Level: Stay at Home

(May vary by County)

**STAY AT HOME**  
**(Major Disruption)**

SAFER AT HOME  
(Moderate Disruption)

ACT WITH CARE  
(Minor Disruption)

RECOVERY  
(Minimal Disruption)

NEW NORMAL  
(No Disruption)

- ▶ Focused exclusively on Business / Job Retention and Operational Continuity
  - ▶ Surveyed over 4,000 businesses to qualify Hawaii for SBA's PPP certification eligibility
  - ▶ Facilitated access to PPP capital and provided technical assistance for disadvantaged businesses (e.g., non-English speaking small business owners)
  - ▶ Provided technical assistance to manufacturing businesses to resolve supply-chain challenges
  - ▶ Extended rent deferment for commercial tenants of state-owned facilities under DBEDT purview
  - ▶ Launched COVID-19 Business Resource Page
  - ▶ Provided up to six-month loan deferment for GEMS borrowers
  - ▶ Executed energy shortage and supply disruption responsibilities to support energy companies in reducing risk to COVID-19 for statewide energy supplies

# Impact Level: Safer at Home

(May vary by County)



- ▶ Continued focus on Business / Job Retention and Operational Continuity
- ▶ Sector Support & Engagement
  - ▶ Facilitated dialogue between industry and recovery leaders to inform reopening plans
  - ▶ Proactively engaged private sector to collaboratively develop short and long-term recovery initiatives



# Impact Level: Act with Care

(May vary by County)



## ▶ Business / Job Retention, Operational Continuity

- ▶ Small Business Loan Program with Technical Assistance & Real Property Tax Grants for Commercial Property Owners
- ▶ Manufacturing Grant program
- ▶ Performing arts drive-in experience
- ▶ Buy Hawaii, Give Aloha Online Marketplace and Promotion
- ▶ E-Commerce Training
- ▶ Technical assistance to develop E-Commerce Platforms
- ▶ Working with key private sector organizations to develop a program to temporarily employ displaced workers
- ▶ Working in concert with industry and DLIR (WDC) to develop immediate workforce training programs (including re-skilling and up-skilling) especially for our most vulnerable populations (e.g., the ALICE population) who have been disproportionately affected by COVID-19 related layoffs
- ▶ Working with Harold K. Castle Foundation, Hawaii Community Foundation, business, education, and nonprofit leaders to develop a roadmap to align and connect today's students to tomorrow's job opportunities



# Impact Level: Act with Care

(May vary by County)

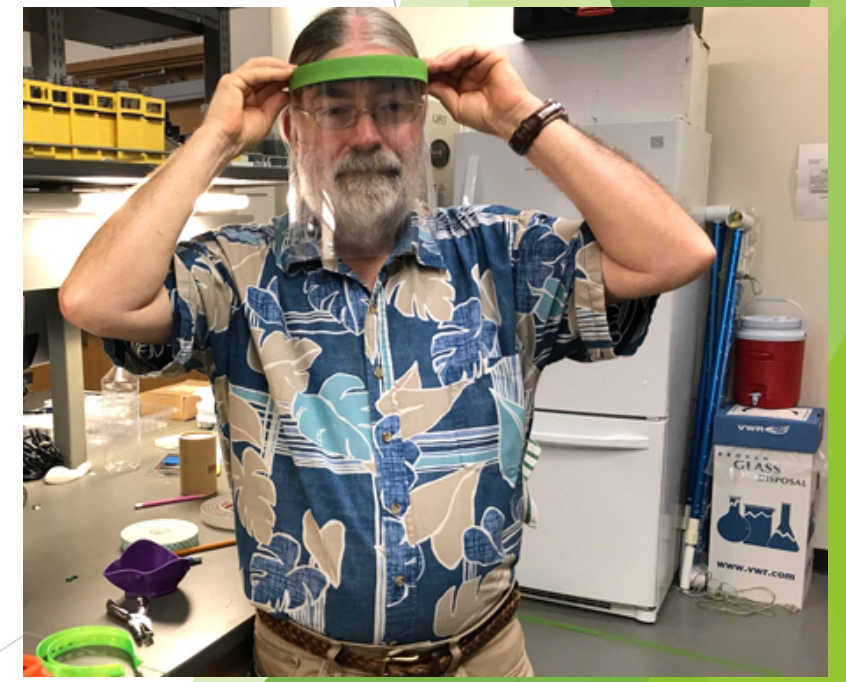
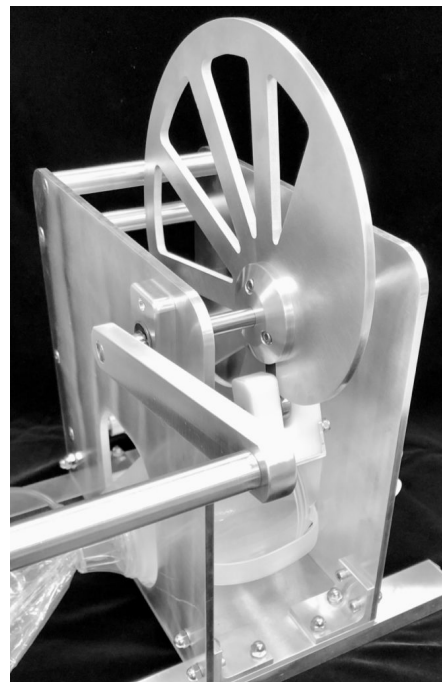
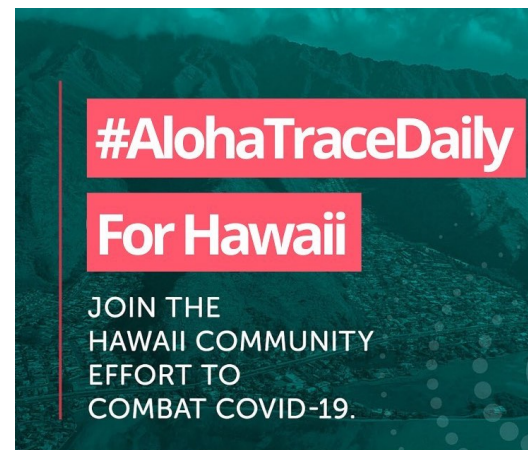


- ▶ GDP Growth and Diversification (Investment in Future / Planting the Seed)
  - ▶ Broadband - Cable landing infrastructure, federal grants, wifi on wheels, rural deployment
  - ▶ Ag-Tech - Controlled ag environments, vertical farming, etc.
  - ▶ SBIR and other grants to kickstart innovation economy
  - ▶ Facilitating industry discussions about visions for “new economy”
- ▶ Sector Support
  - ▶ Technical assistance for supply-chain issues
  - ▶ Identify and establish new FTZ sites
  - ▶ Shipping cost reduction pilot program for exported products
  - ▶ Regulatory reform
  - ▶ US Digital Response interactive wizard for businesses to navigate available support programs for which they qualify
  - ▶ Continuing to facilitate dialogue between industry and recovery leaders to inform recovery plans



Len Higashi  
Acting Executive Director





Hawaii COVID-19 Technology, Manufacturing, Entrepreneurs

# Recover with Tech-enabled Jobs

- ▶ Local Businesses Need Sales Now
  - ▶ E-commerce, Promotion, new sales offering, tech infrastructure, data
  - ▶ COVID-19 safety - masks, protocol
  - ▶ Webinars - insights from Japan
- ▶ Workforce Needs Support
  - ▶ Webinars - job hunting strategies, transitioning into tech careers
  - ▶ Online training
  - ▶ HireNet
- ▶ Federal Funds
  - ▶ Grants for business, SBIR
  - ▶ Grants for HTDC to help businesses

# HTDC Programs

- ▶ INNOVATE Hawaii
  - ▶ Hawaii SBIR Program - priority for interns
  - ▶ Manufacturing Grant Programs - priority for COVID-19 reconfiguring
  - ▶ Workforce Development - federally funded
- ▶ Entrepreneurs Sandbox
  - ▶ TRUE Initiative - tech enable companies
  - ▶ Digital Currency Innovation Lab
  - ▶ Training Webinars
- ▶ HCATT - PEARL Microgrid
- ▶ Accelerator Programs - priority for COVID-19 solutions
- ▶ MRTC / Neighbor Island Innovation Initiative
- ▶ 2 New Tech Parks - FRTC and IMC



# GDP Recovery

- ▶ Consumer Spending
  - ▶ E-commerce, Hawaii made, promotion
- ▶ Government
  - ▶ Pearl, FRTC and IMC tech park projects
- ▶ Investment
  - ▶ SBIR, MAP grant, Accelerator programs
- ▶ Export - Import
  - ▶ Manufacturing, IT, Professional Services

# **HAWAII STATE ENERGY OFFICE**

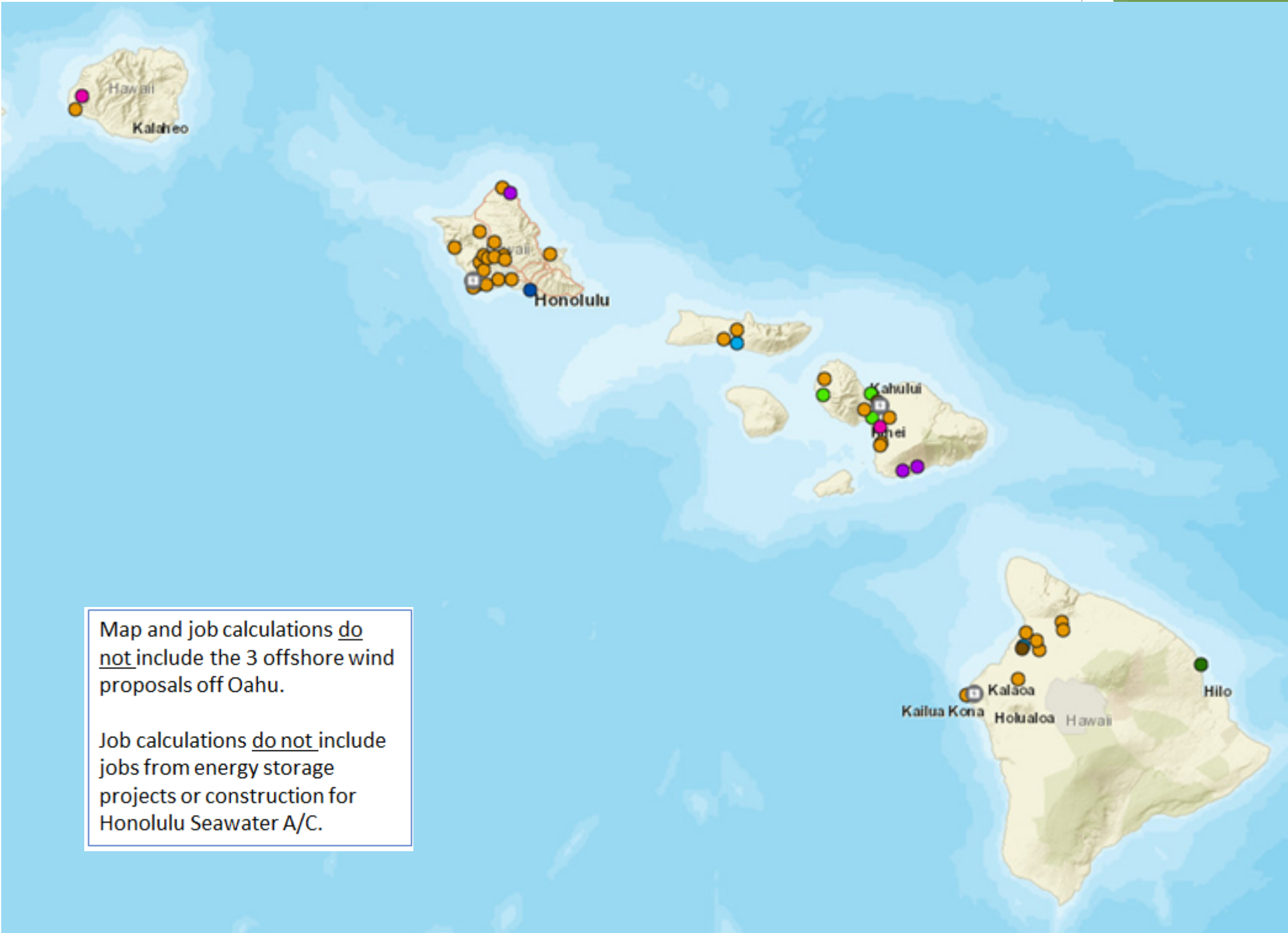
**Scott Glenn  
Chief Energy Officer**

# Jobs Potential from Proposed RE Projects

## 50 Proposed or Under Development Projects, Statewide\*

Island	# of Projects
Kauai	2
Oahu	20
Molokai	3
Maui	13
Hawaii	12
TOTAL	50

Island	Part-Time Jobs	Full-Time Jobs	Total Jobs
Kauai	426	11	437
Oahu	1,812	141	1,953
Maui Nui	1,772	152	1,924
Hawaii	1,234	126	1,360
TOTAL	5,244	430	5,674



\* Hawaii State Energy Office, Hawaii Renewable Energy Projects Directory

# Solar + Storage, Energy Efficiency, Resiliency

The 100% RPS goal plans for 100% of Oahu residential roofs to be covered. HECO's 2016 PSIP estimates more than 2.1 GW of rooftop solar needed for all single-family homes to be net-zero and to offset about 15% of commercial and industrial electricity demand on Oahu.

In 2019, **81,783** total rooftop PV installs on Oahu, Maui Nui, and Hawaii (up 4.65% from 2018). But, Oahu is only 25% toward achieving the 2045 PSIP forecast.

As of May 2020, 531.91 MW of rooftop solar applications have been executed (33% of residential rooftops).

The 2016 plan was to have 628.7 MW by 2020 so current installed is about 15% off 2020 target.



The blue on the map below represents all rooftops on Oahu.

A photograph of a clothing store rack filled with various shirts. The shirts are hanging on wooden hangers. In the foreground, a blue and black patterned shirt is prominent. A small white tag with the text "Kono Island" is visible on one of the shirts. A large green rectangular text box is overlaid on the center of the image.

# **BUSINESS AND SUPPORT DIVISION**

**Dennis Ling  
Administrator**

# Small Business Recovery

- ▶ Federal Funds
  - ▶ EDA grant for micro loans to small businesses (mom and pop)
  - ▶ SBA grant to provide grants to companies to increase exports
- ▶ Workforce Needs Support
  - ▶ DoD contract to identify sub-contracting opportunities with major contracts and needs for local talent
- ▶ Local Businesses Need Help
  - ▶ PPP loan workshops, apps in different languages
  - ▶ Advocate for income tax exemption for forgivable portion of PPP loans
  - ▶ Webinars
  - ▶ E-Commerce

# VIRTUAL EXPORT “BUY HAWAII, GIVE ALOHA” WEBSITE



- **Develop a State produced and managed marketplace of Hawaii made products**
- **Drive kamaaina, U.S. domestic and international customers to Hawaii firms' e-commerce website**
- **Campaign to advertise and increase awareness of site through PSAs, press releases, social media platforms**
- **Keep the site fresh and customers returning through ongoing campaigns of special discounts, holidays and celebrations, etc.**

# GROW JOBS AND THE GDP

- Increase local sales (Phase I - Target date July 4<sup>th</sup> weekend)
  - Increase revenue flow from local and military consumer audience
- Increase domestic out-of-state sales (Phase II)
  - Assist companies to fulfill orders through Amazon
  - Pilot program to reduce cost of shipping products (fresh and processed foods, fruits, floral, seafood) to major mainland West Coast markets (LAX, SFO, SEA) through consolidation
- Increase international sales (Phase III)
  - On-line campaign with Hankyu Department Store - major department store in Japan
  - Hawaii Marketplaces with Rakuten, Alibaba
  - HTA/HTJ - Keeping Hawaii in the minds of Japanese travelers/consumers



# PARTNERS:

- \*HDOA
- \*INNOVATE Hawaii/HTDC
- \*Hawaii Food Manufacturers Association
- \*Chamber of Commerce of Hawaii
- \*Ethnic Chambers of Commerce
- \*SBA
- \*U.S. Commercial Service

The screenshot shows the homepage of the Buy Hawaii, Give Aloha website. At the top, there is a navigation bar with the Hawaii.gov logo, the DBEDT (Dept. of Business, Economic Development & Tourism) name, and a 'Stay Connected' link. Below this is a search bar and the 'Buy Hawaii, Give Aloha' logo. A main banner features a couple in a market with the text 'Buy Hawaii Give Aloha'. Below the banner are two buttons: 'Shop at Marketplaces' and 'Shop at Individual Stores'. The main content area is divided into several sections: 'About Buy Hawaii, Give Aloha' with a photo of people in a market and a 'Learn More' button; 'Featured Marketplace' with a placeholder image and a 'See More Marketplaces' button; 'Featured Store' with a placeholder image and a 'See More Stores' button; and a 'Subscribe!' section with an email input field and a 'Subscribe' button. The footer contains 'ABOUT BHGA' and 'POLICIES' links.

This screenshot shows the 'News and Updates' section of the website. It features a 'See More Marketplaces' button at the top left and a 'See More Stores' button at the top right. The 'News and Updates' section contains three news items, each with a placeholder image, a title, a date, a short text snippet, and a 'Read More' button. To the right of the news items is a 'Subscribe!' section with an email input field and a 'Subscribe' button. Below the news items is a 'Read more news and updates' button. The footer contains 'ABOUT BHGA' and 'POLICIES' links.





# NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

**Greg Barbour**  
**Executive Director**

# Aquaculture as a Means of Job Creation and Economic Growth

Global aquaculture industry is poised for a sustained period of growth and expansion.

- United Nations, OECD and the World Bank see substantial upside and projections show increases of up to 50 percent by 2050.
- Generally considered as a best solution to provide to nutrition especially considering its sustainability aspects.

Likewise, the US Federal Government has recognized this potential as a new growth sector for the nation.

- President Trump signed an Executive Order just several weeks ago to “Promoting American Seafood Competitiveness and Economic Growth”.
- 180 days to assess whether to revise the National Aquaculture Development Plan.
- The US Department of Commerce is completing a programmatic EIS for the Pacific Ocean.

# Hawaii has A Significant Comparative Advantage

Several years ago we began efforts to raise Hawaii's global visibility in marine aquaculture to capitalize on this opportunity.

- Natural Resources:
  - We are a large ocean State with significant resources to grow the ocean economy.
  - We have the premier “master-permitted” facility in the world in Kona.
- Labor: World-class reputation, strong well-qualified mentors and initial workforce and training programs.
- Capital: Venture fund approaching \$10 million.
- Entrepreneurship: Worlds only aquaculture accelerator.

# Post Covid19 World – Going Forward

Many current small businesses may have disappeared. New entrepreneurs will need resources and we can be perfectly positioned to offer assistance.

Working closely with our strategic partners: NOAA, Department of Agriculture, HTDC and UH.

- DOA Plan:

- We worked with DOA over the past several weeks in creating a proposal to grow this sector.
- We strongly support their plan - very well written.
- Includes several initiatives to take our facility to the next level and be at the forefront of growing global marine aquaculture.

- Metrics:

- 2X number of jobs in 5 yrs. - stretch goal to grow by 1,000.
- Increase economic impact by 50% or \$50 million annually.
- Grow tax revenue by 50% to almost \$8M annually.

# ECONOMIC DEVELOPMENT OPPORTUNITIES IN THE AEROSPACE INDUSTRY FOR HAWAII'S ECONOMIC RECOVERY PLANS

Briefing to:  
Senate COVID-19 Special Committee  
June 4, 2020

Romo, R., Program Director  
Pacific International Space Center for Exploration Systems



PACIFIC INTERNATIONAL SPACE CENTER FOR  
EXPLORATION SYSTEMS | [PISCES.HAWAII.GOV](http://PISCES.HAWAII.GOV)

# PISCES Actions

## ECONOMIC DEVELOPMENT

- ▶ Work on Plan for Aerospace Program in Hawai'i
- ▶ Sintered Basalt Tile Manufacturing
- ▶ Basalt Fiber Manufacturing Plant
- ▶ Laser Communications Ground Station
- ▶ Space Balloon Launch Flight Operations

## PLANETARY SURFACE RESEARCH GRANTS PENDING

- ▶ 3D Printing with Basalt/Binder in Lunar Conditions (NASA) \$650k
- ▶ Basalt/Binder Launch Pad Material Testing (NASA - MSFC) \$100k
- ▶ Surface Mobility Testing (Motiv Space Systems, NASA REDDI) \$32.5k
- ▶ Robotic Learning for Exploration on Extreme Environments (HSFL, NASA EPSCoR) \$20k

## WORKFORCE DEVELOPMENT

- ▶ Credit Based Internships (UH/HCC)
- ▶ Outreach Programs (STARS)
- ▶ International Robotics Competition (Caterpillar)



PACIFIC INTERNATIONAL SPACE CENTER FOR  
EXPLORATION SYSTEMS | PISCES.HAWAII.GOV

# Hawaii Aerospace Development (HAD) Areas of Opportunity\*

## AEROSPACE INDUSTRY CLUSTER HILO, HI

### LAUNCH SERVICES

- East Hawaii Launch Facility
- Glider Launch Operations
- Space Balloon Flight Operations

### UNMANNED AERIAL SYSTEMS

- HAPSMobile UAS Operations in Lanai
- Maintenance Facility in Hilo
- UH/OSU Collaboration for UAS training program

### PLANETARY SURFACE OPERATIONS R&D (Currently PISCES)

- Dual Use Technology Applied Research Grants
- Spin Off Technologies
- Workforce Development

\* Refer to white paper: "Hawai'i Post COVID-19 Economic Development Opportunities, Aerospace Industry" for more detail.



PACIFIC INTERNATIONAL SPACE CENTER FOR  
EXPLORATION SYSTEMS | PISCES.HAWAII.GOV





# Foreign-Trade Zone No. 9

David Sikkink  
Administrator



# **FTZ9 Initiatives During The Pandemic**

- **Committed to Staying Open**
- **Supported Critical Businesses**
  - **Food Distribution, Medical Supplies, Transportation, Construction.**
- **Accommodated All Storage Requests**
- **Supported 75 Offices**
  - **Import/Export, Shipping, Logistics, Stevedores, Customs Brokers.**
- **Assisted in Import of PPE**



# Pivot To Rebuild The Economy

- **Continue To Service Industry**
- **Work With Clients To Reduce Costs**
  - **Removal of Some Fees**
  - **Alter Office Lease Structure to Reduce Burden**
- **Aggressively Seek Out ASF Candidates**
  - **Identify and Establish New Zone Sites**
  - **Faster Approval Process**
  - **Duty Deferral/Reduction Benefits to Manufacturers on Imported Component Parts**

# CREATIVE INDUSTRIES DIVISION

Georja Skinner  
Division Chief

# Creative Economy Metrics

## ▶ TOTAL CREATIVE SECTOR SNAPSHOT 2018-19

- ▶ **53,464** Creative Sector jobs
- ▶ **\$55,868** Average Creative Sector job earnings annually
- ▶ **6.1%** of jobs are Creative Sector specific, compared with other industries
- ▶ **\$4.2B GDP** = 4.5% of total state GDP
- ▶ **10% growth** (2008-2018) over 10 years (+4,861 jobs)

## ▶ CURRENT IMPACTS 2020

- ▶ 65% reduction of creative jobs due to COVID19
- ▶ Creatives pivoting to new business models in design, music, media, performing arts

# Creative Economy Metrics

## ▶ **FILM AND TELEVISION PRODUCTION - 2017-19**

- ▶ **\$400M+** Average 3-year Film Production expenditures per year (2017-19)
- ▶ **\$700M+** Average per year Economic Impact
- ▶ **4,000** jobs created per year

## ▶ **CURRENT FORECAST FOR 2020**

- ▶ **\$80M** film production to date
- ▶ Restart of industry in phases June 2020
- ▶ Projecting **80%** impact by end of CY

# Immediate Stabilization Strategy: Short-Term

## **1. FILM & TELEVISION PRODUCTION REBOOT**

**IMMEDIATE -- LATE JUNE / JULY 2020 - ONGOING**

- a. Currently 95-100% of labor union jobs impacted
- b. Production down 100%
- c. New class of jobs/businesses needed in on set Safety, CDC protocols
  - i. Partnership with nursing programs, medical school

## **2. HAWAII CREATIVE CONTENT EXPORT**

**IMMEDIATE – JUNE START**

- a. Drives new revenue to the 65% of arts, media, music sectors currently jobless
- b. Increases revenue streams for local content industries, new markets for arts
- c. Potential for ALICE population training/job shadowing

# Immediate Stabilization Strategy: Short to Mid-Term

## 1. INFRASTRUCTURE DEVELOPMENT

**FALL 2020 - 2025**

- a. P3 Creative Media & Film Studio Complex UHWO (2022-2025)
  - i. Provides jobs in creative, construction, technology, broadband
  - ii. All planning with DAGS and consultant G70 completed
- b. CreativeSpace 808 HTDC/CID – Sandbox Fall 2020 (EDA Grant)
- c. CreativeSpace 808 Neighbor Islands – June 2021 (EDA Grant)

## 2. WORKFORCE DEVELOPMENT

**PIPELINE FROM EDUCATION TO INDUSTRY JOBS**

- a. Strategic development of industry specific jobs; high paying.
- b. Integration w/CTE/DOE and University System
- c. FTZ Creative Suites – Post Production Training local/offshore



COVID-19 RESPONSE

# Hawai'i Tourism Recovery

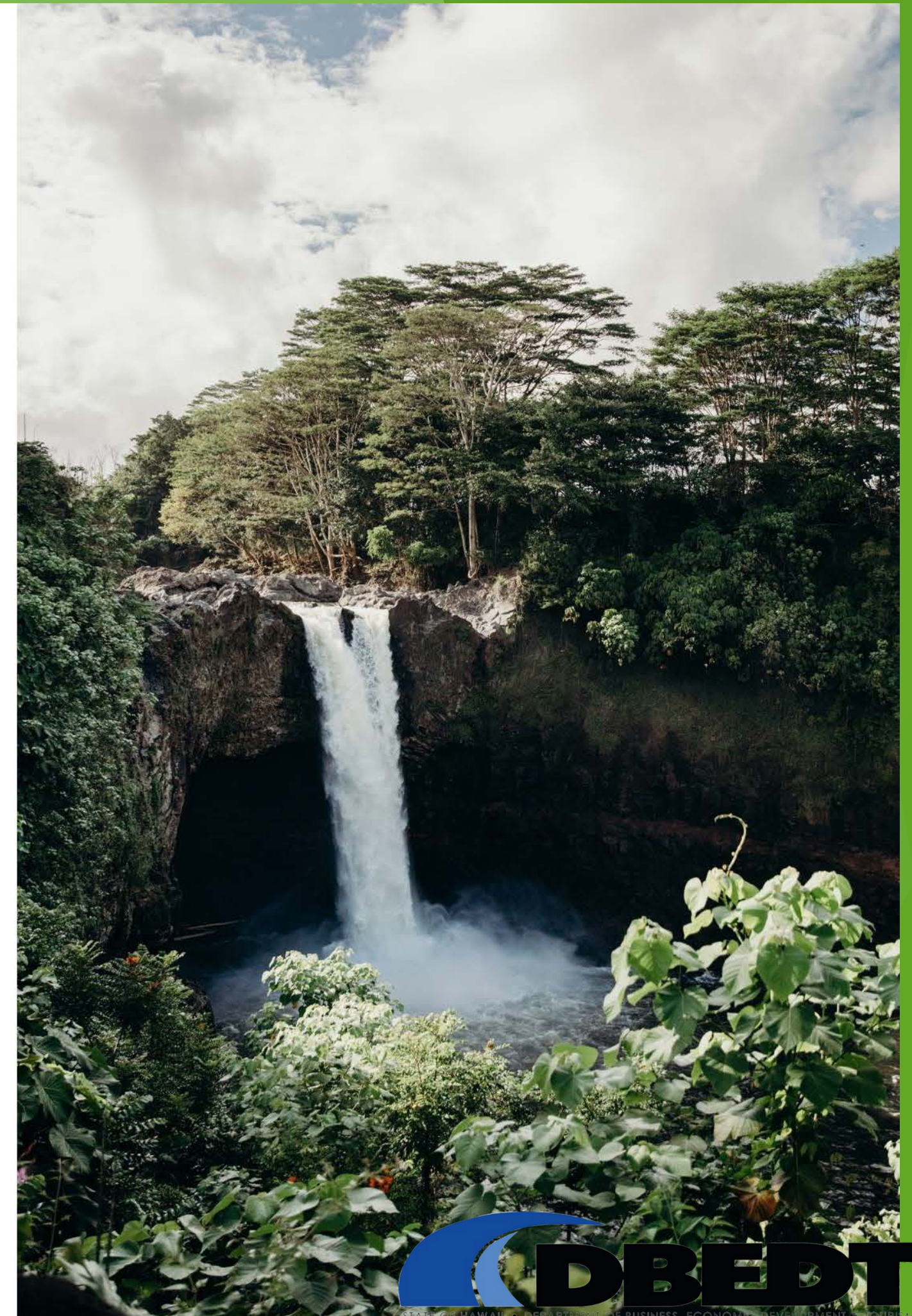
May 2020

Chris Tatum  
President and Chief Executive  
Officer

HAWAIIAN  
ISLANDS

# Overview

- 01 Economic Impact
- 02 Rebuilding Tourism Responsibly
- 03 Health & Safety Is Our Kuleana
- 04 Kama'āina First
- 05 Appendix  
Industry Guidelines/Protocols



# Economic Impact

# Current State of Tourism Devastated by 14-Day Quarantine



## April Visitor Arrivals

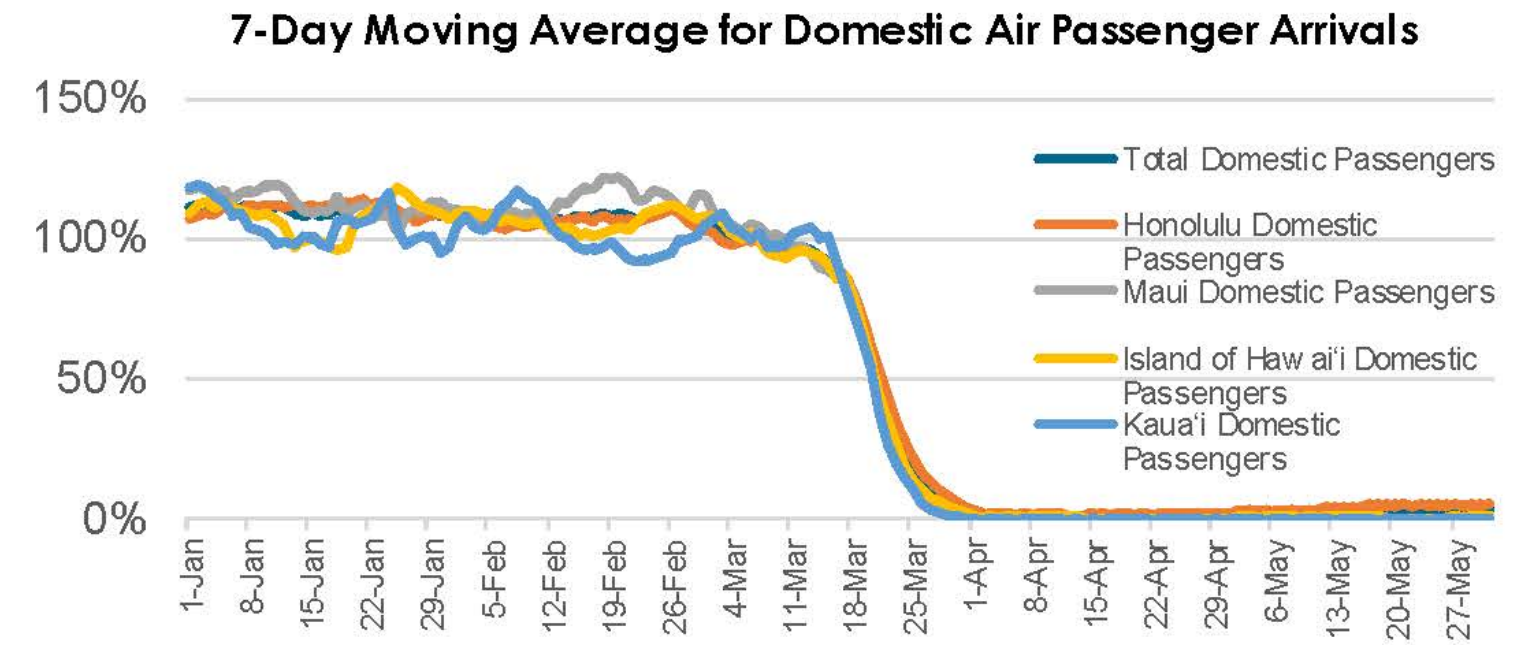
↓ -99.6%

- Domestic flights reduced from 150 daily flights to less than 15
  - Only 1 scheduled international flight
  - No cruises

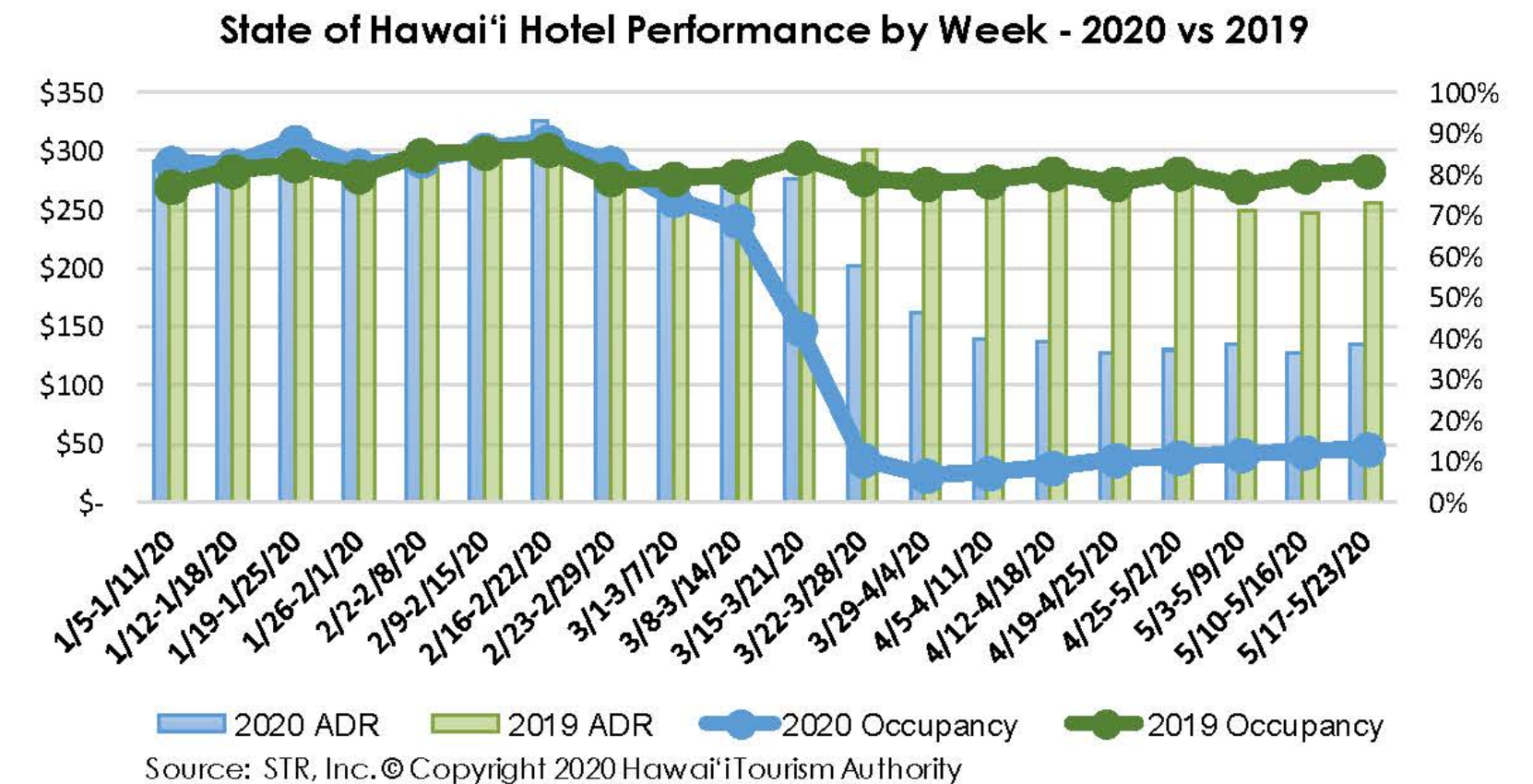


## April Hotel RevPAR

↓ -93%



Source: HVCB analysis based on data from DBEDT



# Current State of Tourism Devastated by 14-Day Quarantine



**April Estimated State Tax  
Revenues**

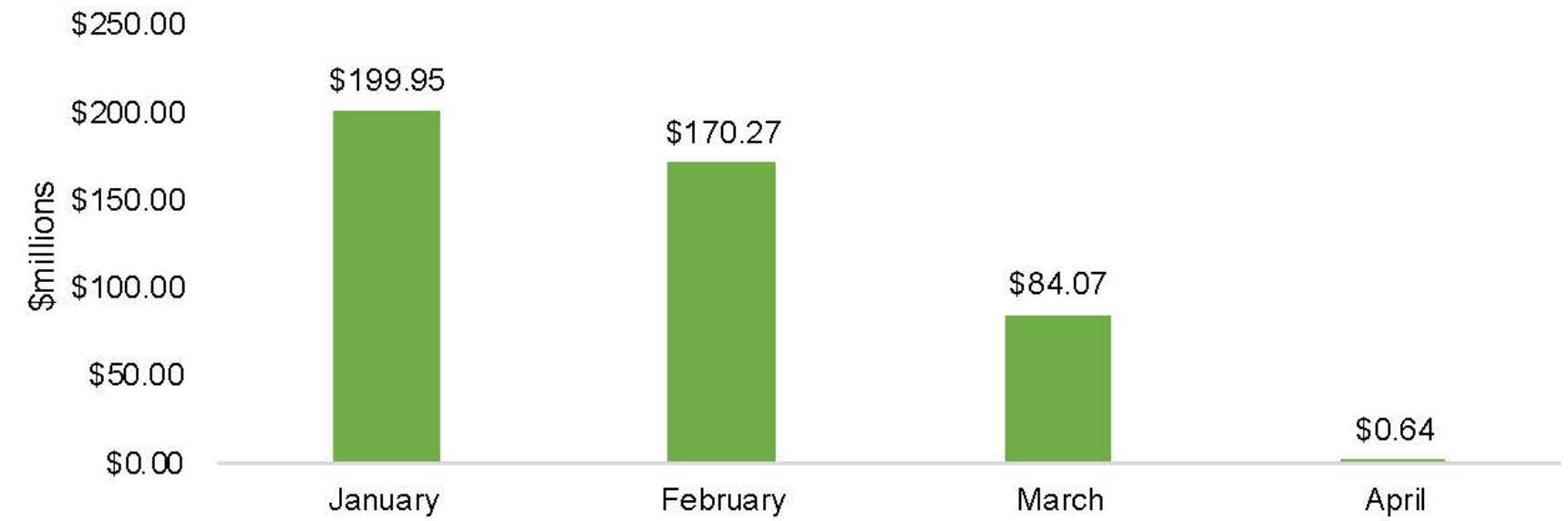
↓ **-\$155 million**



**Estimated Direct Visitor  
Spending**

↓ **-\$1.3 billion**

**2020P State Tax Revenues Generated**  
(direct, indirect, and induced)



*Note: 2020 data are preliminary. April 2020 estimated based on April 2019 data.*

**2020P Direct Visitor Spending**

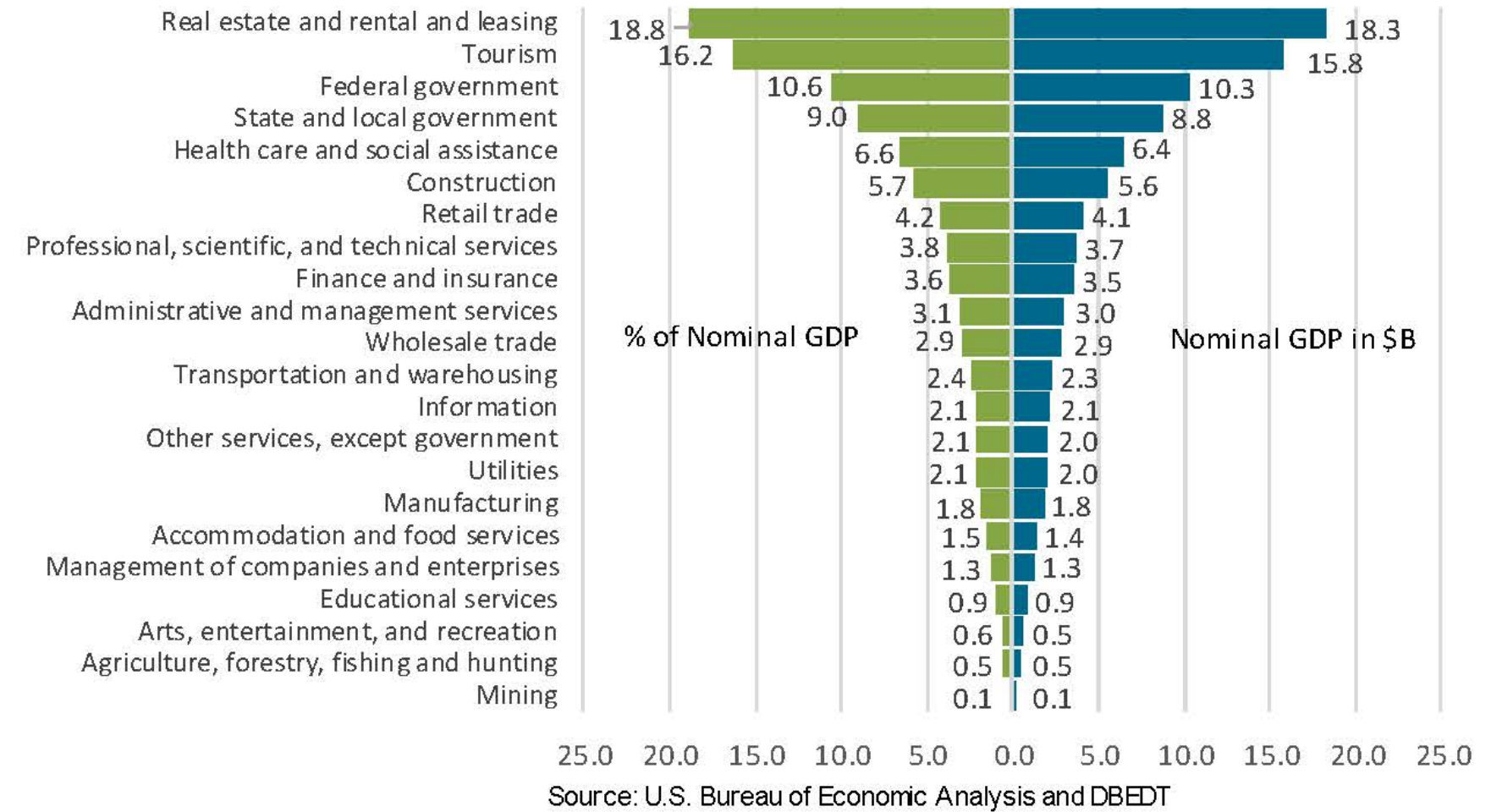


*Note: 2020 data are preliminary. April 2020 estimated based on April 2019 data.*

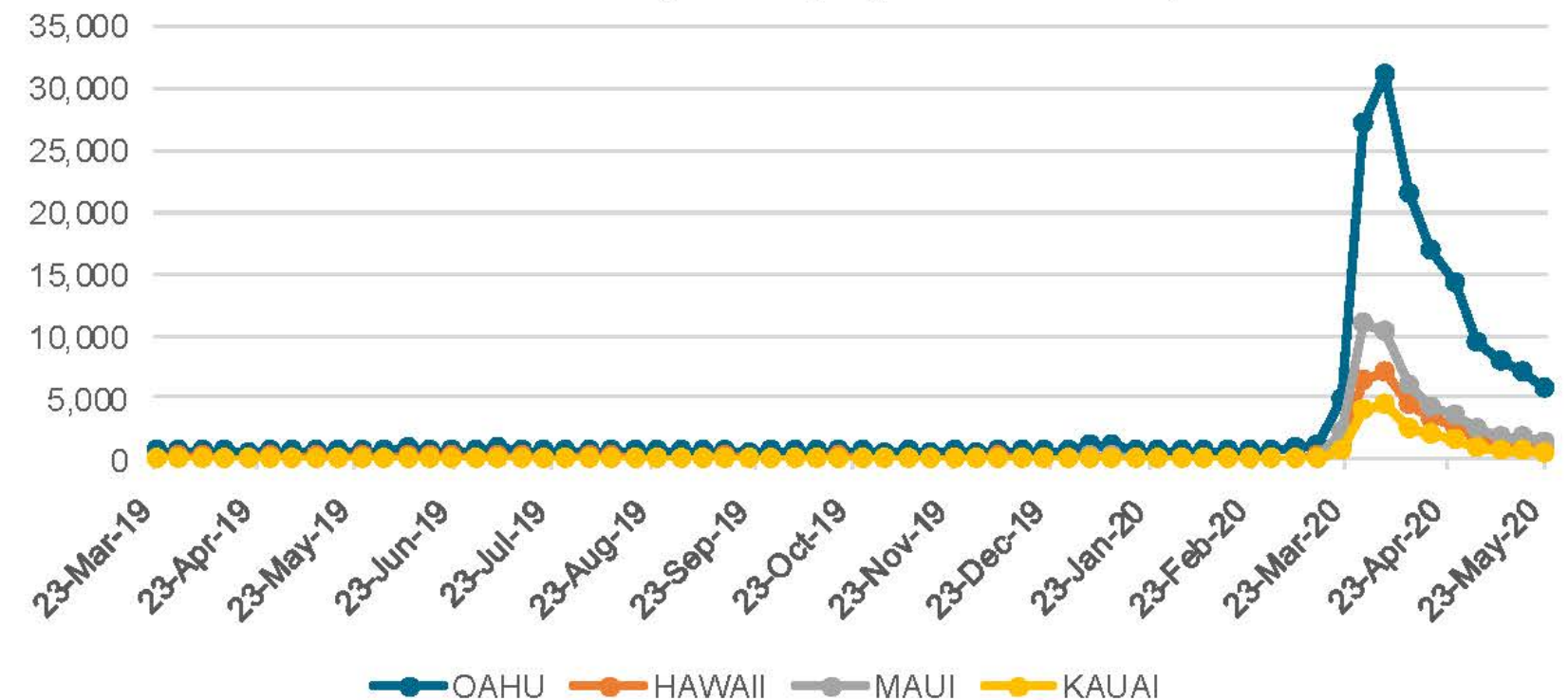
# Economy Devastated by Tourism Losses

- Tourism represents 16.2% of the state's GDP and impacts all other sectors of the economy.
- 22.3% unemployment
- 139,900 people out of work, 70,000 directly attributed to tourism
- Health benefits are at risk with many employers.
- Once these benefits expire, additional strain will be put on state infrastructure.

Hawaii GDP by Industry: 2019 (in current dollars)



2020 Initial Weekly Unemployment Claims by Island

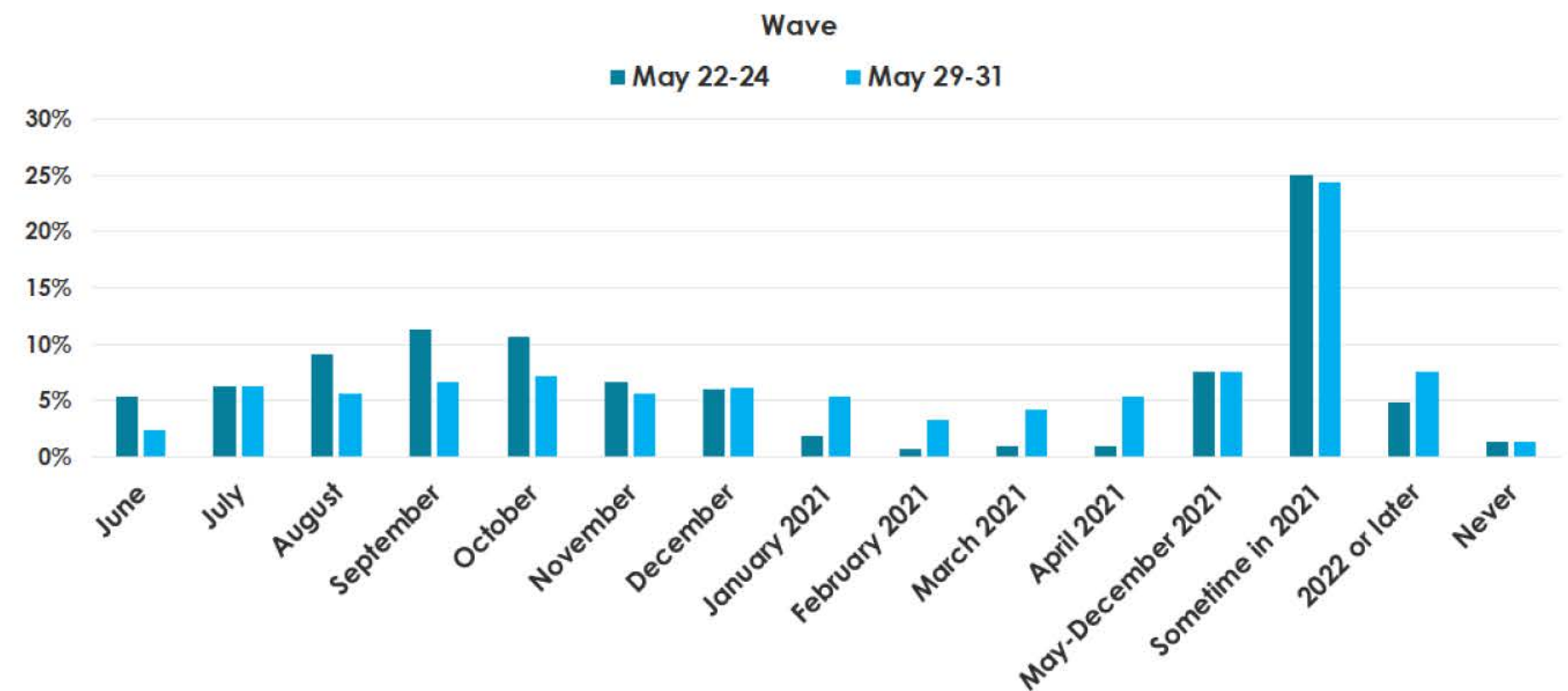


# U.S Resident Travel Sentiment Remains Low, Tourism Recovery Will Start Slowly

- Nearly a quarter (24%) of American travelers said they don't expect to take their next commercial airline trip until sometime in 2021 at the earliest.
- 50.8 percent now say they'll probably take more regional trips while avoiding long-haul trips due to the coronavirus.
- The average distance away from home for American travelers' commercial airline trip is reported to be 1,127 miles.
- Nearly 80 percent of travelers expressed some level of concern for the national economy.
- 69.7 percent of Americans say they have some level of concern about contracting the virus.

## Many American travelers are pushing their air trips to 2021.

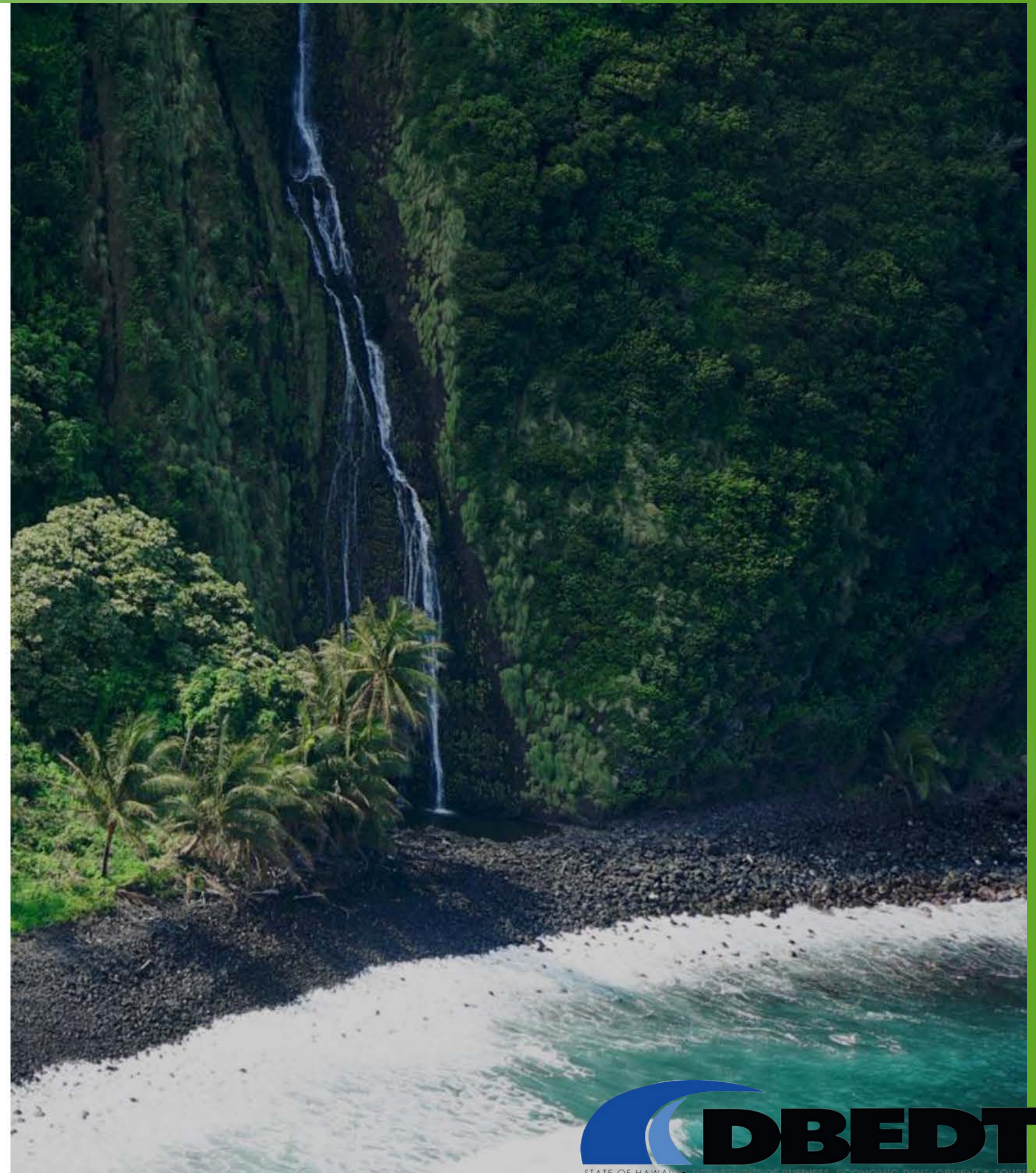
Nearly a quarter (24%) said they expect to take their commercial airline trip sometime next year and have not decided on a date.



Source: Destination Analysts Coronavirus Travel Sentiment Index Report Wave 12

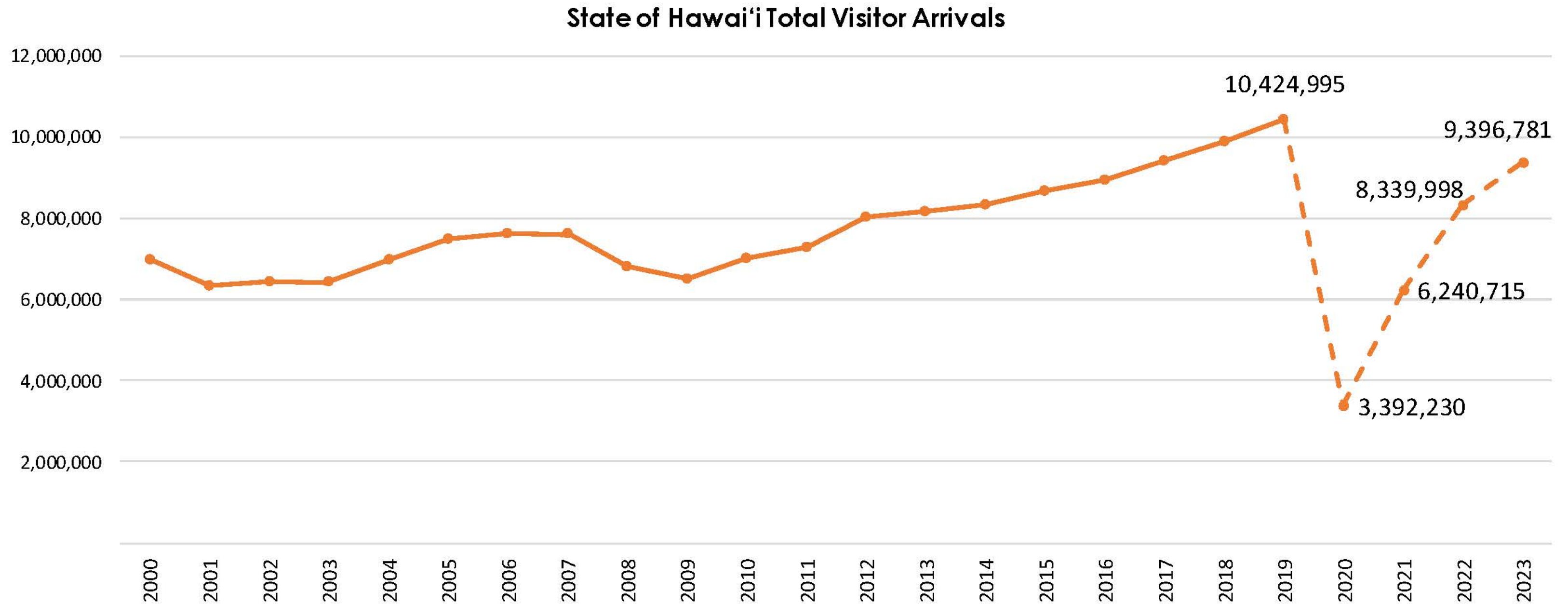
# Tourism Recovery Slow To Start, Airlines Will Be Key

- North America seats to Hawaii expected to be 40-60% down vs. September 2019
- International seats expected to be down 50-70% vs. September 2019
- This reduction is driven by a combination of factors:
  - Consumer concerns about flying and a potential second wave of coronavirus
  - Economic weakness and unemployment
  - Ongoing international restrictions on outbound travel
  - Physical distancing protocols could significantly limit capacity
  - 3-6 month booking curve to build up demand once the quarantine is lifted



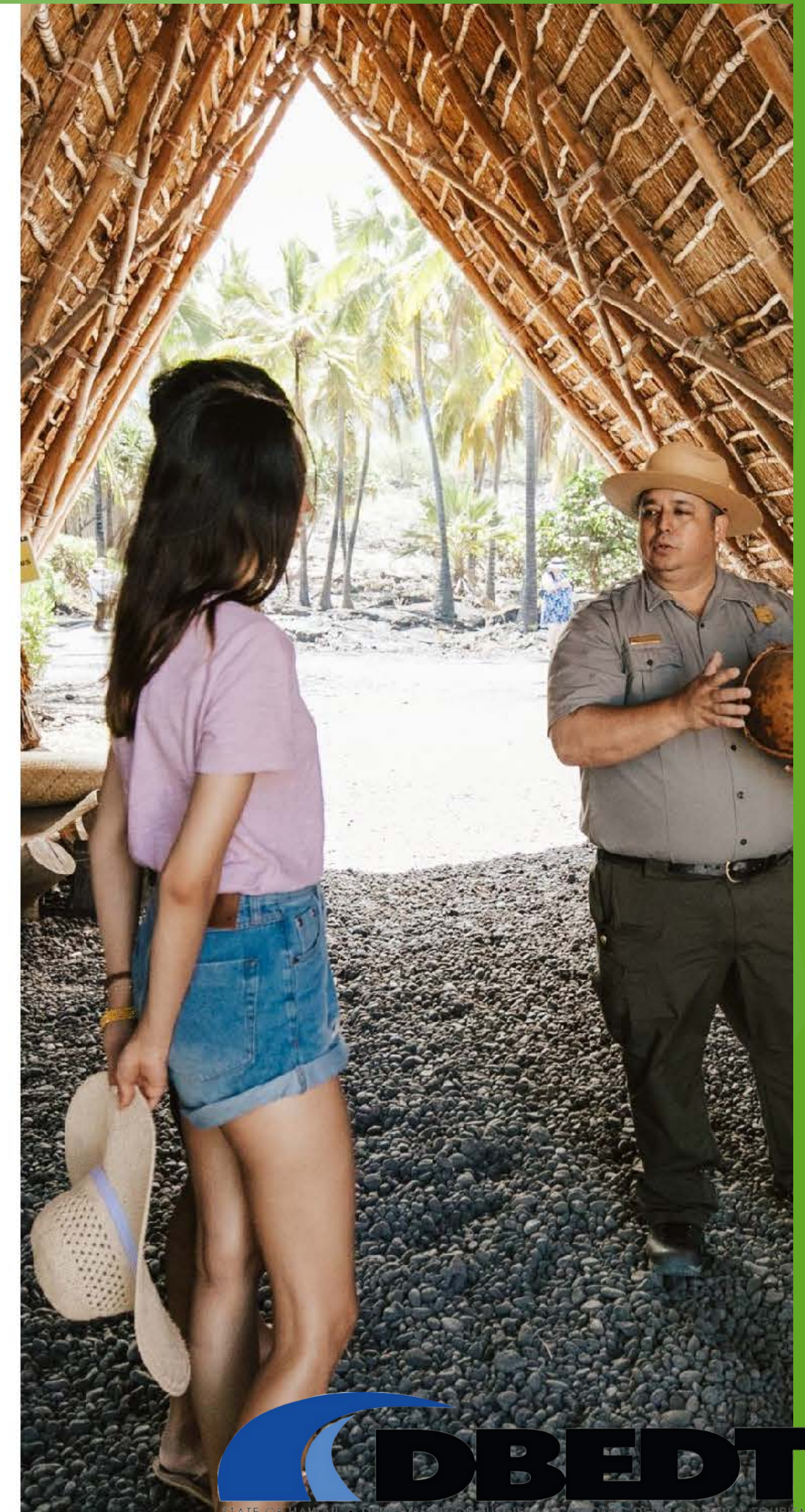
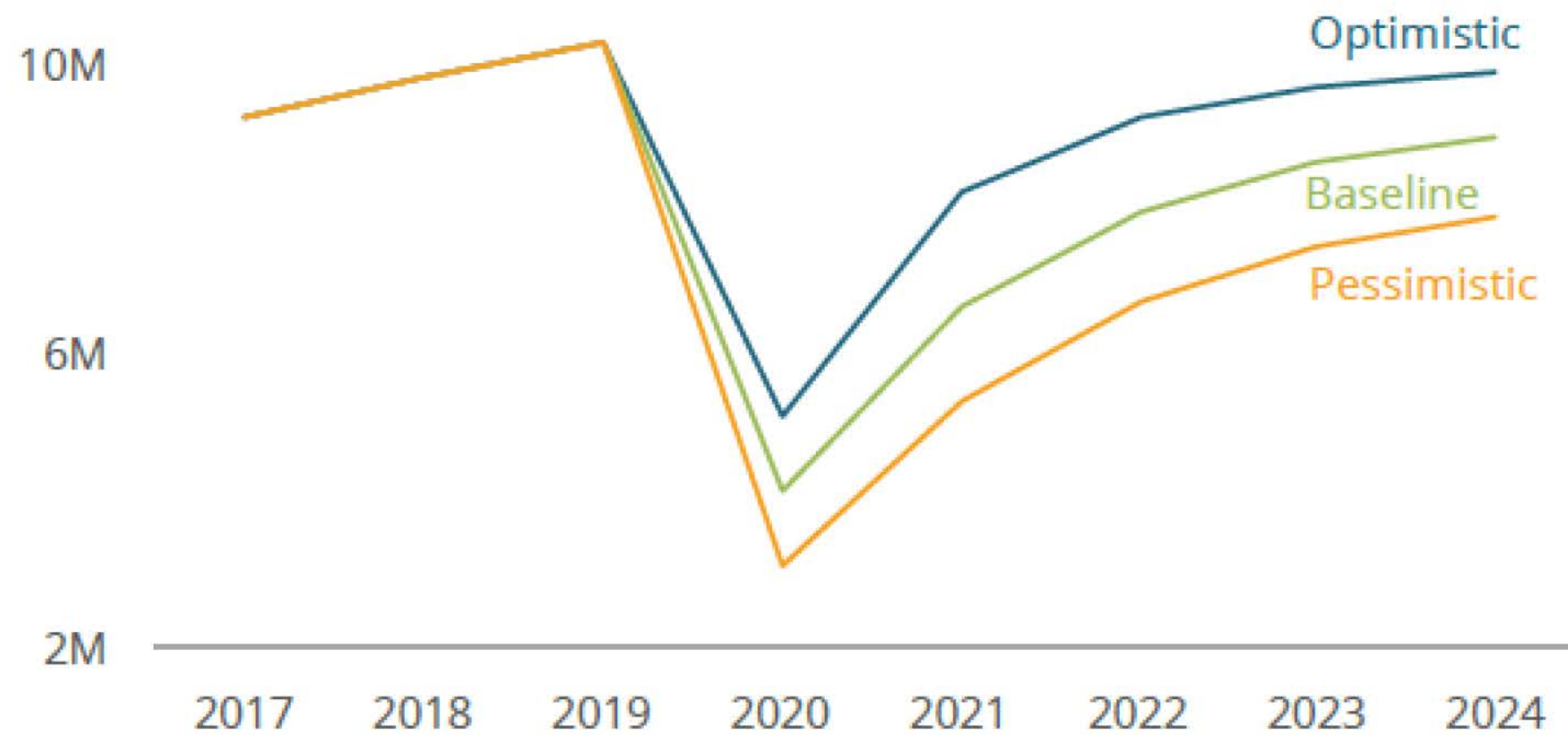


# Visitor Arrivals Forecast- DBEDT



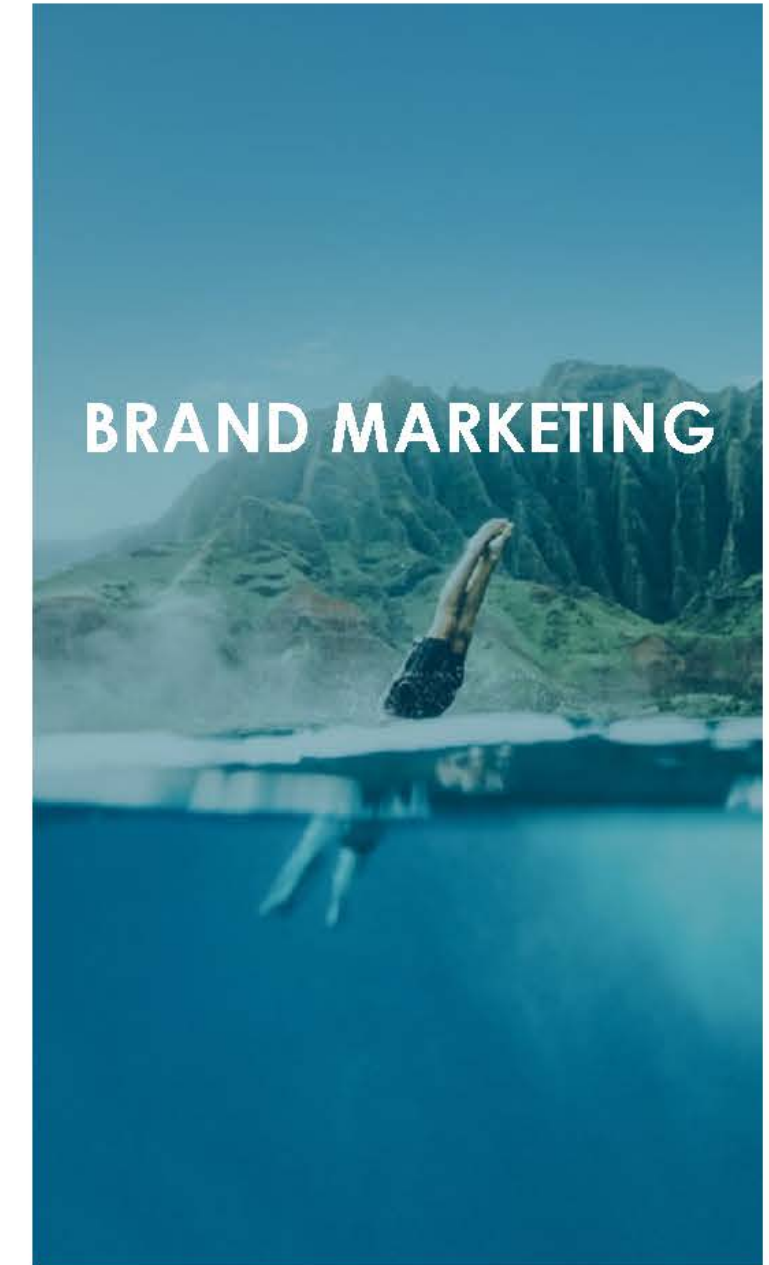
# Visitor Arrivals Forecast- UHERO

Visitor numbers will lag for years even in the optimistic scenario



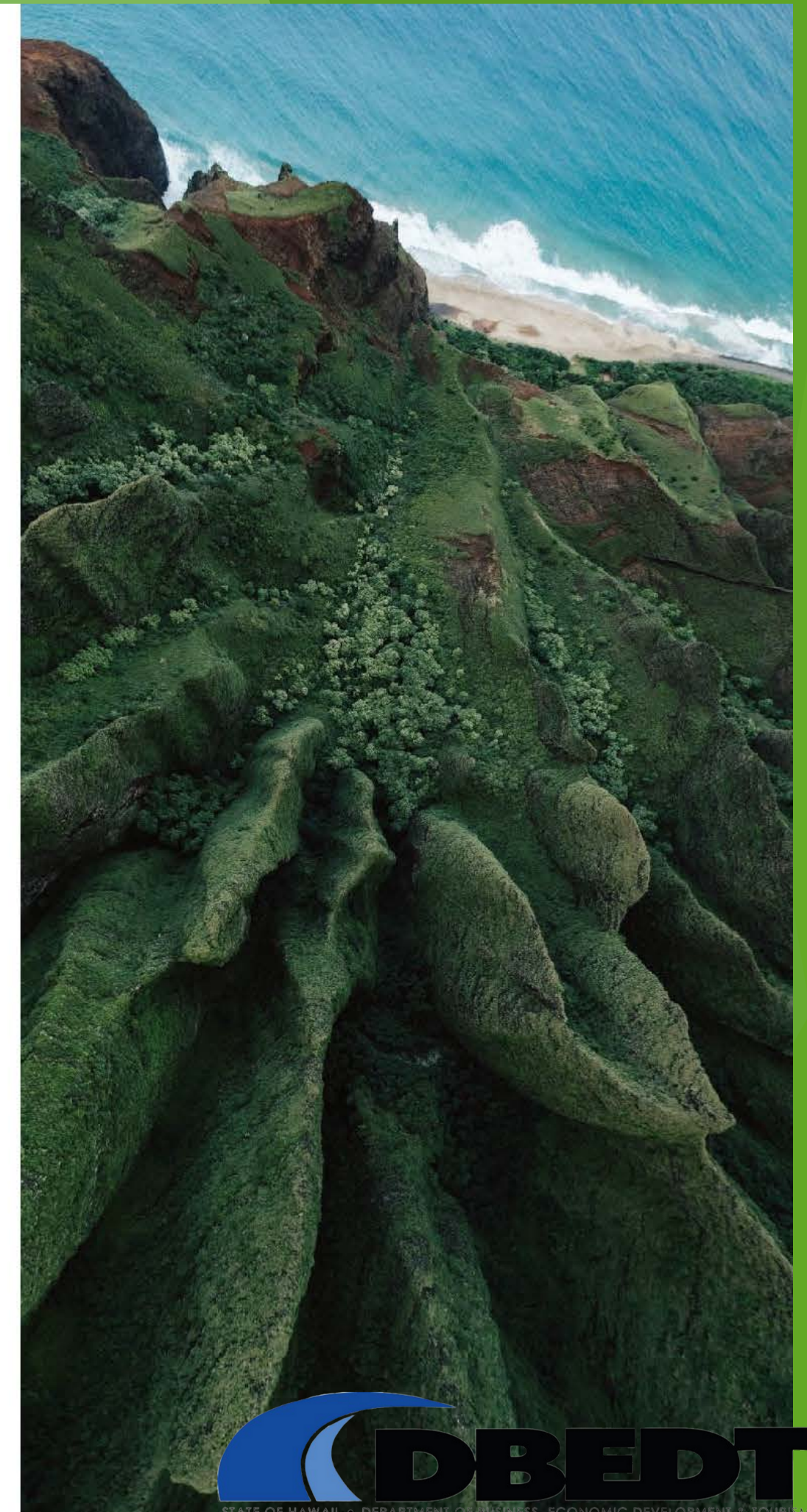
# Rebuilding Tourism Responsibly

# Hawai'i Tourism Authority Strategic Pillars



# Rebuilding Tourism Collaboratively

- Funding from HTA for each county to facilitate destination management plans:
  - Collaboration between community, visitor industry, and state and county entities.
  - Create opportunities for resident engagement in tourism development
  - Establish better systems for destination management
  - Improve current and develop new tourism products and offerings
- Identify the appropriate balance between the economic benefits of tourism and impact on local services, natural and cultural resources, and residents' quality of life.
- It's important that we reopen parts of tourism to get people working again, while we rebuild a resilient tourism industry.



Health & Safety Is Our Kuleana

 **Airlines**

- [Air Canada](#)
- [Air New Zealand](#)
- [Alaska Airlines](#)
- [American Airlines](#)
- [ANA](#)
- [Asiana Airlines](#)
- [China Airlines](#)
- [Delta Airlines](#)
- [Hawaiian Airlines](#)
- [Japan Airlines](#)
- [Jetstar](#)
- [Korean Airlines](#)
- [Philippine Airlines](#)
- [Qantas](#)
- [Southwest Airlines](#)
- [United Airlines](#)
- [WestJet](#)

 **Airports**

[Hawai'i Department of Transportation](#)

 **Transportation**

- [UBER](#)
- [Lyft](#)
- [Roberts Hawai'i](#)
- [Alamo/Enterprise/National](#)
- [Avis](#)
- [Budget](#)
- [Hertz](#)
- [Dollar](#)
- [Thrifty](#)

**Meetings & Conventions** 

[Hawai'i Convention Center](#)

**Lodging** 

[Hawai'i Lodging & Tourism Association](#)

 **Restaurants**

[Hawai'i Restaurant Association](#)

 **Retail**

[Retail Merchants of Hawai'i](#)

 **Activities & Attractions**

[A3H](#)

# Hawai'i Tourism Recovery Timeline

**June 16th**

Implement airport arrival health & safety protocols for neighbor island travel

Suspend neighbor island 14 day quarantine

**TBD**

Implement all industry health & safety protocols

Industry kama'aina campaigns across all sectors begin for island residents.

**TBD**

Implement airport arrival health & safety protocols for out of state arrivals

Suspend out of state arrivals 14 day quarantine



# Next Steps

# Impact Level: Recovery

(May vary by County)



- ▶ Job Retention and Creation
  - ▶ Continue to work in concert with industry, DLIR (WDC), and other stakeholders to develop workforce training programs in line with economic diversification initiatives
  - ▶ Convention Center retrofit for media production
  - ▶ Renewable energy projects
  - ▶ County destination management plans
  - ▶ Launch Conservation Corp Jobs Program
  - ▶ Launch Workforce Development Programs
- ▶ Develop concrete plans in partnership with industry and government leaders for long-term sustainable economic growth via a New Economy

# Impact Level: New Normal

(May vary by County)



- ▶ Execute on plans to develop and promote diversified industries in line with economic diversification initiatives

# Summary of Current Initiatives for Economic Recovery

- ▶ Small Businesses
  - ▶ Small business loan program
  - ▶ Commercial real estate owner real property tax grants for small business tenant rent relief
  - ▶ E-commerce training
  - ▶ Technical assistance for technology infrastructure
  - ▶ Shipping cost reduction pilot program for exported products
  - ▶ Promotion of Hawaii products to out-of-state audiences
  - ▶ Regulatory reform
- ▶ Workforce
  - ▶ Displaced worker job placement and training programs (in partnership with DLIR / WDC)
  - ▶ WPA jobs program
- ▶ Sector-specific
  - ▶ Reopening plans based on state's reopening strategy
  - ▶ Other (see next slide)

# Summary of Current Initiatives for Economic Recovery: Small Businesses

Economic recovery initiatives must focus on business and job retention. Tax revenue is a byproduct of this focus.

Initiatives	Potential Impact			
	Business Retention / Creation	Job Retention / Creation	Tax Revenue	GDP Growth / Diversification
Small business loan program	Retention	Retention	X	
Commercial real estate owner RPT grant	Retention	Retention	X	
E-commerce training	Retention	Retention	X	
Technical assistance for technology infrastructure	Retention	Retention	X	
Shipping cost reduction pilot program for exported products	Retention	Retention	X	
Promotion of Hawaii products to out-of-state audiences	Retention	Retention	X	
Regulatory reform	Retention & Creation	Retention & Creation	X	X

# Summary of Current Initiatives for Economic Recovery: Workforce

Economic recovery initiatives must focus on business and job retention. Tax revenue is a byproduct of this focus.

Initiatives	Potential Impact			
	Business Retention / Creation	Job Retention / Creation	Tax Revenue	GDP Growth / Diversification
Displaced worker job placement and training programs (in partnership with DLIR / WDC)		Retention	X	
WPA jobs program		Retention	X	

# Summary of Current Initiatives for Economic Recovery: Sector-specific

Sector	Initiatives
Innovation	<ul style="list-style-type: none"> <li>• Grants for business (e.g., SBIR)</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>• Technical assistance for supply-chain issues</li> <li>• Manufacturing grant programs</li> </ul>
Trade	<ul style="list-style-type: none"> <li>• FTZ cost reduction measures</li> <li>• Identify and establish new FTZ sites (cost reduction to manufacturers on imported component parts)</li> </ul>
Creative	<ul style="list-style-type: none"> <li>• Convention Center retrofit for media production</li> <li>• Creative content export (via Creative Labs)</li> <li>• Performing arts drive-in experience</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Renewable energy projects</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>• County destination management plans</li> <li>• Strategy for attracting quality (over quantity) visitors</li> </ul>

- ▶ Sector leads are also in communication with industry and government leaders to coordinate reopening plans

# Potential Near-Term Legislative Proposals for Economic Recovery

- ▶ Small business loan program & real property tax grants for commercial property owners
- ▶ Waiver of state income taxes on forgivable portion of the SBA PPP loan
- ▶ Regulatory reform to remove unnecessary obstacles that may inhibit economic recovery, consistent with applicable law and with protection of the public health and safety
- ▶ Change in statute via HB1844, HD1, to enable the Hawaii Green Infrastructure Authority to borrow up to \$25.0 million, interest free, from the USDA
  - ▶ These additional federal funds, leveraged with private capital could create some 400 higher paying green jobs and generate an additional \$4.75 million in state tax revenue



# Summary of Current Initiatives for a New Economy: Infrastructure

- ▶ Broadband
  - ▶ EDA grant underway for cable landing stations (Hilo, Kakaako)
- ▶ Entrepreneurship
  - ▶ Accelerator programs
- ▶ Workforce
  - ▶ SMART Talent
- ▶ Business Technology Proficiency
  - ▶ TRUE Initiative

# Summary of Current Initiatives for a New Economy: Resilience through Diversification

- ▶ Aquaculture
  - ▶ Draft aquaculture industry growth plan (developed in partnership with DOA)
- ▶ Aerospace
  - ▶ Aerospace industry plan underway
  - ▶ Credit-based internships (UH / HCC)
- ▶ Creative
  - ▶ New creative media film studio and performance space complex (construction ready by 2021)
  - ▶ CreativeSpace 808 studio and production facilities

Mahalo