#### EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE

June 7, 2007

The Honorable Colleen Hanabusa, President and Members of the Senate Twenty-Fourth State Legislature State Capitol, Room 409 Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 7, 2007, the following bill was signed into law:

SB709 SD2 HD1 CD1

A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT. (ACT 148)

Sincerely,

LINDA LINGLE

Approved by the Governor on JUN 7 2007

THE SENATE
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 148 S.B. NO. 5.D. 2 H.D. 1 C.D. 1

# A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

- 1 SECTION 1. The legislature finds that the focal points of
- 2 Hawaii's economic policy have remained the same for decades:
- 3 maximize visitor arrivals and spending, encourage strong
- 4 construction and real estate industries, increase federal
- 5 funding for military and civilian projects, monitor tax revenues
- 6 and their impact on public sector employment, and maintain
- 7 consistent job growth to keep the unemployment level low.
- 8 Although these economic policies are still significant to the
- 9 State's economic development and health, new economic objectives
- 10 are needed in addition to these traditional policies for Hawaii
- 11 to succeed in what is today characterized as the "global
- 12 innovation economy."
- 13 The innovation economy requires learning to function in a
- 14 world that is more technologically advanced, more global, and
- 15 more knowledge-intensive. In A New Economy in Hawaii 2005
- 16 Indicators and Recommendations published by the Hawaii Institute
- 17 for Public Affairs, five policy objectives are identified and

1 re	commended	for	Hawaii	to	compete	in	the	global	marketplace.
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- 2 These policy objectives are:
- 3 (1) Quickly develop high technology industries consisting
- 4 of profitable and sustainable companies;
- 5 (2) Maximize competitiveness and overall efficiency by
- 6 infusing all industries with technology;
- 7 (3) Prepare, employ, and retain a strong workforce for the
- global economy;
- 9 (4) Create a pervasive culture of innovation, initiative,
- and enterprise; and
- 11 (5) Help Hawaii companies survive and thrive in the global
- economy.
- 13 These new economic policy objectives require proper measurements
- 14 to enable the State to set benchmarks and goals for Hawaii to
- 15 grow and prosper in today's global economy.
- 16 Between 1998 and 2003, City Bank and Hawaii Business
- 17 magazine targeted nine emerging industries in Hawaii, which
- 18 represented a combined total of \$2,700,000,000 in expenditures
- 19 and thousands of new jobs. The combined total growth
- 20 projections of these emerging industries are roughly comparable
- 21 to the impact and magnitude of Hawaii's tourism industry and
- 22 should be measured and developed as an equally significant

## S.B. NO. 5.D. 2 H.D. 1

- 1 pillar of Hawaii's economy. With a growing emphasis on
- 2 stewardship and sustainability from a land use, resource
- 3 allocation, and developmental perspective, Hawaii cannot afford
- 4 to continue relying so heavily upon a dominant industry that
- 5 depends almost exclusively upon fossil fuel-burning
- 6 transportation (e.g., airline transportation) as the primary
- 7 means by which Hawaii's millions of visitors arrive.
- 8 Currently, the State does not have a consistent means of
- 9 tracking progress, setting goals, and creating policies to
- 10 achieve global innovation economy objectives. Data such as
- 11 service exports, training and education outside of the
- 12 traditional school system, self-sufficiency wages, job creation,
- 13 impact of business tax credits, and quality of life indicators
- 14 all can be used to establish new economic goals and determine
- 15 priorities for public investments in workforce development and
- 16 emerging industries development.
- 17 The purpose of this Act is to require the department of
- 18 business, economic development, and tourism to collect, analyze,
- 19 and disseminate appropriate data to measure the growth
- 20 industries that have the potential to transform Hawaii's economy
- 21 and to accelerate their development into more robust pillars of
- 22 Hawaii's society.

2007-2983 SB709 CD1 SMA-1.doc



### S.B. NO. 509 S.D. 2 H.D. 1 C.D. 1

1	SECTION 2. Chapter 201, Hawaii Revised Statutes, is
2	amended by adding a new section to be appropriately designated
3	and to read as follows:
4	"§201- Research and statistics for growth industries.
5	(a) The department shall maintain a program for the purpose of:
6	(1) Measuring and analyzing new economic development
7	trends within growth industries such as:
8	(A) Ocean sciences and technology;
9	(B) Biotechnology and life sciences;
10	(C) Astronomy;
11	(D) Technology and information services;
12	(E) Film and creative media;
13	(F) Diversified agriculture;
14	(G) Aquaculture; and
15	(H) Specialty tourism;
16	(2) Providing economic information to policy makers, the
17	public, and the various growth industries under
18	paragraph (1) for use in setting policies, objectives,
19	and goals. This includes collecting, analyzing, and
20	publishing available data on an annual basis relating
21	but not limited to:

## S.B. NO. 509 S.D. 2 H.D. 1

1	(A)	Economic diversification, income and income
2		distribution, and issues and measures of the
3		State's natural resources in relation to state
4		sustainable economy goals;
5	<u>(B)</u>	The technology sector of the State, including but
6		not limited to defining the sector, estimating
7		employment, and compiling available information
8		on patents registered in Hawaii;
9	(C)	Technology change in the economy, including but
10		not limited to technical jobs outside the
11		technology sector, and the changing applications
12		of technology in the private economy and
13		government;
14	(D)	The technology-based workforce, including but not
15	-	limited to management, technical, and
16		professional jobs, and technology education and
17		training;
18	(E)	Innovation and enterprise, including but not
19		limited to available information on startup
20		companies, venture capital investment, private
		and government research and development
21		and dovernment research and deveropment

1		activities, small publices linevacion research		
2		grants, and technology licensing;		
3	<u>(F)</u>	The dollar value of research and development		
4	- a - a	conducted at, or in association with, the		
5		University of Hawaii;		
6	(G)	Global connections, including but not limited to		
7		diversification of export and visitor markets,		
8		foreign business travel, and the manufacturing of		
9		export products; and		
10	(H)	Venture capital investments in Hawaii, including		
11		but not limited to the size of local venture		
12		investments and their annual growth.		
13	(b) The	department shall submit to the legislature no		
14	later than twe	nty days prior to the convening of each regular		
15	legislative se	ssion, a written performance report on the impact		
16	of activities	of the department and attached agencies that		
17	demonstrate th	eir efforts to support, promote, and facilitate		
18	the expansion	and long-term viability of emerging growth		
19	industries inc	luding those identified in subsection (a)(1)."		
20	SECTION 3	. There is appropriated out of the general		
21	revenues of th	e State of Hawaii the sum of \$150,000 or so much		
22	thereof as may be necessary for fiscal year 2007-2008 and the			
	2007-2983 SB709 CD1 SMA-1.doc			

- 1 sum of \$250,000 or so much thereof as may be necessary for
- 2 fiscal year 2008-2009 for additional resources, including two
- 3 permanent full-time equivalent (2.00 FTE) economist positions in
- 4 the department of business, economic development, and tourism.
- 5 The purpose of the appropriation is to improve the State's
- 6 ability to measure the productivity of and progress toward
- 7 achieving innovation in Hawaii's economy, and to assess the
- 8 effectiveness of measures enacted by the legislature to improve
- 9 Hawaii's economic situation.
- The sums appropriated shall be expended by the department
- 11 of business, economic development, and tourism for the purposes
- 12 of this Act.
- 13 SECTION 4. New statutory material is underscored.
- 14 SECTION 5. This Act shall take effect on July 1, 2007.

**GOVERNOR OF THE STATE OF HAWAII** 

Approved this day: JUN 7 2007