

STAND. COM. REP. NO.

1907

Honolulu, Hawaii

APR 24 2007

RE: GOV. MSG. NO. 269

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committees on Economic Development and Taxation and
Tourism and Government Operations, to which was referred
Governor's Message No. 269, submitting for study and consideration
the nomination of:

DIRECTOR OF THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND
TOURISM

G.M. No. 269 THEODORE E. LIU,
for a term to expire 12-6-2010,

beg leave to report as follows:

Theodore E. Liu has served as Director of Business, Economic
Development, and Tourism since 2003, where he is responsible for
overseeing the Department of Business, Economic Development, and
Tourism (Department) and its seven attached agencies. Prior to
this, he was Co-Founder and Partner of PacifiCap Group, LLC from
2000 to 2003, and Managing Director of the Investment Banking
Department at Morgan Stanley & Co., Incorporated, from 1996 to
1999. Mr. Liu also spent several years in Beijing, China as
Deputy Chief Executive Officer of China International Capital
Corporation, in Hong Kong and New York as Senior Associate with
Skadden Arps Slate Meagher & Flom, and in Shanghai as Chief
Executive Officer with Public International Investments Ltd.,
First Shanghai Investments Ltd.

Mr. Liu has a J.D. degree from New York University School of
Law and a B.G.S degree in Economics and Political Science from the
University of Michigan.



Testimony in support of Mr. Liu was received from United States Department of Agriculture Rural Development; U.S. Small Business Administration; Department of Business, Economic Development, and Tourism; and nine of its administrators; Aloha Tower Development Corporation; Hawaii Community Development Authority and the Chairperson of the Authority; Hawaii Housing Finance and Development Corporation and two of its Board members; Hawaii Strategic Development Corporation; three members of the Board of High Technology Development Corporation; Office of Planning; Small Business Regulatory Review Board and a member of the Board; Hawai'i Convention Center; Workforce Development Council; Public Utilities Commission; Department of Transportation; University of Hawai'i System and twenty-nine members of its administration and faculty, and the Office of Hawaiian Affairs.

Testimony in support of the nominee was also received from The Chamber of Commerce of Hawaii; Economic Development Alliance of Hawaii; Enterprise Honolulu; Hawaii Science & Technology Council; HiBEAM; Chinese Chamber of Commerce of Hawaii; Hawaii Chinese Tourism Association; Hawaii Teo Chew Association; Hong Kong Business Association of Hawaii; Government Affairs Committee of the Honolulu Japanese Chamber of Commerce; BIA-Hawaii; Hawai'i Arts Alliance; Hawaii Pacific Export Council; Big Island Fishermen's Association; senior administrators from Chaminade University and Hawaii Pacific University; Catholic Charities Hawai'i; Hawaii Family Forum; Faith Action for Community Equity; Hawaii Global Youth Center; Empower Oahu; Hawai'i Capital Cultural District; and Windward Ahupua'a Alliance.

Supportive testimony was also provided by The Gas Company; Hawaiian Electric Company, Inc.; Hawaii Renewable Energy Alliance; Aloha Petroleum, Ltd.; BlueEarth Biofuels LLC; ClearFuels Technology, Inc.; Energy Industries; HSI Electric; Imperium Renewables Hawaii LLC; Kauai Ethanol LLC; PowerLight Corporation; Puna Geothermal Venture; and Sopogy, Inc.

Additional testimony in support was received from Alexander & Baldwin, Inc.; AIG Hawaii Insurance Company, Inc.; Advantage Capital Partners; AGIS Network; Aloha Island, Inc.; AT Marketing; Avalon Development Company; BAE Systems; Belt Collins Hawaii Ltd.; Bowen Hunsaker Hirai Consulting, Inc.; CBL Lending; CMC Consulting Group; CTA Solutions; Castle & Cooke Homes Hawaii, Inc.; Cavanah Associates, Inc.; Cellular Bioengineering, Inc.; Center for



Tomorrow's Leaders; Central Pacific Bank; ChipIn, Inc.; City Mill Company, Ltd.; Coldwell Bankers Pacific Properties; DragonBridge Capital Merchant Bank; E Noa Corporation & Waikiki Trolleys; EnviroServices & Training Center, LLC; The Estate of James Campbell; Events International; Ferraro Choi; First Hawaiian Bank; First Insurance Company of Hawaii, Ltd.; Gay & Robinson, Inc.; Global Brain, Inc.; Hamakua Macadamia Nut Company; Hawaii Chinese News; Hawaii Pacific Health; Hawaii Superferry; Hawaiian Airlines; Hawaiian Cement; Hawaiian Dredging; Hawaiian Telcom; Hawaiya Technologies, LLC; Sam O. Hirota, Inc.; Harbor Wing Technologies, Inc.; Ho'ākea Communications; International Finance Group; KUD International; KTA Super Stores; Koa Trading Company; Kolohala Holdings; Kona Brewing Co.; Koyo USA Corp.; L&L Franchise, Inc.; Market City, Limited; NLP Music, Inc.; Oceanic Time Warner Cable; Oceanit; ORMAT Technologies, Inc.; Outrigger Enterprises, Inc.; Panda Group; PacMar Inc.; People Bridge; Quantum Leap Interactive, Inc.; Referentia Systems Incorporated; Roeca, Louie & Hiraoka; SJ Investments, Ltd.; Sanford Murata, Inc.; Sony Hawaii Company; Starwood Hotels & Resorts Worldwide, Inc.; 3Point; TIMCORP International Marketing Co., Ltd.; Thomas J. Mitrano, Inc.; Townsend Capital, LLC; TREX Enterprises; Vantage Counsel LLC; Ventana Capital; Wimberly Allison Tong & Goo; World Journal, and over sixty individuals.

Kipahulu 'Ohana and three individuals submitted testimony with reservations or in opposition.

In his statement, Mr. Liu noted that, at his first advice and consent hearing in 2003, he outlined his vision for the Department - "To build a responsive, effective and accountable team with a culture of excellence that provides relevant service, solves problems, facilitates business and provides leadership in innovative ideas that impact a broad sector, all with the objective of promoting broad value creation for and improving the standard of living for Hawaii citizens."

He stated that he remains committed to that vision through a reorganized Department aligned toward clear strategic goals; greater transparency and accountability; major initiatives, including spearheading the initial focus in 2004 on the State's affordable housing crisis, the Economic Momentum Commission in 2005, the "Energy for Tomorrow" policy and legislation package passed by the Legislature in 2006, and the "Innovation Initiative" in 2007.



Mr. Liu also outlined what he sees as the opportunities and challenges over the next period for Hawaii's economy: bringing about a "soft landing" and sustaining the recent economic growth; evening out the boom-and-bust economic cycles; and creating a more diversified and innovative economy. To meet these economic challenges, the Department is focused on six areas: increasing workforce housing; developing competitive workforce skills; achieving energy sufficiency and security; developing human capital and innovation capacity; increasing exports of goods and services; and improving the business environment.

Members of your Committees had a number of questions for Mr. Liu regarding Department programs and initiatives, including: development plans for Kakaako and Kalaeloa under the Hawaii Community Development Authority; the effectiveness and costs of foreign trade missions; costs, particularly personnel, for the Overseas Offices; funding and expenditures related to the Community Based Economic Development program; expenditures related to the Integrated Development Group (IDG) federal funds; and the status of the U.S. Citizens and Immigration Service related to the EB-5 Immigrant Investors program. Members also questioned Mr. Liu regarding his use of departmental resources, including equipment and staff time, in soliciting letters of support for his confirmation.

Mr. Liu responded both in writing and through further discussion with Committee members on all of the above concerns. He noted that the questions by the Committees have raised a number of issues that he will consider fully in future decisions related to the activities of the Department.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Tourism and Government Operations that are attached to this report, your Committees, after full consideration of the background, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommend that the Senate advise and consent to the nomination.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Taxation and
Tourism and Government
Operations,

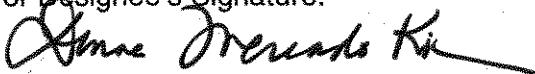

CLARENCE K. NISHIHARA, Chair


CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

**Record of Votes of the
 Committee on Tourism and Government Operations
 TSG
 (Advise and Consent)**

Governor's Message No.:* GM 269	Committee Referral: EDT/TSG	Date: 4-19-07		
<input type="checkbox"/> The Committee is reconsidering its decision.				
The Recommendation is to:				
<input checked="" type="checkbox"/> Advise and Consent (2340) <input type="checkbox"/> Not Advise and Consent (2345)				
Members	Aye	Aye (WR)	Nay	Excused
NISHIHARA, CLARENCE K. (C)	/			
KIM, DONNA MERCADO (VC)		/		
TSUTSUI, SHAN S.	/			
TRIMBLE, GORDON	/			
TOTAL	3	1	0	0
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one Governor's Message per Record of Votes