

JAN 19 2007

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 recommended for Hawaii to compete in the global marketplace.

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
8 global economy;

9 (4) Create a pervasive culture of innovation, initiative,
10 and enterprise; and

11 (5) Help Hawaii companies survive and thrive in the global
12 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



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 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 of
20 targeted industries that have the potential to transform
21 Hawaii's economy, and to accelerate their development into more
22 robust pillars of Hawaii's society.



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 in emerging growth
5 industries. (a) The department shall maintain a program for
6 the purpose of:

7 (1) Investigating and compiling statistics and research
8 data in the emerging growth industries, including:

9 (A) Research and development conducted at or in
10 association with the University of Hawaii;

11 (B) Ocean sciences and technology;

12 (C) Biotechnology and life sciences;

13 (D) Astronomy;

14 (E) Internet and computer software and services;

15 (F) Film and creative media;

16 (G) Diversified agriculture;

17 (H) Aquaculture; and

18 (I) Educational tourism;

19 (2) Measuring and analyzing new economic development
20 trends within targeted industries within the
21 designated growth areas; and



- 1 (3) Providing economic information to policy makers, the
2 public, and the various industries for use in setting
3 policies, objectives, and goals. This includes
4 collecting, analyzing, and publishing data on an
5 annual basis relating to:
- 6 (A) Economic diversification, the availability of
7 living wage jobs, and the State's environmental
8 well being;
- 9 (B) High technology industries in the State,
10 including but not limited to high technology
11 jobs, scientists and engineers, and patents
12 registered by high technology businesses;
- 13 (C) Technology infusion, including but not limited to
14 information technology jobs in non-information
15 technology industries, the infusion of technology
16 in government, and Internet access;
- 17 (D) Technology-based workforce, including but not
18 limited to management, technical and professional
19 jobs, and technology education and training;
- 20 (E) Innovation and enterprise, including but not
21 limited to startup companies, venture capital
22 investment, private and government research and



1 development activities, small business innovation
2 research grants, and technology licensing;

3 (F) Global connections, including but not limited to
4 diversification of export and visitor markets,
5 foreign business travel, the manufacturing of
6 export products; and

7 (G) Local venture investments, including but not
8 limited to the size of local venture investments
9 in any given year compared with the percentage of
10 change with its prior year.

11 (b) The department shall submit to the legislature no
12 later than twenty days prior to the convening of each
13 legislative session a written report of any activities of the
14 department and any of its divisions that support, promote, and
15 facilitate the proliferation and long term viability of emerging
16 growth industries and how these activities affect these
17 industries."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect upon its approval.

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S.B. NO. 109

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Report Title:

Measurement Criteria; Economic Development Benchmarks

Description:

Requires the department of business, economic development, and tourism to investigate, collect, analyze, and publish research and data to track economic progress and aid in the development and economic health of targeted industries.

