JAN 1 9 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

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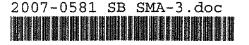
1	recommend	ed for Hawaii to compete in the global marketplace.		
2	These pol	icy objectives are:		
3	(1)	Quickly develop high technology industries consisting		
4		of profitable and sustainable companies;		
5	(2)	Maximize competitiveness and overall efficiency by		
6		infusing all industries with technology;		
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	Betw	Between 1998 and 2003, City Bank and Hawaii Business		
17	magazine	targeted nine emerging industries in Hawaii, which		
18	represent	ed a combined total of \$2,700,000,000 in expenditures		
19	and thous	sands of new jobs. The combined total growth		
20	projectio	ons of these emerging industries are roughly comparable		
21	to the in	mpact and magnitude of Hawaii's tourism industry and		

should be measured and developed as an equally significant



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- 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	SECT	ION 2	. Chapter 201, Hawaii Revised Statutes, is
2	amended by	y add:	ing a new section to be appropriately designated
3	and to rea	ad as	follows:
4	" <u>§</u> 20:	1	Research and statistics in emerging growth
5	industrie	s. (8	a) The department shall maintain a program for
6	the purpor	se of	<u>:</u>
7	(1)	Inve	stigating and compiling statistics and research
8		data	in the emerging growth industries, including:
9		<u>(A)</u>	Research and development conducted at or in
10			association with the University of Hawaii;
l 1		<u>(B)</u>	Ocean sciences and technology;
12		<u>(C)</u>	Biotechnology and life sciences;
13		(D)	Astronomy;
14		<u>(E)</u>	Internet and computer software and services;
15		<u>(F)</u>	Film and creative media;
16		<u>(G)</u>	Diversified agriculture;
17		<u>(H)</u>	Aquaculture; and
18		<u>(I)</u>	Educational tourism;
19	(2)	Meas	uring and analyzing new economic development
20		tren	ds within targeted industries within the
21		desi	gnated growth areas; and

1	<u>(3)</u>	Prov	iding 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		annu	al basis relating to:			
6		(A)	Economic diversification, the availability of			
7			living wage jobs, and the State's environmental			
8			well being;			
9		<u>(B)</u>	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		<u>(C)</u>	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		<u>(E)</u>	Innovation and enterprise, including but not			
21			limited to startup companies, venture capital			
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1		development activities, small business innovation				
2		research grants, and technology licensing;				
3	<u>(F)</u>	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 twen	nty days prior to the convening of each				
13	legislative se	ssion 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.