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# 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 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.



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:



- 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           (B) Technology sector in the State, including but not  
6           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 changing applications of  
12           technology in the private economy and government;
- 13           (D) Technology-based workforce, including but not  
14           limited to management, technical, and  
15           professional jobs, and technology education and  
16           training;
- 17           (E) Innovation and enterprise, including but not  
18           limited to available information on startup  
19           companies, venture capital investment, private  
20           and government research and development  
21           activities, small business innovation research  
22           grants, and technology licensing;



1           (F) Annual dollar value of research and development  
2           conducted at, or in association with, the  
3           University of Hawaii;

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

8           (H) Venture capital investments in Hawaii, including  
9           but not limited to the size of local venture  
10           investments and their annual growth.

11           (b) The department shall submit to the legislature, no  
12           later than twenty days prior to the convening of each regular  
13           legislative session, a written performance report on the impact  
14           of activities of the department and attached agencies that  
15           demonstrate their efforts to support, promote, and facilitate  
16           the expansion and long-term viability of emerging growth  
17           industries identified in subsection (a)(1)."

18           SECTION 3. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$           , or so  
20 much thereof as may be necessary for fiscal year 2007-2008, and  
21 the same sum, or so much thereof as may be necessary for fiscal  
22 year 2008-2009, for the purposes of improving the State's

1 ability to measure the productivity of and progress toward  
2 achieving innovation in Hawaii's economy.

3 The sums appropriated shall be expended by the department  
4 of business, economic development, and tourism for the purposes  
5 of this Act.

6 SECTION 4. New statutory material is underscored.

7 SECTION 5. This Act shall take effect on July 1, 2007.



**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 growth industries; appropriates unspecified amount. (SD2)

