

Honolulu, Hawaii

FEB 16 2007

RE: S.B. No. 1366  
S.D. 1

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

Madam:

Your Committee on Economic Development and Taxation, to which was referred S.B. No. 1366 entitled:

"A BILL FOR AN ACT RELATING TO INNOVATION IN WORKFORCE DEVELOPMENT,"

begs leave to report as follows:

The purpose of this measure is to develop a competitive workforce with the skill levels to support high skill, high wage industries by:

- (1) Establishing a lifelong learning program and tax credit in the Department of Labor and Industrial Relations (DLIR) to support upgraded training for the incumbent workforce;
- (2) Establishing a rapid response training program and revolving fund in the Department of Business, Economic Development, and Tourism (DBEDT) to facilitate rapid custom training for high priority business investments;
- (3) Establishing a state level program in DBEDT to attract former residents back to Hawaii; and
- (4) Merging certain workforce and economic development programs of DLIR and DBEDT.

Testimony in support of this measure was received from the Governor; Department of Business, Economic Development, and



Tourism; Department of Labor and Industrial Relations; Workforce Development Council; Department of Taxation; University of Hawai'i Community Colleges; Hawai'i Pacific University; Hawaii Science and Technology Council; Applied Marine Solutions; AssistGuide, Inc.; Cellular Bioengineering, Inc.; CTA Solutions; and Hagadone Printing. The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO submitted testimony in opposition to the transfer of personnel between agencies.

Your Committee finds that workforce development is an increasingly critical component in the success of Hawaii's emerging innovation industries. In addition to the knowledge gap, employers are now facing a severe shortage of workers, whether trained or not. Your Committee has heard that simply filling positions will become more difficult, because the number of potential Hawaii workers leaving school or training for the workplace is not keeping pace with the number of jobs created or as a result of turnover.

Your Committee finds merit in many of the concepts in this measure, particularly those directly related to skills upgrades through education and training, and increasing high skill employment opportunities.

Your Committee finds, however, that the concerns about division and personnel interagency transfers and merges are troubling. Given the apparent lack of communication between the various parties affected, it would be prudent to clarify these issues before proceeding. While the concepts may be exciting, the specific programs will have little chance for success if roles and responsibilities are not clearly delineated. Unfortunately, public sentiment about government programs is not generally very positive, so any new initiatives must be well grounded in the realities of implementation if they are to bring about positive change.

Your Committee has amended this measure accordingly, by:

- (1) Changing the appropriations to unspecified amounts and inserting an effective date of July 1, 2045, for the purposes of further discussion; and
- (2) Making technical amendments to conform the measure to the preferred drafting style.



As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1366, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fourth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:
SB 1366	EDT, WAM	2/15/07
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
FUKUNAGA, Carol (C)	✓	
ESPERO, Will (VC)	✓	
ENGLISH, J. Kalani		✓
IGE, David Y.	✓	
SLOM, Sam	✓	
<b>TOTAL</b>	<b>4</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: <i>Will Espero</i>		
Distribution:	Original File with Committee Report	Yellow Clerk's Office
		Pink Drafting Agency

\*Only one measure per Record of Votes