



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Director

Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT
AND TAXATION**

Thursday, March 13, 2008
2:05 P.M.
State Capitol, Conference Room 224

in consideration of
HB 2228HD2
**RELATING TO MAKING AN APPROPRIATION FOR COMMUNITY-BASED
ECONOMIC DEVELOPMENT.**

Chair Fukunaga, Vice-Chair Espero and Committee members:

The department supports the concept behind HB2228 HD2, which makes an appropriation for the community-based economic development revolving fund to assist qualifying community-based organizations. There have been many good ideas introduced this legislative session that support the State's economic development goals. We note, however, that this appropriation was not included in the Executive's Supplemental Budget, and request that this appropriation not displace the priorities contained in that budget.

Our State's greatest challenge in the coming years is to restructure our economy to focus on human development. We must strengthen the abilities of our people to permit Hawaii to compete and thrive in the global economy.

Some regions of Hawaii are less able to take advantage of a strong economy due to remote locations lacking access to traditional business opportunities and financial capital, and having limited education and workforce training opportunities. Some regions may not desire large-scale economic development with the accompanying large infrastructure.

The CBED Program is unique in that it provides planning (“seed”) grants and small implementation (matching) grants to community-based non-profit organizations to build capacity and develop businesses, marketing or other necessary planning documents in order to access larger funding through Federal, State, County and other private funding resources. Since its inception in 1991, the CBED grant and loan revolving fund and technical assistance program has committed more than \$4 million to more than 180 community-based organizations statewide. Approximately 67 percent of program funds were distributed to Neighbor Islands.

In fiscal year 2006, the CBED Program awarded just over \$260,000 in grant funds to 15 community organizations. Twelve of the fifteen organizations completed their grants in FY 2007. These organizations reported creating 163 new full-time jobs and 100 part-time jobs, the establishment of 72 new businesses, and assistance or expansion of 92 existing businesses. In technical assistance, CBED funds provided 12 organizations with one-on-one business planning or organizational capacity-building assistance. More than 280 high school students were provided business training through workshops. And, more than 2,600 individuals representing more than 550 community organizations or agencies were provided community economic development training, information and assistance.

The CBED Program will play a major role in assisting communities achieve their goals and vision through economic development. CBED can provide our communities the opportunities to gain the *know-how* and skills to take control over local resources, become an active cooperative community, and provide more avenues for community empowerment.

Thank you for the opportunity to offer these comments.

HACBED

Hawai'i Alliance for Community-Based Economic Development
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Public Policy Associate

Tony Hall
Administrative Director

Senate Committee on Economic Development and Taxation
Thursday, March 13, 2008 at 2:05 p.m.
Conference Room 224

HB 2228 HD2 – SUPPORT

MAKING AN APPROPRIATION FOR COMMUNITY-BASED ECONOMIC DEVELOPMENT

Chair Fukunaga and committee members thank you for the opportunity to provide testimony in **support of HB 2228 HD2** which would appropriate funds to the Hawaii Community-Based Economic Development Technical and Financial Assistance Program of the State Department of Business, Economic Development, and Tourism for the purpose of funding community based economic development (CBED) organizations statewide.

We believe that State support for CBED projects for communities is crucial because they are:

- addressing critical social and community issues through initiatives with economic impact – getting to the “double bottom line”;
- leveraging limited resources through creative public, private, and community partnerships; and
- empowering families and communities to have choice and control over their own futures.

These communities have been building their capacity as economic development practitioners to contribute to the diversity of the state's strong economy. Since its inception, CBED's grant and loan revolving fund and technical assistance program has committed more than \$3.8 million to more than 160 community based organizations (CBOs) statewide. Close to 70% of program funds were distributed to the Neighbor Islands. The DBEDT/CBED program has been an instrumental partner in assisting community based institutions to plan for and implement economic initiatives that create jobs. Last year, the CBED grantees created or retained over 173 jobs.

The Hawai'i Alliance for Community-Based Economic Development (HACBED) is a statewide 501(c) 3 organization established in 1992 to help maximize the impact of community-based economic development organizations (CBEDOs). HACBED believes that social, economic and environmental justice can be achieved by the people and communities of Hawai'i.

HACBED

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We pursue our mission by helping CBEDOs to increase community control of their assets and means of production. We accomplish this in many ways -- by providing technical support to help CBEDOs deal with organizational issues; by networking on a local and national basis for funding and financing for community-based efforts; and, by advocating for communities to play a more active role in the political process in order to effect systemic change.

We therefore ask for your support of HB 2228 HD2 and the continuing efforts on the part of communities to exercise greater control over their own futures.

Thank you for the opportunity to provide this testimony.

Sincerely,

Bob Agres
Executive Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate



Legislative Testimony

Senate Committee on Economic Development and Taxation

March 13, 2008

2:05 p.m.

Room 224

State Capitol, Conference Room 224

In consideration of

HB 2228 HD2

RELATING TO MAKING AN APPROPRIATION FOR COMMUNITY-BASED ECONOMIC DEVELOPMENT

Chair Fukunaga, Vice-Chair Espero and Committee members:

The Office of Hawaiian Affairs **Strongly Supports** **HB 2228 HD2**, which makes an appropriation for DBEDT's Community-Based Economic Development (CBED) Revolving Fund to assist qualifying community-based organizations. There have been many good ideas introduced this legislative session that support the State's economic development goals and we hope that the legislature will support, pass, and fund these ideas, together with priorities of the Executive's Supplemental Budget.

CBED is an important program for Hawaii's Native Hawaiian community, especially in these times of scarce grant dollars and great community needs. This vital community program provides seed money in the form of grants and matching grants to community-based nonprofit organizations thereby establishing business development, marketing development, and capacity building for fledgling community organizations. With this start-up assistance, small organizations have the ability to establish themselves within their communities and can access larger funding through Federal, State, County and private funding resources.

OHA believes that the CBED program plays an important role in assisting communities in achieving their goals through economic development, capacity building, business development, and the marketing of goods and services from the communities. It provides opportunities to communities in gaining small business skills, building capacity, and supports feasible ventures that meet community values and vision. Ultimately, the main outcome of a CBED funded project is job creation in the community. This is good for the communities in Hawaii and for the Hawaiian people.

OHA urges the Committee to **PASS HB 2228 HD2** that will provide sustainable community-based economic development for Hawaii's communities.

Thank you for the opportunity to testify on this measure.

testimony

From: Al Santoro [asantoro@hawaii.rr.com]
Sent: Monday, March 10, 2008 4:38 PM
To: testimony
Subject: HB2228

Aloha Committee on Economic Development and Taxation,

I am submitting testimony in favor of HB2228 - An Appropriation for Community-Based Economic Development. I am President of the Hawaii Co-op of Organic Farmers (HICOF); our association has received CBED funds in the past for our business planning and execution of direct support to organic farmers. We have never received the amount requested due to insufficient funds being available which has led to less than desirable results and the need to submit follow-on requests. For many of the smaller associations such as HICOF, CBED is our primary supporter as other sources require significant "matching" funds which we do not have. Please consider this additional CBED funding for the sake of us smaller associations...mahalo...Al Santoro, Pres, HICOF, 637-4555

March 10, 2008

Statement by Richard Pezzulo
Executive Director, Empower Oahu

HB 2228HD2 RELATING TO COMMUNITY-BASED ECONOMIC DEVELOPMENT.
Appropriates \$500,000 into the Hawaii community-based economic development revolving fund to financially assist qualifying community-based organizations statewide.

Submitted to: Senate Economic Development and Taxation Committee, Chaired by Senator Carol Fukunaga, Vice-Chair Will Espero
Hearing Date: Thursday, March 13, 2008 at 2:05 P.M.
State Capitol Room 224
Senator Will Espero, Chair

Testimony:

Chair Fukunaga, Vice-Chair Will Espero and members of the Senate Economic Development and Taxation Committee, thank you for the opportunity to **provide testimony in support of HB2228HD2**, which would appropriate funds to the Community-Based Economic Development Program of the State Department of Business, Economic Development, and Tourism for the purpose of providing low interest loans and grants to qualifying community-based organizations involved in economic development activities..

Empower Oahu (EO), a 501(c)3 organization, was established as a result of the 1998 and 2001 Empowerment Zone (EZ) application process that united nine communities around a common goal of improving economic conditions for Oahu's most economically distressed areas. EO was formed to support the individual Empower O'ahu CIGs as they further develop and implement their strategic plans prepared as part of the EZ process.

Empower O'ahu is made up of the following communities; Aiea, Kalihi-Palama-Chinatown, Papakolea, Ewa, North Shore, Wai'anae, Waimanalo, Wahiawa, and Waipahu. These communities are known as Community Implementation Groups (CIGs) and are responsible for implementing strategic plans, developed by each community, outlined in the EZ application.

Empower Oahu communities have been implementing a wide range of economic development activities resulting in the establishment of business support services for the creation of jobs and micro-enterprises for low income individuals. The CBED program has been a important partner in achieving member community economic development goals. EO and many of its community member organizations have received CBED support for capacity building and establishing economic development programs.

Empower Oahu urges the State to support the funding for the CBED program because this program will help EO and other communities to:

- increase the capacity of our community-based organizations to support sustainable economic and community development initiatives; and

- increase employment and economic opportunities for residents in low income communities by expanding and strengthening our economic base through business and industrial development.

Empower Oahu communities have made economic development progress over the past six years, but many of our communities have much more to achieve with the revitalization of their economies and communities. They require additional support and assistance, such as can be provided through the CBED program.

Empower Oahu is in **full support of HB2228HD2** and urges your favorable consideration and passage of this important Bill.

Thank you for your time.

Sincerely,

Richard Pezzulo
Executive Director

testimony

From: mike [mnagasaki@hawaii.rr.com]

Sent: Tuesday, March 11, 2008 9:28 AM

To: Wayne Thom; testimony

Statement of
Michael Nagasaki
Project Manager
Kona Pacific Farmers Cooperative
Before the
**Senate COMMITTEE on ECONOMIC DEVELOPMENT
AND TAXATION**

Thursday, March 13, 2008
2:05 P.M.
State Capitol, Conference Room 224

in consideration of
HB 2228 HD1
**RELATING TO MAKING AN APPROPRIATION FOR COMMUNITY-BASED ECONOMIC
DEVELOPMENT**

Chair Fukunaga, Vice-Chair Espero and Committee members:

Kona Pacific Farmers Cooperative supports the passage of HB2228 HD1. Kona Pacific Farmers Cooperative is made up of more than 300 Kona coffee farming families here on the Big Island.

The CBED Program is unique in that it provides planning (“seed”) grants and small implementation (matching) grants to community-based non-profit organizations to build capacity and develop businesses, marketing or other necessary planning documents in order to access larger funding through Federal, State, County and other private funding resources.

With adequate funding, we feel the CBED Program can accomplish bigger and better things. The CBED Program will play a major role in assisting communities achieve their goals and vision through economic development. CBED can provide our communities the opportunities to gain the *know-how* and skills to take control over local resources, become an active cooperative community, and provide more avenues for community empowerment.

Over the past five years, there has been a lack of support of our communities by keeping the CBED Program inadequately funded, under-funded, or drained of any community funds. This is why the CBED program has had to request that the Legislature to pass an appropriations bill for its funding during the Legislative Session.

Thank you for the opportunity to offer these comments.

Legislative Testimony
SUPPORT LEGISLATION

Measure Number: House Bill 2228 HD 2

Senate Committee on Economic Development & Taxation

Chairperson: Senator Carol Fukunaga

Vice-Chairperson: Senator Will Espero

Hearing Date: March 13, 2008
Room 224

Time: 2:05p

Location:

RE: Making an appropriation for Community-Based Economic Development

Part 1

In HRS Chap. 210D: The legislature finds its fiduciary and fiscal responsibility to support the statewide CBED program.

The community – based economic development organizations are the statewide backbone of local grass roots entrepreneurship. These organizations consist of co-operatives, non-profits with for – profit arms, collaborative and incubators for startup initiatives that have “effectively” boasted the local economy by an 11 to 1 leveraging power. These organizations not only apply for grants within the state but also through leveraging power, can compete on a national level with philanthropic entities.

Community – based economic development ventures are across many disciplines: (to name a few) Agriculture/Aquaculture, Artisans, Community Empowerment, Commercial Kitchens, Cultural Restoration, Health and Wellness, Music, Tourism, Youth, Etc.

Community-based economic development crosses the boundaries of races, ideas, products, projects and initiatives. It gives credence to the entrepreneurial spirit that is basis for today’s diversity throughout the capitalist world and other growing national and international economies.

If the legislature does not support, pass and fund this bill, the CBED program will not have the financial foundation needed to expedite great projects and the State-CBED movement will meet its demise. As it stands, there is no fiscal appropriation without restraint to implement this program. A serious statement but, without funding support to the CBED communities and disciplines, the ability to leverage funding and implement community initiatives will be hindered or dormant. It will stifle the innovative ideas of communities that create another layer of entrepreneur and economic diversity within the State of Hawaii.

PART 2

APPROPRIATES \$500,000 INTO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT revolving fund to financially assist qualifying community-based organizations statewide.

Part 1 is recycled testimony in support of this legislation from last year's initiative to get funding into this program. Unfortunately, this bill did not see the light of day in the Senate WAM committee chaired by Senator Rosalyn Baker. In retrospect, the House version was supported but the bill met its demise in the cross over to the Senate. Unfortunate indeed.

While the economy of the U. S. and Hawaii—are in decline, the source of income from tourism is taking a critical dive. While economist give predictions, what one must investigate is how we keep an economy viable in spite of stock market fluxes and overall decline of the dollar over the Euro.

To diversify and have the ability to empower the local community-based organizations in developing initiatives and projects, or sustain great projects/programs will enable and attract other funding sources with fresh monies from other philanthropic entities to leverage the limited grant funds within the state. This creates or sustains employment, works for community organizing handling their own kuleana and gives tourism more local ventures/venues to pick from, which continues to make Hawaii a desired destination.

The legislature could be so bold as supplementing this budget for 2 "much needed" positions and incorporate this appropriation into this present bill.

I pray, in the legislature's infinite wisdom, see the merits of supporting this piece of legislation and encourage the Senate AND House, as a whole, to follow its lead.

Testimony submitted by: Leona M. Kalima