



**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

HOUSE COMMITTEE ON FINANCE

Thursday, February 21, 2008
3:00 P.M.
State Capitol, Conference Room 308

in consideration of
HB2228 HD1
**RELATING TO MAKING AN APPROPRIATION FOR COMMUNITY-BASED
ECONOMIC DEVELOPMENT**

Chair Oshiro, Vice-Chair Lee and Committee members:

The department supports the concept behind HB2228 HD1, 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.

FINtestimony

From: Art Mori [artm@oha.org]
Sent: Wednesday, February 20, 2008 2:01 PM
To: FINtestimony
Cc: Wayne Thom
Subject: HOUSE FINANCE TESTIMONY FOR THURSDAY/FEB 21, 2008/3:00PM/STATE CAPITOL/ROOM 308

THIS IS TESTIMONY FOR:

HOUSE COMMITTEE ON FINANCE FOR THURSDAY, FEBRUARY 21, 2008 AT 3:00PM STATE CAPITOL ROOM 308



OFFICE OF HAWAIIAN AFFAIRS
 Legislative Testimony

HB 2228 HD1 RELATING TO MAKING AN APPROPRIATION FOR COMMUNITY-BASED ECONOMIC DEVELOPMENT

House Committee on Finance

Thursday February 21, 2008 3:00 p.m. Room 308

Chair Oshiro, Vice-Chair Lee, and Committee members:

The Office of Hawaiian Affairs **Strongly Supports HB 2228 HD1**, 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 HD1** that will provide sustainable community-based economic development for Hawaii's communities.

Thank you for the opportunity to testify on this measure.

Board Members

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Jason Okuhama
Executive VP and Partner
Hawai'i Lending Specialists

Vice President

Akoni Akana
Executive Director
Friends of Moku'ula

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Wayne Tanna
Asset Building Coalition

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Ke Aupuni Lokahi

Puni Kekauoha/Adrienne Dillard
Papakolea CDC

Keikialoha Kekipi/Susie Osborne
Ho'oulu Lahui/ Kua O Ka La Public
Charter School

ʻĀkui & Gary Maunakea-Forth
WCRC/Mala Ai 'Ōpio

Rian Dubach
American Savings Bank

Tommy Otake

HACBED Staff

Robert Agres, Jr
Executive Director

Justin Fanslau
Associate Director

Larissa Meinecke
Public Policy Associate

Tony Hall
Administrative Director

House Committee on Finance
Thursday, February 21, 2008 at 3:00pm
Conference Room 308

HB 2228 HD1 – SUPPORT

MAKING AN APPROPRIATION FOR COMMUNITY-BASED ECONOMIC DEVELOPMENT

Chair Oshiro and committee members thank you for the opportunity to provide testimony in support of HB 2228 HD1 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 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.

Wai'anae Coast Coalition

A Community Planning and Development Corporation

February 19, 2008

TO: Representative Marcus Oshiro, Chair
House Committee on Finance

FROM: Joseph W. Lapilio III, Executive Director
Wai'anae Coast Coalition

SUBJECT: **Support for HB 2228, HD1** – Making an Appropriation for Community-Based Economic Development

HEARING DATE: **Thursday, February 21, 2008**

The Wai'anae Coast Coalition is pleased to provide **testimony in support** of HB 2228, HD1, to provide \$500,000 for the Hawai'i Community-Based Economic Development Technical and Financial Assistance Program to provide loans and grants to qualifying community-based economic development organizations statewide.

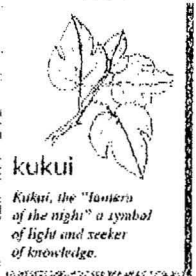
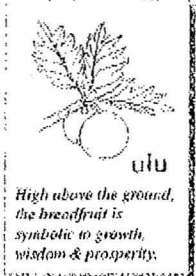
Our work on the Wai'anae Coast has increasingly focused on training and technical assistance to residents interested in starting a business or in better managing or expanding an existing enterprise.

While our economic development strategy has this focus, the need for financial support and technical assistance to non-profit organizations also engaged in economic development exists.

Through the work of the Department of Business, Economic Development and Tourism's Community Economic Development Program, our community has been able to utilize, when needed, our nonprofit base, in planning and developing the infrastructure needed for development to occur.

Over the past year, the department has supported efforts that will lead to creating a community-based certified kitchen which will be instrumental in helping residents produce food products for sale. The department has supported efforts to increase community and culture tourism projects. This year, we have expanded our community's cultural events with the intent to develop our community as a destination for those interested in experiencing the Hawaiian culture. DBEDT has also provided funding for us to develop a "Made on the Wai'anae Coast" label with additional planning taking place to create both an online presence and an actual store in our community to sell local products. All of these efforts will have a significant impact on improving the quality of life for Wai'anae Coast residents and in increasing economic opportunities and benefits for low and moderate income families.

We have been pleased with their support of our community and their responsiveness to the needs of our residents and community organizations. We ask for your support of this bill.





Hawaiian Homestead Technology Inc.

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www.hawaiiantechology.com

February 20, 2008

Representative Marcus Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
House of Representatives Committee on Finance
Hawaii State Legislature
Hawaii State Capitol
Honolulu, HI 96813

Aloha Chair Oshiro, Vice Chair Lee and Members of the Committee:

Hawaiian Homestead Technology, Inc. (HHT) is a small business community enterprise owned by the non-profit, Council for Native Hawaiian Advancement. As a small technology firm, our mission is to operate a successful technology company that returns 100% of its profits to a social and cultural mission, and brings high technology industry to our communities for gainful employment opportunities.

HHT would like to register our support for HB 2228 HD1. As you know, our non-profit parent corporation founded HHT as a result of the encouragement and assistance of the community-based economic development by advancing community enterprises (for-profit firms owned by non-profit organizations) to bring jobs and the strength of business models to our communities.

The Hawaii state government has been a powerful catalyst, providing seed funding that has resulted in our enterprises employing 19 residents on Kauai and Oahu. Our community enterprise success has enabled our firms to establish retirement accounts and healthcare benefits, as well the opportunity to learn trades in the technology, community relations and telecommunications industries.

We hope you will support the CBED program through HB 2228 HD1 and the investment at the community level that is becoming a growing solution across the state.

Sincerely,


Jade Danner
Chief Executive Officer

February 19, 2008

Statement by Richard Pezzulo
Executive Director, Empower Oahu

HB 2228 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: House Finance Committee

Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

Testimony:

Chair Oshiro, Vice Chair Lee and members of the House Finance Committee, thank you for the opportunity to provide testimony in support of HB2228, 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 HB2228 and urges your favorable consideration and passage of this important Bill.

Thank you for your time.

Sincerely,

Richard Pezzulo
Executive Director



OFFICE OF HAWAIIAN AFFAIRS
Legislative Testimony

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

House Committee on Finance

Thursday February 21, 2008 3:00 p.m. Room 308

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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 HD1** that will provide sustainable community-based economic development for Hawaii's communities.

Thank you for the opportunity to testify on this measure.

Statement of
Michael Nagasaki
Project Manager
Kona Pacific Farmers Cooperative
Before the
HOUSE COMMITTEE on FINANCE

Thursday, February 21, 2008
3:00 P.M.
State Capitol, Conference Room 308

In consideration of
HB 2228 HD 1
RELATING TO COMMUNITY-BASED ECONOMIC DEVELOPMENT

Chair Oshiro, Vice-Chair Lee and Committee members:

Kona Pacific Farmers Cooperative supports the passage of SB 2197. 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. 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.

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.