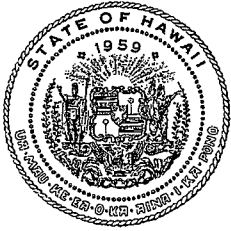


HB 1207

HD1

EDT



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 TECHNOLOGY

Monday, March 16, 2009

1:15 PM

State Capitol, Conference Room 016

in consideration of

HB 1207 HD1

RELATING TO COMMUNITY-BASED ECONOMIC DEVELOPMENT

Chair Fukunaga, Vice-Chair Baker, and Committee members:

The department supports the passage of HB 1207 HD1. This bill makes technical and “housekeeping” revisions to sections of Chapter 210D, Hawaii Revised Statutes, which created the Hawaii Community-Based Economic Development (CBED) Program, the Hawaii Community-Based Development Revolving Fund, and the CBED Advisory Council.

The purpose of this measure is to update and improve the provision of CBED services by:

- Permitting the CBED Revolving Fund to access additional funding from other sources besides the State’s General Funds, and to deposit these outside funds into the CBED Revolving Fund.
- Allowing for smaller CBED loans, and reducing the maximum interest rate on these loans. A smaller CBED loan maximum of \$250,000 is necessitated by the reduced amount of funds available. Currently the CBED loan maximum stands at \$500,000. The interest rate will be reduced from a maximum 10% simple interest to 6%.
- Clarifying the definition of “community of interest” to mean “a group of people who may not live in the same geographic area, but who are bound together through a common economic interest, e.g. coffee growers, aquaculture cooperatives, Pacific Island crafters, etc.”

On advice from our Deputy Attorney General, DBEDT also requests that the committee amend the definition of "community-based organization" by deleting the words "membership-based" so that recipients of CBED's financial assistance would no longer be required to be membership-based as many qualified nonprofits that serve a community purpose are not "membership based." Accordingly, we recommend that this committee insert into Section 2 of the bill, an amendment to the definition of "community-based organization" in section 210D-2 to read as follows:

"Community-based organization" means a [~~membership-based,~~] nonprofit corporation incorporated in the State of Hawaii that is organized and controlled by either a geographic community, a community of identity, or a community of interest and which is directly involved in community-based economic development activities."

The definition would still require the nonprofit to be organized and controlled by a geographic community, a community of identity (defined as a group of people who are bound together through a common ethnicity or personal characteristic), or a community of interest (defined as a group of people bound together through a common economic interest).

Due to the dire financial conditions of the State that affect financial assistance for community-based economic development, and the evolving challenges faced by distressed communities throughout Hawaii, it is imperative that Chapter 210D, Hawaii Revised Statutes, be revised now – in 2009, to keep pace with those challenges and needs of our most distressed communities. Facing the budget shortfalls of the next biennium, it is imperative that we take full advantage of opportunities to leverage limited State resources by accessing Federal and other private resources.

Thank you for the opportunity to offer these comments.



SENATE
THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009
HB1207 HD1, Relating to Community-Based Economic Development

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Sen. Carol Fukunaga, Chair
Sen. Rosalyn H. Baker, Vice Chair

Monday, March 16, 2009

1:15p.m.

Conference Room: 016

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB1207, HD1, which would make technical revisions and other significant updates to sections of Chapter 210D, Hawaii Revised Statutes, which created the Hawaii Community-Based Economic Development (CBED) Program, the Hawaii Community-Based Revolving Loan Fund, and the CBED Advisory Council.

The revisions proposed in the original and current versions of HB1207 will increase the ability of the Hawaii CBED Program to meet the evolving needs of non-profit community-based organizations engaged in CBED activities, which is especially critical during this current period of economic turmoil.

As is evidenced by our continued commitment of resources to CBED projects across Hawaii, OHA strongly believes in the transformative power of the CBED model, and appreciate this opportunity to revise the current Hawaii CBED Program to better meet the needs of our people.

OHA stands by our earlier testimony recommending immediate implementation of this legislation because our state agencies need the economic tools to effectively address this current financial downturn, and we urge the Committee to **PASS HB1207, HD1**. Thank you for the opportunity to testify.



ATE

March 16, 2009

Chair Carol Fukunaga
Committee on Economic Development and Technology
Hawaii State Senate
State Capitol, Conference Room 016
Honolulu, HI 96813

RE: House Bill 1207, HD 1, Relating to Community-Based Economic Development

Dear Chair Fukunaga and members of the Senate Economic Development and Technology Committee:

On behalf of the Hawaii Alliance of Nonprofit Organizations (HANO), I would like to express full support of HB 1207, HD 1.

While much of the bill language makes technical clarifications to the HRS chapter governing CBED activities and allows for more favorable conditions for loaning and granting CBED monies, we are most supportive in particular of the modification that allows the CBED revolving fund to receive additional revenue from other sources besides the state general fund. The additional leveraged resources to be secured from federal and private foundation sources will be distributed to community groups at a time when state support is diminishing and the need for economic development and stimulus is at its greatest.

HANO unites and strengthens the nonprofit sector as a collective force to improve the quality of life in Hawaii. It works in the areas of leadership and convenings; advocacy and public policy; research and information; communications; professional development; and products and services for its members to ensure best practices and standards of excellence in the nonprofit sector.

As a past grant recipient of CBED, we can attest to the impact that CBED support had on our ability as a statewide nonprofit sector intermediary to provide economic development and build capacity in the nonprofit community on all major islands.

We look forward to your favorable consideration of this bill. Thank you for the opportunity to provide written testimony.

Mahalo,
Lisa Maruyama
President and CEO