



**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 ECONOMIC REVITALIZATION, BUSINESS &  
MILITARY AFFAIRS**  
Tuesday, March 17, 2009  
7:30 a.m.  
State Capitol, Conference Room 312

**SB 294 SD 2  
RELATING TO STATE DEPARTMENTS.**

Chair McKelvey, Vice Chair Choy, and Members of the House Committee on Economic Revitalization, Business and Military Affairs.

The Department of Business, Economic Development and Tourism (DBEDT) respectfully opposes SB 294 SD 2, which amends Section 201-8, Hawaii Revised Statutes concerning the nature of the organizations to which DBEDT may address recommendations on economic development matters. The bill replaces the terms “agency” and “agencies” with “department” and “departments,” and adds the caveat “subject to legislative oversight.”

It is unclear what problem or issue this proposed change is intended to address. “Department,” we believe, refers to cabinet-level agencies of the State. DBEDT has very collaborative relationships with its sister departments, which often include responding to requests for recommendations and advice.

With regard to agencies, DBEDT regularly deals with a variety of non-department-level entities. Indeed, the Legislature has assigned many agencies to be attached to DBEDT. We believe the Legislature has attached these agencies to the

department in order for the work of these agencies to be coordinated with the economic development objectives of the State. Pursuant to this, the department has undertaken the effort to align these attached agencies with the priorities of economic development. To be clear, the independent boards of these agencies make final policy decision, but they welcome the input and often solicit the recommendations of the department. This measure would prevent the department from this function and hinder the coordinated economic development effort of the State.

Furthermore, the department regularly deals with agencies attached to other departments, often in response to their requests for information, input or recommendations. These include the Agribusiness Development Corporation of the Department of Agriculture, the State Foundation of Culture and Arts under the Department of Accounting and General Services, the Public Utilities Commission and the State Employee Retirement Fund under the Department of Budget and Finance. In all these relationships with all the agencies, whether or not attached to DBEDT, the flow of information, input and recommendations is two-way. The department often solicits the agencies' recommendations.

It is also unclear how the caveat, "subject to legislative oversight" is to be interpreted.

In its efforts to pursue and coordinate economic development efforts, DBEDT feels that the broader term "agency" is better suited to the purpose of the section.

Thank you for the opportunity to offer these comments.