

JAN 28 2009

A BILL FOR AN ACT

MAKING AN APPROPRIATION FOR SMALL BUSINESS DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The purpose of this Act is to appropriate
2 additional moneys to the Hawaii small business development
3 center network to further its mission of providing assistance to
4 small businesses through management-force training. Management-
5 force training promotes improvements in the conditions under
6 which small businesses thrive and promotes sustainable economic
7 development. This process of management-force training, as
8 practiced by the Hawaii small business development center
9 network, includes short-term intervention in Hawaii's small
10 business sector where most new jobs are created (eighty-three
11 per cent of all net new jobs in Hawaii) and where increased tax
12 revenues are generated for the State. These increased tax
13 revenues support the social, health, and educational programs of
14 the government. The Hawaii small business development center
15 network has provided management-force training statewide since
16 1990.

17 The Hawaii small business development center network
18 organization is the only accredited business assistance



1 organization in Hawaii and the only accredited business
2 assistance organization that conducts third-party annual
3 economic impact studies of its outcomes. Moreover, it is part
4 of a matching-funds program partially funded by the United
5 States Small Business Administration, the University of Hawaii
6 at Hilo, and a consortium of other federal, state, and private-
7 sector sponsors and partners.

8 This investment in human capital will lead to real,
9 sustained growth and increased productivity. Funding provided
10 under this Act will generate an annual economic impact of
11 approximately \$29,000,000. This projection is based on an
12 independent economic impact study completed in 2004 by the
13 Annual Economic Impact of the Hawaii Small Business Development
14 Center. According to the study, for every dollar invested by
15 the State, \$4.45 was returned to the State in the first year in
16 new incremental taxes from job creation, retention of existing
17 jobs, and sales increases.

18 SECTION 2. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$699,000 or so much
20 thereof as may be necessary for fiscal year 2009-2010 to create
21 sustainable economic development through consulting and training



1 services at the Hawaii small business development center network
2 to be allocated as follows:

- 3 (1) \$111,000 to fund a sustainable energy initiative among
4 small businesses. These funds will be used to create
5 a statewide initiative to assist small businesses in
6 managing spiraling energy costs. The initiative will
7 enable the Hawaii small business development center
8 network to coordinate university, public utility,
9 state agency, federal government, and other small
10 business resources with its own resources, including
11 the research facilities of the Hawaii business
12 research library, leveraging its unparalleled position
13 in the small business community to effect change.
14 Controlling or reducing energy costs provides an
15 immediate "bottom-line" benefit to small businesses
16 and a substantial economic impact to the State;
- 17 (2) \$111,000 to fund a statewide international trade
18 initiative among small businesses, leveraging the
19 resources of state and federal agencies working to
20 assist small businesses develop international trade
21 with the resources of the Hawaii small business



1 development center network, including those of the
2 Hawaii business research library;

3 (3) \$300,000 to fund a statewide high technology
4 initiative among small businesses in order to focus an
5 increasingly substantial segment of the Hawaii small
6 business development center network's resources on
7 high technology and fast growth businesses. Current
8 research shows that the greatest job growth occurs
9 with high-impact businesses, particularly those with
10 twenty-five or fewer employees. The consulting
11 expertise that most entrepreneurs in high technology
12 and fast growth businesses need includes not only
13 traditional consultant knowledge of business and
14 market planning, finance, accounting, and human
15 resource issues, but also knowledge to address
16 intellectual property issues, equity-based
17 capitalization, small business innovation research
18 funding, and global market development;

19 (4) \$108,000 to fund additional capacity at the Honolulu
20 center. Currently, there is only one Hawaii small
21 business development center network consultant
22 available in Honolulu for the entire island of Oahu.



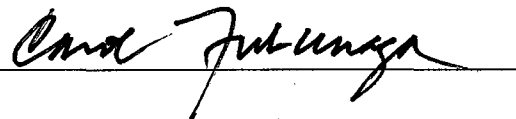
1 With the high number of small businesses and new
2 entrepreneurs on Oahu, it is important to provide
3 sufficient resources to reduce to more acceptable
4 levels waiting lists for services and response time to
5 requests for assistance. This funding will enable the
6 Hawaii small business development center network to
7 hire one additional full-time, business consultant for
8 the Honolulu center. It is a fully impacted cost; and
9 (5) \$69,000 to fund costs associated with sustaining the
10 organization. The Hawaii small business development
11 center network has long deferred costs associated with
12 increasing prices for rent, travel, salaries and
13 benefits, and equipment. A quality organization
14 cannot long be maintained without addressing these
15 issues.

16 The sum appropriated shall be expended by the University of
17 Hawaii at Hilo for the purposes of this Act.

18 SECTION 3. This Act shall take effect on July 1, 2009.

19

INTRODUCED BY:



Report Title:

Hawaii Small Business Development Center Network; Appropriation

Description:

Appropriates funds to support the statewide economic development program of the Hawaii small business development center network.

