



REVISED TESTIMONY (LATE)

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

**DEPARTMENT OF BUSINESS,
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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Thursday, March 31, 2011
5:00 pm
State Capitol, Conference Room 308

in consideration of
SB 752 SD2 HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Oshiro, Vice Chair Lee, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 752 SD2 HD1 that proposes that the Community-Based Economic Development (CBED) and Enterprise Zone (EZ) Programs' personnel and operating costs be funded through the Community-Based Economic Development Revolving Fund; clarifies that monies in the Hydrogen Investment Capital Special Fund are to be expended by the Hawaii Strategic Development Corporation; and establishes the DBEDT Operation Special Fund. We defer testimony on Part II of this bill to the Hawaii Strategic Development Corporation.

DBEDT believes that the CBED and EZ programs are important economic generators for the State, and have the potential to significantly assist Hawaii's small businesses, expand job creation, and build the capacity of the community-based non-profit sectors towards sustainability through financial and technical assistance to develop more healthy economic environments in our communities.

Regarding Part III of the bill, while DBEDT supports the intent, we defer to the affected agencies from which these surcharges will come from. Some of these agencies have some issues in the implantation, such as DLIR-HIOSH may have to hire additional clerical personnel to implement. Thank you for the opportunity to provide these comments.



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Written Statement of

Karl Fooks
President

Hawaii Strategic Development Corporation

before the
HOUSE COMMITTEE ON FINANCE
March 31, 2011
5:00 PM
State Capitol, Conference Room 308

LATE TESTIMONY

In consideration of
SB 752 SD2 HD1 RELATING TO ECONOMIC DEVELOPMENT

Chair Oshiro, Vice Chair Lee and Members of the Committee on Finance:

The Hawaii Strategic Development Corporation (HSDC) supports SB 752 SD2 HD1, Part II, which amends HRS 211F to clarify HSDC's oversight role with the Hydrogen Investment Capital Special Fund.

When the Hydrogen Investment Capital Special Fund was created it was housed within HSDC's statute, but expending authority was given to the Department of Business Economic Development and Tourism (DBEDT). DBEDT has administered this program to date and HSDC has not been actively involved. With staff changes at DBEDT, HSDC has been requested to provide active oversight over the program. To effect this change, HSDC has been advised to have the expending authority for this program changed to HSDC from DBEDT. The program's funds have been fully encumbered and management of the fund has been contracted to a private fund manager. None of the current arrangements would be affected. HSDC will consider the special fund part of HSDC's investment portfolio and HSDC will manage this program on the same basis as the other investment funds in our portfolio. There is no impact on the General Fund and no impact on the special fund.

Thank you for the opportunity to submit testimony on this bill.

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TO: Representative Marcus R. Oshiro
Chair, Committee on Finance
Via Facsimile: 586-6001

FROM: Gary M. Slovin

DATE: March 30, 2011

RE: **S.B. 752, SD2, HD1 – Relating to Economic Development
Hearing: Thursday, March 31, 2011 at 5:00 p.m.
Agenda #4**

LATE TESTIMONY

Dear Chair Oshiro and Members of the Committee on Finance:

I am Gary Slovin, testifying on behalf of USAA. USAA, a diversified financial services company, is the leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families. USAA has over 82,000 members in Hawaii, the vast majority of which are military-based members.

USAA **opposes** S.B. 752, S.D. 2, H.D. 1, which, among other things, establishes the Department of Business, Economic Development, and Tourism (“DBEDT”) Operation Special Fund (DBEDT Fund) and imposes a temporary surcharge on certain fees charged by certain departments for deposit into DBEDT Fund.

Specifically, USAA opposes Section 9 of this measure, which permits the Department of Commerce and Consumer Affairs (“DCCA”) to impose a \$20 surcharge on professional licenses (page 5, line 21 through page 6, line 7). These licensing fees were already raised dramatically via Act 59, SLH 2010.

Additionally, it appears Section 9 will impose a surcharge on the tax on insurance premiums (page 5, line 21 through page 6, line 14) and a surcharge on the bank and financial corporations tax (page 7, lines 3-14). This seems to be incorrect.

Thank you for the opportunity to submit comments on this measure.