



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
RICHARD C. LIM
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Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS

Tuesday, March 22, 2011

8:00 am

State Capitol, Conference Room 312

in consideration of

SB 752 SD2

RELATING TO ECONOMIC DEVELOPMENT

Chair McKelvey, Vice Chair Choy, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 752 SD2 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. We defer testimony on Part II of this bill to the Hawaii Strategic Development Corporation.

We respectfully request that this committee consider adding an amendment to this bill that would explicitly exempt the CBED Revolving Fund's community grants program from Section 103D in regards to procurement. Recently the state's procurement office chief indicated to CBED program management and deputy attorney general that the CBED community grants program is subject to the procurement codes(s) under Section 103D. This would place the CBED program in violation of the procurement code since 1993. Our deputy attorney general has indicated her department's disagreement with the state procurement office.

DBEDT recommends an addition to Page 1, Section 2 (Lines 6-7) to say, "**[Section] Sections 210D-4 and Sections 210D-13, Hawaii Revised Statutes, [is] are amended to read as follows:**" Then add on Page 2, Section 2 (b), after line 15: " (4) **210D-13 Exemption from**

~~[chapter]~~ **chapters 42F and 103D.** The provisions of [chapter] **chapters 42F and 103D** shall not apply to the grants made pursuant to this chapter, ..."

Overall, DBEDT agrees that these 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 nonprofit sectors towards sustainability through financial and technical assistance to develop a more healthy economic environment in our communities.

Thank you for the opportunity to provide these comments.