

JAN 23 2014

A BILL FOR AN ACT

RELATING TO THE ECONOMY.

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

1 SECTION 1. The purpose of this Act is to promote and
2 encourage innovative activity and its entrepreneurs by amending
3 the state plan policies, objectives, and priority guidelines
4 concerning the economy and information technology.

5 SECTION 2. Section 226-6, Hawaii Revised Statutes, is
6 amended by amending subsection (b) to read as follows:

7 "(b) To achieve the general economic objectives, it shall
8 be the policy of this State to:

9 (1) Promote and encourage entrepreneurship within Hawaii
10 by residents and nonresidents of the State.

11 ~~[(1)]~~ (2) Expand Hawaii's national and international
12 marketing, communication, and organizational ties, to
13 increase the State's capacity to adjust to and
14 capitalize upon economic changes and opportunities
15 occurring outside the State.

16 ~~[(2)]~~ (3) Promote Hawaii as an attractive market for
17 environmentally and socially sound investment
18 activities that benefit Hawaii's people.



1 (4) Transform and maintain Hawaii as a place that welcomes
2 and facilitates innovative activity that may lead to
3 commercial opportunities.

4 (5) Promote innovative activity that may pose initial
5 risks, but may ultimately contribute to the economy of
6 Hawaii.

7 [~~+3~~] (6) Seek broader outlets for new or expanded Hawaii
8 business investments.

9 [~~+4~~] (7) Expand existing markets and penetrate new markets
10 for Hawaii's products and services.

11 [~~+5~~] (8) Assure that the basic economic needs of Hawaii's
12 people are maintained in the event of disruptions in
13 overseas transportation.

14 [~~+6~~] (9) Strive to achieve a level of construction
15 activity responsive to, and consistent with, state
16 growth objectives.

17 [~~+7~~] (10) Encourage the formation of cooperatives and other
18 favorable marketing arrangements at the local or
19 regional level to assist Hawaii's small scale
20 producers, manufacturers, and distributors.



1 ~~[+8]~~ (11) Encourage labor-intensive activities that are
2 economically satisfying and which offer opportunities
3 for upward mobility.

4 (12) Encourage innovative activities that may not be labor-
5 intensive, but may otherwise contribute to the economy
6 of Hawaii.

7 ~~[+9]~~ (13) Foster greater cooperation and coordination
8 between the government and private sectors in
9 developing Hawaii's employment and economic growth
10 opportunities.

11 ~~[+10]~~ (14) Stimulate the development and expansion of
12 economic activities which will benefit areas with
13 substantial or expected employment problems.

14 ~~[+11]~~ (15) Maintain acceptable working conditions and
15 standards for Hawaii's workers.

16 ~~[+12]~~ (16) Provide equal employment opportunities for all
17 segments of Hawaii's population through affirmative
18 action and nondiscrimination measures.

19 ~~[+13]~~ (17) Stimulate the development and expansion of
20 economic activities capitalizing on defense, dual-use,
21 and science and technology assets, particularly on the



1 neighbor islands where employment opportunities may be
2 limited.

3 [~~(14)~~] (18) Encourage businesses that have favorable
4 financial multiplier effects within Hawaii's economy,
5 particularly with respect to emerging industries in
6 science and technology.

7 [~~(15)~~] (19) Promote and protect intangible resources in
8 Hawaii, such as scenic beauty and the aloha spirit,
9 which are vital to a healthy economy.

10 [~~(16)~~] (20) Increase effective communication between the
11 educational community and the private sector to
12 develop relevant curricula and training programs to
13 meet future employment needs in general, and
14 requirements of new~~[7]~~ or innovative potential growth
15 industries in particular.

16 [~~(17)~~] (21) Foster a business climate in Hawaii--including
17 attitudes, tax and regulatory policies, and financial
18 and technical assistance programs--that is conducive
19 to the expansion of existing enterprises and the
20 creation and attraction of new business and industry."

21 SECTION 3. Section 226-10, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "§226-10 Objective and policies for the economy--potential
2 growth and innovative activities. (a) Planning for the State's
3 economy with regard to potential growth activities shall be
4 directed towards achievement of the objective of development and
5 expansion of potential growth and innovative activities that
6 serve to increase and diversify Hawaii's economic base.

7 (b) To achieve the potential growth and innovative
8 activity objective, it shall be the policy of this State to:

9 (1) Facilitate investment and employment growth in
10 economic activities that have the potential to expand
11 and diversify Hawaii's economy, including but not
12 limited to diversified agriculture, aquaculture,
13 renewable energy development, creative media, health
14 care, and science and technology-based sectors;

15 (2) Facilitate investment in innovative activity that may
16 pose risks or be less labor-intensive than other
17 traditional business activity, but if successful, will
18 generate revenue in Hawaii through the export of
19 services or products or substitution of imported
20 services or products;

21 (3) Encourage entrepreneurship in innovative activity by
22 academic researchers and instructors who may not have



1 the background, skill, or initial inclination to
2 commercially exploit their discoveries or
3 achievements;

4 (4) Recognize that innovative activity is not exclusively
5 dependent upon individuals with advanced formal
6 education, but that many self-taught, motivated
7 individuals are able, willing, sufficiently
8 knowledgeable, and equipped with the attitude
9 necessary to undertake innovative activity;

10 (5) Increase the opportunities for investors in innovative
11 activity and talent engaged in innovative activity to
12 personally meet and interact at cultural, art,
13 entertainment, culinary, athletic, or visitor-oriented
14 events without a business focus;

15 [~~+2~~] (6) Expand Hawaii's capacity to attract and service
16 international programs and activities that generate
17 employment for Hawaii's people;

18 [~~+3~~] (7) Enhance and promote Hawaii's role as a center for
19 international relations, trade, finance, services,
20 technology, education, culture, and the arts;



- 1 [~~4~~] (8) Accelerate research and development of new
2 energy-related industries based on wind, solar, ocean,
3 [~~and~~] underground resources, and solid waste;
- 4 [~~5~~] (9) Promote Hawaii's geographic, environmental,
5 social, and technological advantages to attract new or
6 innovative economic activities into the State;
- 7 [~~6~~] (10) Provide public incentives and encourage private
8 initiative to attract new or innovative industries
9 that best support Hawaii's social, economic, physical,
10 and environmental objectives;
- 11 [~~7~~] (11) Increase research and the development of ocean-
12 related economic activities such as mining, food
13 production, and scientific research;
- 14 [~~8~~] (12) Develop, promote, and support research and
15 educational and training programs that will enhance
16 Hawaii's ability to attract and develop economic
17 activities of benefit to Hawaii;
- 18 [~~9~~] (13) Foster a broader public recognition and
19 understanding of the potential benefits of new~~[7]~~ or
20 innovative growth-oriented industry in Hawaii;
- 21 [~~10~~] (14) Encourage the development and implementation of
22 joint federal and state initiatives to attract federal



1 programs and projects that will support Hawaii's
2 social, economic, physical, and environmental
3 objectives;

4 ~~[(+11)]~~ (15) Increase research and development of businesses
5 and services in the telecommunications and information
6 industries; ~~[and]~~

7 ~~[(+12)]~~ (16) Foster the research and development of nonfossil
8 fuel and energy efficient modes of transportation~~[-]~~;
9 and

10 (17) Recognize and promote health care and health care
11 information technology as growth industries."

12 SECTION 4. Section 226-10.5, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§226-10.5 Objectives and policies for the economy--**
15 **information industry.** (a) Planning for the State's economy
16 with regard to telecommunications and information technology
17 shall be directed toward recognizing that broadband and wireless
18 communication capability and infrastructure are the foundation
19 for an innovative economy and positioning Hawaii as a leader in
20 broadband and wireless communications and applications in the
21 Pacific Region.



1 (b) To achieve the information industry objective, it
2 shall be the policy of this State to:

3 (1) Promote efforts to attain the highest speed of
4 electronic and wireless communication within Hawaii
5 and between Hawaii and the world, and make high speed
6 communication available to all residents and
7 businesses in Hawaii;

8 [~~1~~] (2) Encourage the continued development and expansion
9 of the telecommunications infrastructure serving
10 Hawaii to accommodate future growth and innovation in
11 the [~~information industry;~~] Hawaii's economy;

12 [~~2~~] (3) Facilitate the development of new or innovative
13 business and service ventures in the information
14 industry which will provide employment opportunities
15 for the people of Hawaii;

16 (4) Encourage mainland- and foreign-based companies,
17 whether big or small or information technology-focused
18 or not, to allow their principals, employees, or
19 contractors to live in and work from Hawaii using
20 technology to communicate with headquarters or out-of-
21 state customers;



1 [~~3~~] (5) Encourage greater cooperation between the public
2 and private sectors in developing and maintaining a
3 well- designed information industry;

4 [~~4~~] (6) Ensure that the development of new businesses and
5 services in the industry are in keeping with the
6 social, economic, and physical needs and aspirations
7 of Hawaii's people;

8 [~~5~~] (7) Provide opportunities for Hawaii's people to
9 obtain job training and education that will allow for
10 upward mobility within the information industry;

11 [~~6~~] (8) Foster a recognition of the contribution of the
12 information industry to Hawaii's economy; and

13 [~~7~~] (9) Assist in the promotion of Hawaii as a broker,
14 creator, and processor of information in the Pacific."

15 SECTION 5. Section 226-103, Hawaii Revised Statutes, is
16 amended as follows:

17 1. By amending subsection (a) to read:

18 "(a) Priority guidelines to stimulate economic growth and
19 encourage business expansion and development to provide needed
20 jobs for Hawaii's people and achieve a stable and diversified
21 economy:



1 (1) Seek a variety of means to increase the availability
2 of investment capital for new and expanding
3 enterprises.

4 (A) Encourage investments which:

5 (i) Reflect long term commitments to the State;

6 (ii) Rely on economic linkages within the local
7 economy;

8 (iii) Diversify the economy;

9 (iv) Reinvest in the local economy;

10 (v) Are sensitive to community needs and
11 priorities; and

12 (vi) Demonstrate a commitment to provide
13 management opportunities to Hawaii
14 residents[-]; and

15 (B) Encourage investments in innovative activity that

16 have a nexus to the State, such as:

17 (i) Present or former residents acting as
18 entrepreneurs or principals;

19 (ii) Academic support at an institution of higher
20 education in Hawaii;

21 (iii) Investment interest from Hawaii residents;



- 1 (iv) Unique resources required for innovative
2 activity; and
- 3 (v) Complementary or supportive industries or
4 government programs or projects.
- 5 (2) Encourage the expansion of technological research to
6 assist industry development and support the
7 development and commercialization of technological
8 advancements.
- 9 (3) Improve the quality, accessibility, and range of
10 services provided by government to business, including
11 data and reference services and assistance in
12 complying with governmental regulations.
- 13 (4) Seek to ensure that state business tax and labor laws
14 and administrative policies are equitable, rational,
15 and predictable.
- 16 (5) Streamline the building and development permit and
17 review [~~process,~~] and telecommunication infrastructure
18 installation approval processes and eliminate or
19 consolidate other burdensome or duplicative
20 governmental requirements imposed on business, where
21 scientific evidence indicates that public health,
22 safety, and welfare would not be adversely affected.



- 1 (6) Encourage the formation of cooperatives and other
2 favorable marketing or distribution arrangements at
3 the regional or local level to assist Hawaii's small-
4 scale producers, manufacturers, and distributors.
- 5 (7) Continue to seek legislation to protect Hawaii from
6 transportation interruptions between Hawaii and the
7 continental United States.
- 8 (8) Provide public incentives and encourage private
9 initiative to develop and attract industries which
10 promise long-term growth potentials and which have the
11 following characteristics:
- 12 (A) An industry that can take advantage of Hawaii's
13 unique location and available physical and human
14 resources.
- 15 (B) A clean industry that would have minimal adverse
16 effects on Hawaii's environment.
- 17 (C) An industry that is willing to hire and train
18 Hawaii's people to meet the industry's labor
19 needs at all levels of employment.
- 20 (D) An industry that would provide reasonable income
21 and steady employment.



- 1 (9) Support and encourage, through educational and
2 technical assistance programs and other means,
3 expanded opportunities for employee ownership and
4 participation in Hawaii business.

- 5 (10) Enhance the quality of Hawaii's labor force and
6 develop and maintain career opportunities for Hawaii's
7 people through the following actions:
 - 8 (A) Expand vocational training in diversified
9 agriculture, aquaculture, information industry,
10 and other areas where growth is desired and
11 feasible.
 - 12 (B) Encourage more effective career counseling and
13 guidance in high schools and post-secondary
14 institutions to inform students of present and
15 future career opportunities.
 - 16 (C) Allocate educational resources to career areas
17 where high employment is expected and where
18 growth of new industries is desired.
 - 19 (D) Promote career opportunities in all industries
20 for Hawaii's people by encouraging firms doing
21 business in the State to hire residents.



1 (E) Promote greater public and private sector
2 cooperation in determining industrial training
3 needs and in developing relevant curricula and
4 on- the-job training opportunities.

5 (F) Provide retraining programs and other support
6 services to assist entry of displaced workers
7 into alternative employment."

8 2. By amending subsection (g) to read:

9 "(g) Priority guidelines to promote the development of the
10 information industry:

11 (1) Establish an information network, with an emphasis on
12 broadband and wireless infrastructure and capability,
13 that will serve as the foundation of and catalyst for
14 [establishing a viable information industry] overall
15 economic growth and diversification in Hawaii.

16 (2) Encourage the development of services such as
17 financial data processing, a products and services
18 exchange, foreign language translations,
19 telemarketing, teleconferencing, a twenty-four-hour
20 international stock exchange, international banking,
21 and a Pacific Rim management center.



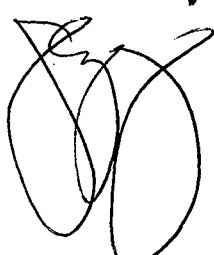
- 1 (3) Encourage the development of small businesses in the
2 information field such as software development[7]; the
3 development of new information systems [~~and~~],
4 peripherals, and applications; data conversion and
5 data entry services[7]; and home or cottage services
6 such as computer programming, secretarial, and
7 accounting services.
- 8 (4) Encourage the development or expansion of educational
9 and training opportunities for residents in the
10 information and telecommunications fields.
- 11 (5) Encourage research activities, including legal
12 research in the information and telecommunications
13 fields.
- 14 (6) Support promotional activities to market Hawaii's
15 information industry services.
- 16 (7) Encourage the location or co-location of
17 telecommunication or wireless information relay
18 facilities in the community, including public areas,
19 where scientific evidence indicates that the public
20 health, safety, and welfare would not be adversely
21 affected."



1 SECTION 6. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect upon its approval.
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S.B. NO. 2981

Report Title:

State Plan; Economy; Innovation

Description:

Amends the state plan policies, objectives, and priority guidelines to promote and encourage innovative activity in the economy.

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