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# 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 entrepreneurs by amending the  
3 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  
18       other 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~~er~~ 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.



**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. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

