

Honolulu, Hawaii

February 5, 2016

RE: H.B. No. 2262

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2262 entitled:

"A BILL FOR AN ACT RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose of this measure is to increase economic development in the State through promotion of manufacturing by appropriating funds for the continuation of the manufacturing grant program in the High Technology Development Corporation.

The High Technology Development Corporation, The Chamber of Commerce of Hawaii, and KYD, Inc. dba K. Yamada Distributors testified in support of this bill.

As one of the most isolated land masses on earth, Hawaii must import approximately 90 percent of all products consumed annually in the State. However, manufacturers in Hawaii produce goods that are in demand across the United States and around the world. Thus, developing and supporting manufacturing in Hawaii could serve two purposes. First, in-state manufacturing could reduce Hawaii's need to import consumer products. Second, exporting more products made in-state could lead to greater economic development.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local

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economy by exporting nearly \$570 million in manufactured goods in 2012.

Recognizing the potential economic benefits provided by the manufacturing industry, the Legislature appropriated \$2,000,000 in 2015 to establish a manufacturing grant program within the High Technology Development Corporation to assist companies with qualified manufacturing expenses. However, delays in establishing this program have occurred as the due process for the adoption of rules has taken longer than expected. While the High Technology Development Corporation has prepared rules for this program, distribution of grant monies cannot occur until these rules are adopted. As the initial appropriation for this program lapses at the end of the current fiscal year, your Committee finds that the appropriation contained in this measure is necessary to extend the manufacturing grant program.

Your Committee has amended this measure by changing the appropriation from \$1,000,000 to an unspecified amount. Should the Committee on Finance deliberate this measure further, your Committee on Economic Development and Business respectfully requests that it consider appropriating \$2,000,000 for the continuation of the manufacturing grant program in the High Technology Development Corporation.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2262, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2262, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSUR44-16

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 2262	Committee Referral: EDB, FIN	Date: 2 FEB 16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DeCOITE, Lynn	✓			
7. ITO, Ken	✓			
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene	✓			
TOTAL (14)	14			
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Samuel S. Kong</i></u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				