

Honolulu, Hawaii

March 23, 2016

RE: S.B. No. 3109
S.D. 1
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 S.B. No. 3109, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MANUFACTURING,"

begs leave to report as follows:

The purpose of this measure is to increase economic development in the State through the promotion of manufacturing by extending, for one year, the lapse date for the appropriation of funds for the continuation of the manufacturing grant program in the High Technology Development Corporation.

The High Technology Development Corporation, Meadow Gold Dairies, KYD, Inc. dba K. Yamada Distributors, Hawaii Food Industry Association, and Chamber of Commerce Hawaii testified in support of this measure.

Recognizing the potential economic benefits provided by the manufacturing industry, the Legislature appropriated \$2,000,000 in the Regular Session of 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 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

SB3109 HD1 HSCR EDB HMS 2016-2694



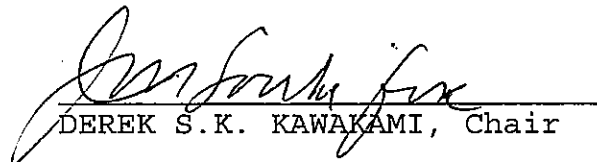
Committee finds that extending the lapse date for funds appropriated in 2015 by one year will allow for the implementation of the manufacturing grant program, thereby strengthening Hawaii's manufacturing economy.

Your Committee further notes that, according to the High Technology Development Corporation, rules regarding the manufacturing grant program were adopted in late February. Since that time, 21 grant applications have been received with a total value of approximately \$1.2 million. Your Committee finds that this is a promising sign that the program will be successful and that the provision of additional funding for fiscal year 2016-2017 deserves consideration. Accordingly, your Committee has amended this measure by additionally appropriating an unspecified sum for fiscal year 2016-2017 for the continuation of the manufacturing grant program.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

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 S.B. No. 3109, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3109, S.D. 1, 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,

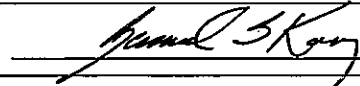

DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HSCR 1173-16

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: SB 3109, SD1	Committee Referral: EDB, FIN	Date: 3/15/2016		
<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. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				