



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

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND
TECHNOLOGY**

Monday, March 21, 2016
1:30pm
State Capitol, Conference Room 414

in consideration of
HB 2289, HD2
**RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.**

Chair Wakai, Vice Chair Slom and Members of the Committee on Economic Development, Environment, and Technology. The Department of Business, Economic Development, and Tourism (DBEDT) **strongly supports** HB 2289, HD2, an administration bill. This measure will support DBEDT's efforts to assist Community-Based Economic Development (CBED) initiatives in the State's overall economic development strategy. Community-based organizations are normally rural located and serve the distressed areas of our State. Many embark upon economic development activities in order to finance their worthy goals. This bill will allow DBEDT to help more community-based organizations achieve their economic development objectives.

Under CBED's current statute, the definition of "community-based organization," is limited to organizations that are "membership-based" nonprofits in order to participate in CBED grant and technical assistance programs. However, there are a number of nonprofit organizations active in community-based economic development that are not "membership-based." This bill seeks to allow the CBED program greater flexibility by enabling the program to assist qualified non-profit organizations to participate in CBED programs.

The CBED program has been in existence for almost 25 years. Throughout its history, it has assisted over a thousand organizations with grants, loans and technical assistance and created numerous jobs in the process. In order for the CBED program to be more self-sustaining through its revolving fund, the program has transitioned from making grants to emphasizing making loans. As a result, the program itself has become revenue generating. The fund, however, has a balance of only \$88,724 as of June 30, 2015.

With the proposed change in the statute to broaden the definition of a community-based organization, coupled with the funding request for one million dollars, the CBED program of DBEDT can assist Hawaii's vital community-based entities of our economy to grow and become sustainable.

Thank you for the opportunity to provide testimony.

March 18, 2016

The Honorable Glenn Wakai, Chair

The Honorable Sam Slom, Vice-Chair

Senate Committee on Economic Development, Environment, and Technology

RE: HB 2289, HD2-Relating to the Hawaii Community-Based Economic Development Technical and Financial Assistance Program.

Chair Wakai, Vice Chair Slom and Members of the Committee.

House Bill 2289 HD2 will allow DBEDT's Community Based Economic Development program to assist more nonprofit organizations. As Chairperson of the CBED Advisory Council, I have seen first-hand the good that the program has done over the years. Without the support of the program many organizations would not be in existence today or have achieved their level of organization.

The proposed change in statute would broaden the definition of a community-based organization allowing the program to assist a greater number of deserving groups. In addition with the funding request it will allow the program to be more self-sustaining and grow community organizations to become self-sufficient and grow.

I humbly request your support of this very important measure and thank you for the opportunity to provide testimony.

Dean Matsukawa

Chair CBED Advisory Council

DATE: March 21, 2016
1:30 PM
Conference Room 414

TO: Chair Glenn Wakai, Vice-Chair Sam Slom and Members of the Senate
Economic Development, Environment and Technology Committee

MEASURE: HB 2289 HD2

SUBJ: Testimony in Support HB 2289 HD2

Aloha Chair Wakai, Vice Chair Slom and Members of the Senate Economic Development, Environment and Technology Committee. My name is Bob Hall, partner with Pacific Growth Associates, and I submit testimony in support of HB 2289 HD2.

Community based organizations (CBOs) in Hawaii have played an important role in supporting economic development, education, health and small business within their respective communities. They are catalytic in nurturing local, sustainable initiatives. Most seek grant and private funding year round for operational support and key community projects. Many also seek Legislative support each year through Grant in Aide.

The Community-based Economic Development Revolving Fund, facilitated by DBEDT, provides yet another opportunity for CBOs. These proposed changes to the Hawaii Community-Based Economic Development Technical and Financial Assistance Program provides program enhancements to definition and qualification, program efficiency through a smaller advisory council, and program compliance for non-discrimination. HB 2289 HD2 further seeks appropriate funding to "make all of this happen".

Pacific Growth Associates (PGA) is a strong advocate for successful CBOs. During the last 3 years, PGA has leveraged over \$50 million in private equity through the New Market Tax Credit Program, which in turn have built 3 federally qualified health centers, 1 commercial kitchen and the 1 community center on Hawaiian homestead lands.

PGA supports HB 2289 HD2 and its intended results, as it will further help CBOs.

Respectfully Submitted,



Bob Hall, Partner
Pacific Growth Associates