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## A BILL FOR AN ACT

RELATING TO BUSINESS DEVELOPMENT.

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

1 SECTION 1. The legislature finds that diversifying the  
2 economy is critical to the future of the State.

3 Accordingly, the purpose of this Act is to establish the  
4 high-growth grant program within the department of business,  
5 economic development, and tourism to assist qualified businesses  
6 by providing grants for specific business development purposes.

7 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
8 amended by adding a new section to part I to be appropriately  
9 designated and to read as follows:

10 "§201- High-growth grant program; high-growth grant  
11 program special fund; established. (a) There is established  
12 within the department a business development grant program that  
13 shall be known as the high-growth grant program. The high-  
14 growth grant program shall assist qualified businesses by  
15 providing grants to:

16 (1) Expand business operations;

17 (2) Improve business productivity; or



1        (3) Invest in food safety or quality control programs.

2        (b) The department shall issue grants to finance:

3        (1) Equipment purchases;

4        (2) Management and workforce training;

5        (3) Infrastructure improvements; and

6        (4) Consulting or feasibility studies.

7        (c) There is established in the state treasury the high-  
8 growth grant special fund to be administered by the department  
9 of business, economic development, and tourism and into which  
10 shall be deposited appropriations made by the legislature to the  
11 fund. Moneys in the special fund shall be used for the purposes  
12 of this section.

13        (d) The high-growth grant program shall provide grants to  
14 qualified businesses in an amount no greater than forty per cent  
15 of the amount that is privately invested in a business for one  
16 or more of the purposes set forth in subsection (a); provided  
17 that the program shall provide no more than \$400,000 to any  
18 specific qualified business in one calendar year.

19        (e) The department shall adopt rules pursuant to chapter  
20 91 to implement this section.



1        (f) As used in this section, "qualified business" means a  
2 business that has:

3        (1) Been in business for at least two full years; and

4        (2) Demonstrated the ability to export products."

5        SECTION 3. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$4,000,000 or so much  
7 thereof as may be necessary for fiscal year 2016-2017 to be  
8 deposited into the high-growth grant special fund.

9        SECTION 4. There is appropriated out of the high-growth  
10 grant special fund the sum of \$4,000,000 or so much thereof as  
11 may be necessary for fiscal year 2016-2017 for the high-growth  
12 grant program to provide grants to qualified businesses;  
13 provided that no more than \$100,000 may be used to administer  
14 the program.

15        The sum appropriated shall be expended by the department of  
16 business, economic development, and tourism for the purposes of  
17 this Act.

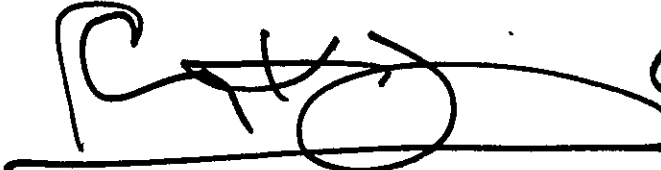





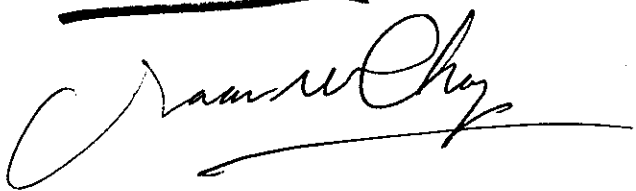
18        SECTION 5. New statutory material is underscored.



1 SECTION 6. This Act shall take effect on July 1, 2016.

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INTRODUCED BY:

	
	
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JAN 26 2016



# H.B. NO. 2545

**Report Title:**

Business Development; Grant Program; Special Fund; Established; Appropriation

**Description:**

Establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development activities. Makes an appropriation.

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





**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  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS**

Tuesday, February 09, 2016  
9:00 am  
State Capitol, Conference Room 312

in consideration of  
**HB 2545**  
**RELATING TO BUSINESS DEVELOPMENT.**

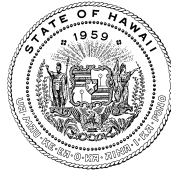
Chair Kawakami, Vice Chair Kong and members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB 2545 as long as it does not either replace or adversely impact the Administration's priorities. DBEDT appreciates that this measure will support business in general.

We defer to the Department of Budget and Finance for the fiscal impact of this measure on the State budget.

Thank you for the opportunity to provide this testimony.

DAVID Y. IGE  
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA  
DIRECTOR

RODERICK K. BECKER  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

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BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS  
ON  
HOUSE BILL NO. 2545

February 9, 2016  
9:00 a.m.



RELATING TO BUSINESS DEVELOPMENT

House Bill No. 2545: establishes the High-Growth Grant Program; establishes a special fund to provide grants to qualified businesses for certain business development activities; and appropriates funds.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2545, it does not appear that the proposed special fund would be self-sustaining.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Economic Development & Business**  
**Tuesday, February 9, 2016 at 9:00 A.M.**  
**Conference Room 312, State Capitol**

**LATE**

**RE: HOUSE BILL 2545 RELATING TO BUSINESS DEVELOPMENT**

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2545, which establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development activities.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports efforts to expand and diversify the economy. HB 2545 would provide necessary capital to assist small businesses in expansion, improving the quality and efficiency of their operations, and to stay updated with safety and quality control programs. It is crucial that Hawaii's businesses receive support in order to grow to the next level and be able to compete globally.

Thank you for the opportunity to testify.