

HB716

RELATING TO INNOVATIVE BUSINESS
INTERACTION.

Establishes an innovative business interaction program under DBEDT, with the assistance of the Hawaii Tourism Authority. Increases the transient accommodations tax revenues deposited into the Tourism Special Fund by an amount to be used for the program. Appropriates funds. (HB716 HD2)



**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 COMMITTEES ON TOURISM AND INTERNATIONAL AFFAIRS
And
ECONOMIC DEVELOPMENT AND TECHNOLOGY
Monday, March 23, 2015
2:45 PM
State Capitol, Conference Room 225
In consideration of
HB 716, HD2

RELATING TO INNOVATIVE BUSINESS INTERACTION.

Chairs Kahele and Wakai, Vice Chairs English and Slom, and Members of the Committees.

The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of this bill which seeks to establish an innovative business interaction program for investors and innovative talent, bringing international attention to Hawaii as a hub for Innovation and Creative Industries. We defer to HTA on the proposed means of financing this program.

DBEDT recommends including the areas of technology and interactive media in Section 2 to broaden the scope of the event focus to include these key aspects of an innovation ecosystem:

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

"§201- Innovative business interaction program for investors and talent. (a) For the purposes of this section:

"Event organizer" or "organizer" means a person or entity which ~~who~~ organizes and operates a cultural, arts, entertainment, technology, interactive media, culinary, or athletic other event annually in Hawaii that attracts visitors and residents.

DBEDT's Creative Industries Division (CID) and attached agencies have the expertise to capitalize on existing and newly developed innovation initiatives to develop, manage and launch such an effort for our State. This past year, DBEDT has held strategic discussions with industry to build a strong foundation for the creation of Hawaii's own South By Southwest (SXSW), resulting in the convergence of the Hawaii's innovation economy sectors of Technology, Energy, Creative Media, Film, Music, Design and Fashion clustered during the Fall timeframe.

DBEDT's Creative Lab and HI Growth Initiative together with Blue Startups' East Meets West Conference (EMW), the Hawaii International Film Festival (HIFF), the Hawaii Academy of Recording Arts (HARA), Honolulu Fashion Week/Month, and GVS Transmedia Accelerator's Showcase have planted the seeds of a business interaction program. Harnessing the collective power of these programs, coupled with other events during the fall timeframe including the Honolulu Biennial and Pacific Islanders in Communications' (PIC) Hawaiian Media Makers Conference, an effective program that has the potential to grow to a world-class destination event can be realized.

Events such as the GVS Transmedia Accelerator Showcase on the Big Island have also demonstrated that there are opportunities to further integrate and develop related events on the neighbor islands during this timeframe. The events can be linked via broadband to establish a collaborative hub throughout the State. In addition, music industry related initiatives in the Spring such as Mele Mai, the Hoku Awards and HARA have the potential for a similar effort supporting both tourism and business development for our State.

DBEDT welcomes the opportunity to work with the Legislature, business and investment communities and tourism sectors to establish the framework, messaging and marketing to attract global interest and showcase Hawaii as an innovation and creative business hub of the Pacific.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEES ON TOURISM AND INTERNATIONAL AFFAIRS
AND ECONOMIC DEVELOPMENT AND TECHNOLOGY
ON
HOUSE BILL NO. 716, H.D. 2

March 23, 2015

RELATING TO INNOVATIVE BUSINESS INTERACTION

House Bill No. 716, H.D. 2, establishes an Innovative Business Interaction Program under the Department of Business, Economic Development and Tourism, with assistance from the Hawaii Tourism Authority. The bill also increases the Transient Accommodations Tax revenues deposited into the Tourism Special Fund by \$500,000 to be used to fund the Innovative Business Interaction Program.

The Department of Budget and Finance is concerned that this measure would divert \$500,000 per year from the general fund. This diversion is not accounted for in the Administration's general fund financial plan.

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEES ON TOURISM AND INTERNATIONAL AFFAIRS
AND
ECONOMIC DEVELOPMENT AND TECHNOLOGY

Monday, March 23, 2015
2:45 p.m.
State Capitol, Conference Room 225
In consideration of

HB716 HD2 RELATING TO INNOVATIVE BUSINESS INTERACTION.

Chairs Kahele and Wakai, Vice Chairs English and Slom, and Members of the Committees on Tourism and International Affairs and Economic Development and Technology.

The High Technology Development Corporation (HTDC) **supports the intent** of HB716 HD2 relating to establishing an innovative business interaction program under Department of Business, Economic Development and Tourism (DBEDT).

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at improving Hawaii's reputation as a place for innovation and a place to do business. An innovative business interaction event with the spirit of the South by Southwest would build on the current efforts of HTDC, DBEDT, and DBEDT attached agencies. In 2015, HTDC sponsored 14 tech related events with over 2,000 participants. Similarly, HTDC was a sponsor for the Made in Hawaii festival which drew over 40,000 people in a single weekend. Bringing attention to innovation at this scale would not only improve our reputation as innovators, but has the potential to impact our culture and inspire future generations.

HTDC defers to the appropriate Departments regarding the procurement, cost, and administration of the program. We request the correction of the defective effective date for this bill.

Thank you for the opportunity to offer these comments.



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

Written Statement of

KARL FOOKS
President

Hawaii Strategic Development Corporation

Before the
COMMITTEE ON TOURISM AND INTERNATIONAL AFFAIRS

And the
COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

March 23, 2015
2:45 PM
State Capitol, Conference Room 225

In consideration of
HB 716 HD2 RELATING TO INNOVATIVE BUSINESS INTERACTION.

Chair Kahele, Chair Wakai, Members of the Committee on Tourism and International Affairs and Members of the Committee on Economic Development and Technology:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in support of HB 716 HD 2, legislation that establishes an innovative business interaction program for investors and innovative talent. Comments are also provided.

This legislation aligns with the HI Growth Initiative's efforts to develop local entrepreneurial talent in high growth sectors and connect and network them with investment capital to grow and scale profitable businesses in Hawaii.

However, in order for the proposed program to take root and have an economic impact in Hawaii, Hawaii businesses and Hawaii-based investors must be important contributors and participants of any events organized through the program. Continued support of the innovation ecosystem, through efforts like the HI Growth Initiative, is needed to create a critical mass of Hawaii businesses and to attract investors to Hawaii.

Thank you for the opportunity to provide testimony.