



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 WAYS AND MEANS

Thursday, February 25, 2016
1:00 P.M.
State Capitol, Room 211

in consideration of
SB 3101
RELATING TO PUBLIC-PRIVATE PARTNERSHIPS

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent and offers comments on SB3101, which would require DBEDT to conduct a study on the feasibility of establishing a public-private partnership resource agency within DBEDT for all state departments, divisions, and agencies to utilize. DBEDT supports the overall intent of this bill, but would like to provide the following comments:

- Public-private partnerships are an effective strategy for economic development.
- Hawaii has been implementing public-private partnerships for several industries including tourism, film, agriculture, energy, and innovation.
- New economic development theory indicates that long term economic growth is heavily dependent on the organization of production.
- Harvard Business School has defined cluster development as an effective strategy for economic development. A cluster is a geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages (Delgado, Porter 2014).
- Public-private partnerships could be the core or leading organization for cluster development.
- DBEDT would need to hire a research firm to collect data using both qualitative and quantitative research methods. We estimate this cost to be \$150,000.

Thank you for the opportunity to provide the above comments.

DEPARTMENT OF THE CORPORATION COUNSEL
CITY AND COUNTY OF HONOLULU

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February 25, 2016

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Ways and Means
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Tokuda and Committee Members:

Re: Testimony in Support of Senate Bill No. 3101
Hearing: Thursday, February 25, 2016, 1:00 p.m., Room 211

The Corporation Counsel of the City and County of Honolulu ("City") hereby submits its testimony in support of S.B. 3101, which requires the State Department of Business, Economic Development & Tourism to study the feasibility of establishing a public-private partnership resource agency for various State departments and agencies to utilize. The City believes such a study would also be of interest to and may benefit the City and other counties and agencies which face challenges similar to the State in pursuing public-private partnership endeavors.

Much like the State, the City seeks creative mechanisms to provide its core City services as it confronts increasing demands on limited City financial, infrastructure and personnel resources. While the City has encountered unique opportunities for possible partnerships with private enterprises to develop and engage in mutually beneficial projects in more efficient, expeditious, economical and flexible ways than what have been the traditional ways of pursuing projects, the City has found that there is a need to explore a comprehensive business approach and legal structure and process to accomplish these types of public-private partnerships. Government agencies, the public, and the private sector will benefit by exploring options and alternatives to the present methods currently utilized by agencies, including consideration of methods undertaken by other jurisdictions. Thus, the need for a well-crafted and comprehensive approach extends not only to the State but would also be of interest to the counties as well.

The Honorable Jill N. Tokuda, Chair
and Members of the Committee on Ways and Means
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For these reasons, the City supports S.B. 3101 and urges your favorable consideration. Should you have any questions, please feel free to contact me.

Very truly yours,



DONNA Y. L. LEONG
Corporation Counsel

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