



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 24, 2017
9:35a.m.
State Capitol, Conference Room 211

in consideration of
SB 767, SD 1
RELATING TO BUSINESS DEVELOPMENT.

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

The Department of Business, Economic Development, and Tourism (DBEDT) **supports** SB 767, SD 1, which establishes the high-growth grant program and special fund in DBEDT to provide grants to qualified businesses for expansion of business operations, improving business productivity or investing in food safety or quality control programs.

DBEDT appreciates that this measure will support business by making possible grants to purchase equipment, conduct management and workforce training, improve infrastructure, and conduct consulting or feasibility studies by businesses that have been in business for at least two full years and have demonstrated the ability to export products.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. 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 written testimony.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

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

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

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 767, S.D. 2

February 24, 2017
9:35 a.m.
Room 211

RELATING TO BUSINESS DEVELOPMENT

Senate Bill No. 767, S.D. 2, establishes the High-Growth Grant Program (HGGP) and special fund to provide grants to qualified businesses for certain business development activities and appropriates an unspecified amount of general funds for FY 18 and FY 19 to be deposited into the HGGP Special Fund.

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 Senate Bill No. 767, S.D. 2, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Friday, February 24, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

RE: SENATE BILL 767 SD1 RELATING TO BUSINESS DEVELOPMENT

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 767 SD1, 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 1,600+ 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. This bill 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.



MAUI

CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
FRIDAY, FEBRUARY 24, 2017 AT 9:35 A.M.**

To The Honorable Jill N. Tokuda, Chair;
The Honorable Donovan M. Dela Cruz, Vice Chair; and
Members of the Committee on Ways and Means

**TESTIMONY IN SUPPORT FOR SB 767 RELATING TO BUSINESS DEVELOPMENT
TO ESTABLISH THE HIGH-GROWTH GRANT PROGRAM**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees. I am writing share our strong support of SB 767.

This bill supports a number of our key legislative priorities this year in terms of small business support, investment, and providing capital opportunities to local businesses. This bill can help businesses grow and modernize their organizations, explore new opportunities, train their workforce, address regulatory mandates like the FDA Food Safety Modernization Act and more. We strongly support this bill and support the language included that requires the organization to have been in business for at least two full years. We would like to see language added that protects the state's investment of these high-growth grants by requiring businesses to remain in Hawaii for a period of time after the grant has been executed to them. This would ensure that our local businesses stay local while receiving these funds and the benefits of the grants get cycled back into the local economy.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Ways and Means
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

In consideration of
SB767 SD1
RELATING TO THE BUSINESS DEVELOPMENT.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Ways and Means.

The High Technology Development Corporation (HTDC) **supports** SB767 SD1 that establishes the high-growth grant program and special fund to provide grants to qualified businesses for certain business development activities and appropriates funding for fiscal years ending 2018 and 2019.

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 growing the economy through product export.

HTDC supports local manufacturers through our INNOVATE Hawaii program which was recently awarded \$2.5 million (\$500k a year over 5 years) in federal funding by the U.S. Department of Commerce, National Institute of Standards and Technology's (NIST) to continue the Manufacturing Extension Partnership (MEP) program.

In 2015, the legislature appropriated \$2 million to establish a manufacturing grant program. In FY16, the first year of the program, HTDC awarded \$1.9 million to 51 companies who invested \$31.4 million of their own money into growing their businesses. The projected economic impact of the program, as reported by the applicants, was 363 new employees, 70 earning over \$80k per year, and 266 jobs saved. 29 awards were made in City and County of Honolulu, 7 in Maui County, 6 in Hawaii County, and 9 in Kauai County.

HTDC comments that SB767 SD1 allows larger award amounts and are not limited to manufacturing companies. The bill should clarify that companies are not eligible for both grants so that the programs do not overlap.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget.

Thank you for the opportunity to offer these comments