



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

in consideration of
HB 2174, HD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

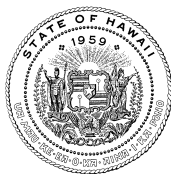
Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports the intent** of HB 2174, HD1, 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.

DBEDT supports the bill as long as it does not either replace or adversely impact the Administration's priorities.

Thank you for the opportunity to provide this testimony.



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

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2174, H.D. 1

**February 16, 2018
3:00 p.m.
Room 308**

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM

House Bill No. 2174, H.D. 1, establishes the High Growth Grant Program (HGGP) to provide grants to qualified businesses for certain business development activities; establishes the HGGP Special Fund (HGGPSF); and appropriates an unspecified amount of general funds for FY 19 to be deposited into the HGGPSF provided that no more than an unspecified amount can be expended on administrative expenses.

While the Department of Budget and Finance takes no position on the establishment of the HGGP, as a matter of general policy, the department 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. 2174, H.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

HB-2174-HD-1

Submitted on: 2/15/2018 1:33:47 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawaii	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES**

DEMOCRATIC PARTY OF HAWAII

TO THE COMMITTEE ON FINANCE

THE HOUSE OF REPRESENTATIVES

TWENTY-NINTH LEGISLATURE

REGULAR SESSION OF 2018

Friday, February 16, 2018

3:00 p.m.

Hawaii State Capitol, Conference Room 308

RE: Testimony in Support of HB 2174 HD1 RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

To the Honorable Sylvia Luke, Chair; the Honorable Ty J.K. Cullen, Vice-Chair and the Members of the Committee on Judiciary:

Good afternoon. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on House Bill No. 2174 HD1 relating to DBEDT; Business Development; Grant Program; Special Fund; and an Appropriation.

The OCC Legislative Priorities Committee is in favor of House Bill No. 2174 HD1 and supports its passage.

House Bill No.2174 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it establishes the high-growth grant program and a special fund to provide grants to qualified businesses for certain business development activities.

The DPH Platform states that a "diversified and healthy economy in Hawai'i requires a well-educated and healthy citizenry. To encourage existing and new enterprise, we need to develop a combination of tax policies and credits, lending programs, and financial incentives that will attract the business community. The creation of intellectual property and new start-ups should be a part of the curriculum of our business schools. Business training should stress ethical company management that is responsive to customer needs. (Platform of the DPH, P. 1, Lines 38-42 (2016)).

We believe that government plays a vital role in nurturing and regulating our economic system. We believe that private and public employers, as responsible members of the community, by providing good jobs and fair pay and benefits, are essential for economic expansion, diversification, innovation, and entrepreneurship.

Availability of financial support and a capable educated people are critical to our economic expansion and diversification. The management of businesses should be ethical and responsive to the community with transparency for investors and shareholders guaranteeing sound, healthy management. Innovation through the generation of intellectual property should be the goal of our economic diversification. We support the continuing protection of intellectual property developed in the state of Hawai'i.

We need to give priority to the development of "green" sustainable industries and business. We need financial literacy and asset building programs to strengthen our 'ohana. We need to pursue relationships with the information technology industry. We need to invest in world-class higher education to stimulate our economic resources. We need to reduce our dependence on tourism, real estate development, and military. A diversified economy will help to create diversified jobs. (Platform of the DPH, P. 2, Lines 56-73 (2016)).

Given that House Bill No. 2174 HD1 establishes the high-growth grant program and a special fund to provide grants to qualified businesses for certain business development activities, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Friday, February 16, 2018 at 3:00 P.M.
Conference Room 308, State Capitol**

RE: HOUSE BILL HB 2174 HD1 RELATING TO BUSINESS DEVELOPMENT

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2174 HD1, 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 2,000+ 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 2174 HD1 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.

HB-2174-HD-1

Submitted on: 2/15/2018 3:33:47 AM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:

We STRONGLY SUPPORT this bill.

HB-2174-HD-1

Submitted on: 2/14/2018 1:55:47 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	Individual	Support	No

Comments:



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 16, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 2174, HD1
RELATING TO RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC
DEVELOPMENT, AND TOURISM

Room 308
3:00 PM

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 2174, HD1, which creates the high-growth grant program and special fund within DBEDT.

The strength of Hawaii's economy is dependent upon a diversity in commerce that are resilient to economic downturns and aggressive in creating new opportunities for growth. This program complements other programs in DBEDT to accomplish such a goal.

A major weakness in agriculture is our lack of value added production. Our over dependence on sale of fresh goods makes us especially vulnerable to weather and pest outbreaks while strict quarantine measures and transportation costs of heavy goods make exports difficult. This measure creates incentives for value added manufacturing. Farmers like to farm. They are not experts in value added production. Partnerships with the manufacturing sector could help us in this area.

For example, beef. Maui has a new product called Maui Crisps. It is a popular "omiyage" gift. The owner had difficulty meeting demand and recently expanded his operations. This provides a value added product to our cattle industry, is portable and light -- perfect for suitcase exports and is shelf stable, not requiring refrigeration. Products like this can pull agricultural expansion supportive of our State's policy for increased agricultural production.

HFB respectfully requests your **strong support of HB 2174, HD1**, complementing DBEDT programs to grow Hawaii's economy and improve its' resilience during economic downturns.

Thank you for this opportunity to provide our input on this measure.