



**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
Website: dbedt.hawaii.gov

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

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, April 4, 2018
10:30 a.m.
State Capitol, Conference Room 211

in consideration of
HB 2333, HD1
**RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports HB 2333, HD1, an administration bill. This measure authorizes DBEDT to deposit moneys it receives from the repayments of loans and payments of interest or fees from three DBEDT legacy small business loan programs into the Hawaii Community-based Economic Development (CBED) Revolving Fund.

The Hawaii Capital Loan Program, the Hawaii Large Fishing Vessel Purchase, Construction, Renovation, Maintenance, and Repair Loan Program and the Hawaii Small Fishing Vessel Loan Program have been inactive since the repeal of the three programs' revolving funds. This bill would allow DBEDT to deposit any recoveries from outstanding loans into the CBED Revolving Fund, to be used to make loans and grants to small businesses that will result in positive community economic impacts.

The Community-based Economic Development (CBED) Program addresses the needs of Hawaii's most socially and economically challenged regions and demographic groups through community-supported economic development projects. By stimulating business activity and creating jobs, the CBED program improves the economic environment and standard of living in some of Hawaii's most vulnerable communities, particularly those in rural areas of the State.

The Hawaii Capital Loan Program, the Hawaii Large Fishing Vessel Purchase, Construction, Renovation, Maintenance, and Repair Loan Program and the Hawaii Small Fishing Vessel Loan Program shared similar missions with the CBED program, in that they are all

economic development programs designed to assist small businesses and positively impact their communities.

The CBED program has been in existence for almost 25 years. Throughout its history, it has assisted over a thousand organizations with grants, loans and technical assistance and created numerous jobs and assisted vital community-based entities of our economy to grow and become sustainable.

Thank you for the opportunity to provide testimony.

Board Members

President

Jason Okuhama
Managing Partner,
Commercial & Business Lending

Secretary

Marcus Kawatachi
Deputy Director,
Hawai'i Civil Rights Commission

Trina Orimoto
Clinical & Research
Psychologist

Kaipo Kukahiko
Executive Director,
KEY Project

Miwa Tamanaha
Deputy Director,
Kua'āina Ulu 'Auamo

HACBED Staff

Brent N. Kakesako
Executive Director

Keoki Noji
Chief Operating Officer

Athena T. Esene
Bookkeeper & Office Manager

Will Simmons
Food System Specialist

Foley Pfalzgraf
AmeriCorps VISTA

Alex Narrajos
AmeriCorps VISTA

Date: April 3, 2018

To: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice-Chair, and members of the Committee on Ways and Means

From: Brent Kakesako, Hawai'i Alliance for Community-Based Economic Development (HACBED)

Re: Support for HB2333 HD1

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Committee Members,

The Hawai'i Alliance for Community-Based Economic Development (HACBED) supports HB2333 HD1, which authorizes the Department of Business, Economic Development, and Tourism (DBEDT) to deposit money it receives from the repayments of loans and payments of interest or fees from three DBEDT legacy small business loan programs into the Hawai'i Community-Based Economic Development (CBED) Revolving Loan Fund.

HACBED was established in 1992 as a nonprofit statewide intermediary to address social, economic, and environmental justice concerns through community-based economic development. It advances its mission with core competencies in the areas of community and organizational capacity building, community and economic development planning, and asset policy development and advocacy. HACBED has historically been intertwined with the CBED Program as many of HACBED's Founders were involved with the creation of the CBED Program and served on the Advisory Council and/or received grants and loans to plan, implement, and enhance their projects in the community.

HB2333 HD1 would allow DBEDT to deposit any recoveries from outstanding loans in the CBED revolving fund, to be used to make loans and grants to small businesses that will result in positive community economic impacts. The CBED Program was founded to support bottom-up economic development initiatives in which communities drive economic development opportunities that fit their gifts and resources. These initiatives would supplement more centralized or top-down approaches to ensure communities had choice and control in terms of what happens in their communities around economic development.

The three inactive programs, the Hawai'i Capital Loan Program, the Hawai'i Large Fishing Vessel Purchase, Construction, Renovation, Maintenance, and Repair Loan Program, and the Hawai'i Small Fishing Vessel Loan Program share similar missions with the CBED Program as they are all economic development programs designed to provide assistance and support to businesses that positively impact their communities. As such, depositing any recovered money from these programs would continue the support they offer in the CBED Program, which has been in existence for almost 25 years and continues a legacy of supporting community-based organizations across the state.

Please let me know if you may have any additional questions at (808)550-2661 or bkakesako@hacbed.org.

Mahalo for this opportunity to testify,

Brent N. Kakesako
Executive Director



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

April 4, 2018

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 2333, HD1
RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM

Room 211
10:30 AM

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, 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 is in support of HB 2333, HD1, which authorizes the Department of Business, Economic Development, and Tourism to deposit moneys it receives from the repayments of loans and payments of interest or fees from the Hawaii capital loan program in chapter 210, the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan program in chapter 189, and the Hawaii small fishing vessel loan program in chapter 189, into the Hawaii community-based economic development revolving fund.

The community—based economic development (CBED) program addresses the needs of Hawaii's most socially and economically challenged regions and demographic groups through community—supported economic development projects. By stimulating business activity and creating jobs, the CBED program improves the economic environment and standard of living in some of Hawaii's most vulnerable communities, particularly those in rural areas of the State.

Thank you for the opportunity to testify on this measure.

HB-2333-HD-1

Submitted on: 4/2/2018 10:38:47 PM

Testimony for WAM on 4/4/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair and Members of the Committee on Ways and Means:

Good morning. 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 **HB2333 HD1** relating to the Hawaii Community-Based Economic Development Technical and Financial Assistance Program.

The OCC Legislative Priorities Committee is in favor of **HB2333 HD1** and supports its passage.

HB2333 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it authorizes the Department of Business, Economic Development, and Tourism to deposit moneys it receives from the repayments of loans and payments of interest or fees from the Hawaii capital loan program in chapter 210, the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan program in chapter 189, and the Hawaii small fishing vessel loan program in chapter 189, into the Hawaii community-based economic development (CBED) revolving fund; and moneys from the CBED revolving fund will be used to make loans and grants to small businesses.

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 **HB2333 HD1** authorizes the Department of Business, Economic Development, and Tourism to deposit moneys it receives from the repayments of loans and payments of interest or fees from the Hawaii capital loan program in chapter 210, the Hawaii large fishing vessel purchase, construction, renovation, maintenance, and repair loan program in chapter 189, and the Hawaii small fishing vessel loan program in chapter 189, into the Hawaii community-based economic development (CBED) revolving fund; and moneys from the CBED revolving fund will be used to make loans and grants to small businesses, 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, Text/Tel.: (808) 258-8889