



**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

Tuesday, February 28, 2017
1:00p.m.
State Capitol, Conference Room 308

in consideration of
HB 521, HD 1
RELATING TO BUSINESS DEVELOPMENT.

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

The Department of Business, Economic Development, and Tourism (DBEDT) **supports** HB 521, HD 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.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Finance
Tuesday, February 28, 2017
1:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB521 HD1
RELATING TO THE BUSINESS DEVELOPMENT.

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

The High Technology Development Corporation (HTDC) **supports** HB521 HD1 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 HB521 allows larger award amounts with a smaller matching percentage requirement 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 respectfully request correction of the defective effective date. 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

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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 521, H.D. 1

February 28, 2017
1:00 p.m.
Room 308

RELATING TO BUSINESS DEVELOPMENT

House Bill No. 521, H.D. 1, 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 House Bill No. 521, 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.

The Twenty-Ninth Legislature
Regular Session of 2017

THE HOUSE

Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Tuesday, February 28, 2017; 1:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON H.B. 521 HD 1

RELATING TO BUSINESS DEVELOPMENT

The ILWU Local 142 supports H.B. 521 HD 1, which establishes the high growth grant program and special fund to provide grants to qualified businesses for certain business development activities, and includes an appropriation.

H.B. 521 HD 1 provides for a high growth grant program that will provide grants to high growth businesses, which will allow them to expand business operations, improve business productivity, or invest in food safety or quality control programs. The allowable uses for these grant funding will include, equipment purchases, management and workforce training, infrastructure improvements, and consulting or feasibility studies.

Those businesses that would be eligible for these high growth grants would have to have been in business for at least two years and have demonstrated the ability to export products. Additional safeguards included in H.B. 521 HD 1 would include that the grant be no greater than forty per cent of the amount that is privately invested in a business, that is attempting to expand its operations, improve business productivity, and invest in food safety or quality control programs or a combination of these three purposes. The bill also ensures that no grant shall be greater than \$400,000 for any specific qualified business.

The ILWU supports the concept that potential existing agricultural businesses could qualify for this high growth grant program, thereby keeping additional land in agriculture production, which could assist a number of neighbor island as well as Oahu businesses that are interested in capitalization of their existing operations to improve their business productivity.

This bill creates a high growth grant program special fund, and provides for an appropriation to be placed into the special fund, with a proviso that “no more than \$100,000 may be used to administer the program in any fiscal year”. The high growth grant program should be implemented when the economy is improving, rather than during a downturn. Therefore, the current timing is good, while we’re facing near record low unemployment rates and while our jobs in the workforce numbers are approaching record highs.

The ILWU urges passage of H.B. 521 HD 1. Thank you for the opportunity to share our views on this matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Tuesday, February 28, 2017 at 1:00 P.M.
Conference Room 308, State Capitol**

RE: HOUSE BILL HB 521 HD1 RELATING TO BUSINESS DEVELOPMENT

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 521 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 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 HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
TUESDAY, FEBRUARY 28, 2017 AT 1:00 P.M.**

To The Honorable Sylvia Luke Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance

**TESTIMONY IN STRONG SUPPORT FOR HB 521 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 HB 521.

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.



LATE

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 28, 2017

HEARING BEFORE THE
HOUSE FINANCE COMMITTEE

TESTIMONY ON HB 521, HD1
RELATING TO BUSINESS DEVELOPMENT

Room 308
1:00 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.

HFB **strongly supports HB 521, HD1** which creates a High-growth grant program and 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, making it 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 521, HD1**, complementing DBEDT programs to grow Hawaii's economy and improve its' resilience during economic downturns.