

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

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GOVERNOR

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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND  
TECHNOLOGY**

Wednesday, March 15, 2017  
1:15p.m.  
State Capitol, Conference Room 414

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

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee.

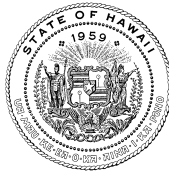
The Department of Business, Economic Development, and Tourism (DBEDT) **supports** HB 521, HD 1, which establishes the high-growth grant program and special fund in DBEDT to provide grants to qualified businesses for expansion of business operations, improving business productivity or investing in food 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.

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**

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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 ECONOMIC DEVELOPMENT, TOURISM, AND  
TECHNOLOGY  
ON  
HOUSE BILL NO. 521, H.D. 1

**March 15, 2017  
1:15 p.m.  
Room 414**

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.



Written Statement of  
**Robbie Melton**  
Executive Director & CEO  
High Technology Development Corporation before the  
**Senate Committee on Economic Development, Tourism & Technology**

Wednesday, March 15, 2017  
1:15 p.m.  
State Capitol, Conference Room 414

In consideration of  
**HB521 HD1**  
**RELATING TO THE BUSINESS DEVELOPMENT.**

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee on Economic Development, Tourism and Technology.

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 makes appropriations.

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 HD1 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.



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the Senate Committee on Economic Development,  
Tourism and Technology  
Wednesday, March 15, 2017 at 1:15 P.M.  
Conference Room 414, State Capitol**

**RE: HOUSE BILL HB 521 HD1 RELATING TO BUSINESS DEVELOPMENT**

Chair Wakai, Vice Chair Taniguchi, 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.



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March 15, 2017

HEARING BEFORE THE  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND  
TECHNOLOGY

**TESTIMONY ON HB 521, HD1**  
RELATING TO BUSINESS DEVELOPMENT

Room 414  
1:15 PM

Aloha Chair Wakai, Vice Chair Taniguchi, 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 -- 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.



Maui Gold Pineapple Company

March 15, 2017

HEARING BEFORE THE  
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND TECHNOLOGY

TESTIMONY ON  
HB521 HD1 RELATING TO BUSINESS DEVELOPMENT

Aloha Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

I am Darren Strand, President of the Maui Gold Pineapple Company. We have completed our seventh year of operations since the closure of Maui Pineapple Company at the end of 2009. We currently employ over 70 full time workers on Maui and are continuing to investigate new products and markets.

Maui Gold **STRONGLY SUPPORTS HB521 HD1** creating a High-growth grant program and fund within DBEDT.

Our ownership group has realized that commodity based agriculture is a difficult business with margins that don't often warrant the excitement of investors. As such, the owners have invested in a small processing operation that can make at commercial quantities frozen chunks of pineapple and ready to eat pineapple products. The High Growth Grant Program would be a perfect fit for us to leverage our investments with the partnership of DBEDT as we move into manufacturing.

I understand a major criticism of grant programs, especially in times like now with a decreasing revenue number, is that they are not "sustainable". I would propose that they are an investment in a partnership that can create the boost that will allow operations like ours to grow and make huge contributions back to our communities. If a 60/40 matching grant can help us source capital to implement a retail frozen fruit product line the benefits back to our state go beyond wages and taxes. One of our objectives is to create a retail product while at the same time create efficiencies to provide Maui Gold Pineapple to our state institutions. Wouldn't it be great if our kids could eat pineapple in their school lunch that was actually grown and processed here in Hawaii?

Maui Gold respectfully requests your **strong support of HB521 HD1** complementing DBEDT programs to grow Hawaii's economy and improve its' resilience during economic downturns.

Thanks

Darren Strand

President, Maui Gold Pineapple Company

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Maui Gold Pineapple Company

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The Twenty-Ninth Legislature  
Regular Session of 2017

THE SENATE

Committee on Economic Development, Tourism, and Technology

Senator Glenn Wakai, Chair

Senator Brian T. Taniguchi, Vice Chair

State Capitol, Conference Room 414

Wednesday, March 15, 2017; 1:15 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 improving the productivity of their business.

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.





**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, March 11, 2017 1:03 PM  
**To:** ETT Testimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB521 on Mar 15, 2017 13:15PM\*

**HB521**

Submitted on: 3/11/2017

Testimony for ETT on Mar 15, 2017 13:15PM in Conference Room 414

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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