



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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

Friday February 3, 2017
1:15 P.M.
State Capitol, Room 414
in consideration of
SB1306
RELATING TO THE DEPARTMENT OF BUSINESS.
ECONOMIC DEVELOPMENT, AND TOURISM

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

The Department of Business, Economic Development & Tourism (DBEDT) supports SB1306, which makes an appropriation to establish an Office of Public Private Partnership (OPPP) within DBEDT. The OPPP would create a strategic plan, coordinate collaboration amongst state agencies, create and maintain a report for each public-private project, and oversee and implement each public-private project.

DBEDT supports this bill and offers the following comments:

- Public-private partnerships are an effective strategy for economic development.
- Hawaii has been implementing public-private partnerships for several industries including tourism, film, agriculture, energy, broadband and innovation.
- New economic development theory indicates that long term economic growth is heavily dependent on the organization of production.
- Harvard Business School has defined cluster development as an effective strategy for economic development. A cluster is a geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages (Delgado, Porter 2014).
- Public-private partnerships could be the core or leading organization for cluster development.

DBEDT recommends that \$500,000 be appropriated to establish and operate the OPPP provided that this measure does not replace our priorities in the Executive Budget.

Thank you for the opportunity to provide testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Ninth Legislature, State of Hawaii
The Senate
Committee on Economic Development, Tourism, and Technology

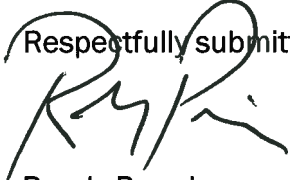
Testimony by
Hawaii Government Employees Association
February 3, 2017

S.B. 1306 – RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of S.B. 1306, which establishes and appropriates funding for an office of public-private partnership within the Department of Business, Economic Development, and Tourism to plan and coordinate collaboration amongst state agencies to develop and implement public-private partnership projects.

There are many examples of inefficiencies, failures and negative impacts to public assets and the public's trust in government as a result of public-private partnerships (P3s). The public-private partnership resulting in the privatization of the Hawaii Health Systems Corporation Maui Region is disrupting many families both in the region and statewide. Long-term P3s in other jurisdictions like the State of Indiana (toll road) and City of Chicago (parking meters) have encumbered government and hampered its ability to respond to changing priorities of the public it is supposed to serve. Before our state goes down the road of committing funds and state agency efforts to another "new fix", more effort should be put into determining areas where government inefficiency is resulting in lost resources.

We respectfully request that the Committee defer S.B. 1306.

Respectfully submitted,

Randy Perreira
Executive Director