



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

LATE

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON ECONOMIC DEVELOPMENT, TOURISM,
AND TECHNOLOGY
AND
LABOR**
Friday, February 2, 2018
1:20 p.m.
State Capitol, Conference Room 414
in consideration of
SB 2558
RELATING TO ECONOMIC DEVELOPMENT.

Chairs Wakai and Tokuda, Vice Chairs Taniguchi and English, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on SB 2558. This measure, the Kapolei Jobs Initiative, allows companies that are in 96706, 96707, 96709 zip codes tax incentives for certain types of job creation. The goal is to encourage the development of jobs in Kapolei for Kapolei residents, who will then not need to commute into urban Honolulu.

Using the state tax code to the advantage of one part of the State over other areas, could have an impact on other areas of the state who would also like to use an incentive program. We caution as to not induce market behavior that would promote activity in one area at the expense of another.

This initiative would require DBEDT to establish a whole new program including new reporting and tracking systems, as well as requesting more staff. No funds or positions are allocated for this initiative. DBEDT estimates that \$150,000 in each year of the biennium is necessary to implement this measure.

We defer to the Departments of Budget and Finance and Taxation for the fiscal impacts of this measure.

Thank you for the opportunity to provide these comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Economic Development, Tourism,
and Technology & the Senate Committee on Labor
Friday, February 2, 2018 at 1:20 P.M.
Conference Room 414, State Capitol**

LATE

RE: SENATE BILL 2558 RELATING TO ECONOMIC DEVELOPMENT

Chairs Wakai and Tokuda, Vice Chairs Taniguchi and English, and Committee Members:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of SB 2558, which establishes a Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region and establishes a tax credit, until 12/31/2023, as part of the Kapolei jobs initiative pilot program and allows the tax credit to be claimed through 12/31/2028.

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.

This initiative will realize the State's long-standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing traffic congestion. More jobs in the Kapolei region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

We encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many. Thank you for the opportunity to testify.

February 2, 2018

LATE

To: Chair Glenn Wakai, Chair Jill N. Tokuda, Vice Chairs and Members of the Senate Committee on Economic Development, Tourism and Technology (EET) and Committee on Labor (LBR)

Date: February 2, 2018

Time: 1:20 p.m.

Room Number: Conference Room 414

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair, Vice Chair and Members of EET and LBR Committees,

My name is Maeda Timson, a long time resident of Kapolei for over 35 years and a community advocate for as long. I am writing in SUPPORT of SB2558 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region which also affects the entire West Oahu. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth and we can certainly *live, work and play* in Kapolei. This need is also evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day spending 2-3 hours away from their families. Job creation and the reduction of traffic congestion in the Kapolei region is a quality-of-life and community-building--- a concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of thousands.

Sincerely,
Maeda Timson
92-684 Nohona St.
Kapolei, Hi. 96707

LATE

SB-2558

Submitted on: 2/1/2018 10:38:15 PM
Testimony for ETT on 2/2/2018 1:20:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Rathbun		Support	Yes

Comments:

Honorable Chair, Vice Chair and Members of EET and LBR Committees,

On behalf of myself, I am writing in SUPPORT of SB2558 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

Kevin M. Rathbun

LATE

**TESTIMONY IN SUPPORT OF SB 2558
RELATING TO ECONOMIC DEVELOPMENT**

To: Chairs Glenn Wakai and Jill Tokuda, Vice Chairs Brian Taniguchi and Kalani English and Members of the Senate Committee on Economic Development, Tourism and Technology (ETT) and Committee on Labor (LBR)



Working together for Kapolei

**RE: SB 2558 – Relating to Economic Development, In Support,
Requesting Amendments**

Friday, February 2, 2018; Conference Room 414; 1:20 p.m.

Aloha Chairs Wakai and Tokuda, Vice Chairs Taniguchi and English and Members of the Committees,

On behalf of the Kapolei Chamber of Commerce, I am submitting this testimony **in SUPPORT** of SB2558. However would like to offer some amendments to address some of the concerns that have been raised.

1. We would like to clarify the intent of this measure by amending “qualified business” on page 2 (1) – Qualified business means a business that establishes themselves within the designated geographic area or an existing business that adds a new location in the designated geographic area;
2. As the intent is to create more professional jobs, we suggest amending (3) on page 3 – Provides gross annual salaries of \$44,000 or more to at least half of its employees at the establishment in the designated geographic area;
3. We agree with the Department of Taxation’s suggested amendment to allow the credit only on accrued unemployment insurance actually paid.

The Kapolei Jobs Initiative Pilot Program compliments the Enterprise Zone program. While the Enterprise Zone’s intent is to stimulate job growth for economically depressed areas; the Kapolei Jobs Initiative Pilot Program’s intent is to stimulate professional job growth to help keep pace with Kapolei’s population growth. This Program realizes the State’s long standing policy of redirecting growth to the second urban core. It will create more professional, living wage jobs in the Kapolei region and reduce traffic congestion.

Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

Thank you for your consideration and we respectfully ask you to pass this measure.

Sincerely,

Kiran Polk
Executive Director

SB-2558

Submitted on: 2/2/2018 2:50:53 AM

Testimony for ETT on 2/2/2018 1:20:00 PM

LATE

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.



Hunt Development Group, LLC
737 Bishop Street, Suite 2750
Honolulu, Hawai'i 96813
Office: 808-585-7900



Senator Glenn Wakai, Chair
Senator Brian Taniguchi, Vice Chair
Senate Committee on Economic Development, Tourism and Technology

Senator Jill Tokuda, Chair
Senator J. Kalani English, Vice Chair
Senate Committee on Labor

RE: SB 2558 – Relating to Economic Development - IN SUPPORT
Friday, February 2, 2018
Conference Room 414; 1:20 PM

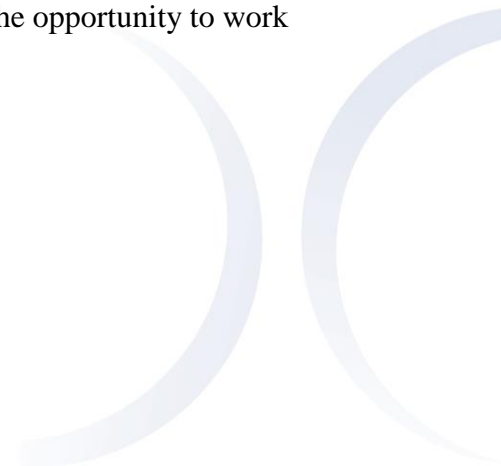
Aloha Chairs Wakai and Tokuda, Vice Chairs Taniguchi and English and Members of the Committees,

Thank you for the opportunity to submit testimony in support of SB 2558 which establishes a Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

Creating more professional jobs in the Kapolei region is needed in order to keep pace with Kapolei's population growth and will help reduce traffic caused by the amount of people driving into downtown Honolulu for work every day. This will give those living on the west side the opportunity to work closer to home and improve their quality of life.

We ask for your favorable consideration of this measure.

Thomas Lee
Senior Vice President
Hunt Companies, Hawaii Division



SB-2558

Submitted on: 2/2/2018 1:24:39 PM

Testimony for ETT on 2/2/2018 1:20:00 PM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY**

AND

THE COMMITTEE ON LABOR
THE HAWAII STATE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

Friday, February 2, 2018

1:20 p.m.

Hawaii State Capitol, Conference Room 414

RE: Testimony in Support of SB 2558 RELATING TO ECONOMIC DEVELOPMENT

To the Honorable Glenn Wakai, Chair; the Honorable Brian T. Taniguchi, Vice-Chair and Members of the Committee on Economic Development, Tourism and Technology:

To the Honorable Jill N. Tokuda, Chair; the Honorable J. Kalani English, Vice-Chair and Members of the Committee on Labor:

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 Senate Bill No. 2558, relating to the Kapolei Jobs Initiative Pilot Program, income tax credit and unemployment tax credit. The OCC Legislative Priorities Committee is in favor of Senate Bill No. 2558 and support its passage.

Senate Bill No. 2558, is in accord with the Platform of the Democratic Party of Hawai’i (“DPH”), 2016, as it establishes a Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region. Senate Bill No. 2558 establishes a tax credit, until 12/31/2023, as part of the Kapolei jobs initiative pilot program and allows the tax credit to be claimed through 12/31/2028.

Specifically, the DPH Platform states, “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 polices and credits, landing programs, and financial incentives that will attract the business community. The creation of intellectual property and new start-up should be a part of the curriculum of our business schools. Business training should stress ethical company management that is responsive to customer needs.

State and county governments have a key role to play in setting reasonable standards for industry and trade. As market conditions change, government agencies must adopt and revise regulations to promote “green” sustainable industries that are compatible with preserving the natural scenic beauty of Hawai’i. In this regard, we must find ways to stimulate recycling and biodegradable packaging to minimize landfill needs. We must move from carbon-based power to electric power.” (Platform of the DPH, P. 1, Lines 38-48 (2016)).

Given that Senate Bill No. 2558 establishes the Kapolei Jobs Initiative Pilot Program, income tax credit and unemployment tax credit, 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



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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January 24, 2018

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Thursday, January 25, 2018
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Leonard Hoshijo, Acting Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 1647 RELATING TO HEALTH

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal seeks to add a new section to chapter 346, Hawaii Revised Statutes (HRS), requiring the Department of Human Services (DHS) to compile information regarding employers with employees who receive public assistance. The measure requires DLIR's Unemployment Insurance Division (UI) to assist DHS in the form of sharing employment data to achieve this purpose.

DLIR supports the intent of the measure as it believes some employers have abused public assistance programs by providing their employees with low wages and poor benefits with the intention or expectation that the employees will enroll in public assistance programs to subsidize their income, but defers to DHS as this is a change in DHS's statute.

II. CURRENT LAW

The current law does not require DHS access to UI data as proposed in this measure. The U.S. Department of Labor (U.S.DOL) has long interpreted methods of administration to require the confidentiality of UI information and to follow the congressional mandate that UI information be used only for the purpose for which it is directed. According to §383-95 and §12-5-211 to §12-5-220 of the Hawaii

Administrative Rules (HAR), disclosure of information from workers, employers, or other persons or groups while administering the state employment security program shall be held confidential and shall not be disclosed unless authorized requesting agencies have entered into a written agreement with the Department.

Should this proposal be enacted, an information sharing agreement with DHS would be required to satisfy its limited purposes. As a condition for the data exchange, DHS would have to provide relevant recipients' personal identifying information to crossmatch against the UI employer and wage records. While all expenses associated with providing the data must be reimbursed by the requesting agency in accordance to federal requirements, the actual costs of furnishing the information are dependent upon the terms of the final agreement executed between DHS and DLIR.

III. **COMMENTS ON THE HOUSE BILL**

DLIR supports the intent of this bill and is willing to work with DHS to determine how the legislative purpose can be achieved within the statutory disclosure provisions contained in Chapter 383, HRS and within cost or resource restrictions.