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WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 3000, S.D. 1

LATE

**February 21, 2018
10:08 a.m.
Room 211**

RELATING TO INNOVATION BUSINESS

Senate Bill No. 3000, S.D. 1: establishes the Research and Development (RD) Program in the Hawaii Technology Development Corporation to help Hawai'i-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawai'i; establishes the RD Special Fund; appropriates an unspecified amount of general funds for FY 19 to be deposited into the RD Special Fund; and appropriates an unspecified amount from the RD Special Fund for FY 19 to carry out the purposes of the program.

While the Department of Budget and Finance takes no position on the RD Program, as a matter of general policy, the department 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 Senate Bill No. 3000, S.D. 1, it is difficult to determine whether the proposed special fund would be self-sustaining.

It should also be noted from a technical aspect that Senate Bill No. 3000, S.D. 1, contains no source of revenue for the proposed RD Special Fund.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Wednesday, February 21, 2018 at 10:08 A.M.
Conference Room 211, State Capitol**

LATE

RE: SENATE BILL 3000 SD1 RELATING TO INNOVATION BUSINESS

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3000 SD1, which establishes the Research and Development Program in the Hawaii Technology Development Corporation (HTDC) to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii. The bill also establishes the Research and Development Special Fund and appropriates funds for the purposes of the program.

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.

The Chamber continues to support the State's efforts to promote and foster innovation research and development in Hawaii. Innovation is a proven catalyst for economic growth and the creation of high-skilled and high-paying jobs. The Chamber supports this legislation provided that it offers adequate funding and does not adversely impact HTDC's priorities in the Executive Budget.

Thank you for the opportunity to testify.