

STAND. COM. REP. NO.

657

Honolulu, Hawaii

February 15, 2019

RE: H.B. No. 1563

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 1563 entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM,"

begs leave to report as follows:

The purpose of this measure is to appropriate funds for the fiscal biennium 2019-2021 operating budget of the Department of Business, Economic Development, and Tourism (DBEDT) programs under the purview of the House Standing Committee on Economic Development and Business.

DBEDT, Natural Laboratory of Hawaii Authority, Quest Space Systems, LLC, and several concerned individuals testified in support of this measure.

Your Committee has amended this measure by:

- (1) Changing all appropriations to unspecified amounts;
- (2) Amending the amount of staff positions for the Creative Industries Division (BED 105) from eleven to fifteen positions;

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- (3) Amending the amount of staff positions for general support for economic development (BED 142) from twenty-six to twenty-seven positions;
- (4) Changing its effective date to July 1, 2112; and
- (5) Specifying that the appropriations in unspecified amounts shall be expended by DBEDT for the following purposes:
 - (A) For the transfer from OCE to personal services (BED 145);
 - (B) For Hawaii technology development corporation operational funding (BED 143);
 - (C) For a creative lab coworking space and studio at the entrepreneurs sandbox and foreign trade zone (BED 105);
 - (D) For a creative lab coworking space and studio at the entrepreneurs sandbox and foreign trade zone (BED 105);
 - (E) For funding international student attraction (BED 100);
 - (F) For reinstatement of creative lab funding (BED 105);
 - (G) For matching funds for United States Small Business Administration Grant (BED 100);
 - (H) For the small business regulatory review board (BED 142);
 - (I) For one accountant IV position (BED 105);
 - (J) For the Hawaii small business innovation research program phase II and III (BED 143);
 - (K) For the manufacturing assistance program (BED 143);
 - (L) For the excelerator program (BED 143);



- (M) For the Hawaii office of naval research program (BED 143);
- (N) For fringe benefits to reach a sixty per cent rate (BED 107);
- (O) For one cable landing project manager position (BED 142);
- (P) For the establishment of an office in Guangzhou, Guangdong, China to promote trade in Hawaii (BED 100);
- (Q) For retention of the Taipei office, with costs shared with the Taiwan government (BED 100);
- (R) For reinstatement of a position for marketing and certification FOTR enterprise zone and opportunity zone programs (BED 100); and
- (S) For census outreach support to obtain more federal funding (BED 130).

Should the Committee on Finance deliberate on this measure further, your Committee on Economic Development & Business respectfully requests that it consider appropriating the following amounts:

- (1) \$12,882 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the transfer from OCE to personal services (BED 145);
- (2) \$500,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for Hawaii technology development corporation operational funding (BED 143);
- (3) \$387,500 or so much thereof as may be necessary for fiscal year 2019-2020 and \$380,000 or so much thereof as may be necessary for fiscal year 2020-2021 for a



creative lab coworking space and studio at the entrepreneurs sandbox and foreign trade zone (BED 105);

- (4) \$45,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for a creative lab coworking space and studio at the entrepreneurs sandbox and foreign trade zone (BED 105);
- (5) \$100,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for funding international student attraction (BED 100);
- (6) \$100,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for reinstatement of creative lab funding (BED 105);
- (7) \$100,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for matching funds for United States Small Business Administration Grant (BED 100);
- (8) \$10,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the small business regulatory review board (BED 142);
- (9) \$27,918 or so much thereof as may be necessary for fiscal year 2019-2020 and \$55,836 or so much thereof as may be necessary for fiscal year 2020-2021 for one accountant IV position (BED 105);
- (10) \$2,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 to fund Hawaii small business innovation research program phase II and III (BED 143);
- (11) \$1,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much



- thereof as may be necessary for fiscal year 2020-2021 for the manufacturing assistance program (BED 143);
- (12) \$750,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the excelerator program (BED 143);
- (13) \$500,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the Hawaii office of naval research program (BED 143);
- (14) \$150,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for fringe benefits to reach a sixty per cent rate (BED 107);
- (15) \$16,000 or so much thereof as may be necessary for fiscal year 2019-2020 and \$80,000 or so much thereof as may be necessary for fiscal year 2020-2021 for one cable landing project manager position (BED 142);
- (16) \$200,000 or so much thereof as may be necessary for fiscal year 2019-2020 and \$150,000 or so much thereof as may be necessary for fiscal year 2020-2021 to establish an office in Guangzhou, Guangdong, China to promote trade in Hawaii (BED 100);
- (17) \$100,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for retention of the Taipei office, with costs shared with the Taiwan government (BED 100);
- (18) \$16,000 or so much thereof as may be necessary for fiscal year 2019-2020 and \$80,000 or so much thereof as may be necessary for fiscal year 2020-2021 to reinstate a position for marketing and certification FOTR enterprise zone and opportunity zone programs (BED 100); and



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- (19) \$1,400,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for census outreach support to obtain more federal funding (BED 130).

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1563, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



ANGUS L.K. MCKELVEY, Chair



