



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, April 3, 2019
10:25 AM
State Capitol, Conference Room 211

In consideration of
HB 1563, HD1, SD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **offers comments on** HB 1563, HD1, SD1, which appropriates funds for the Department of Business, Economic Development, and Tourism programs. DBEDT would like to request adjustments to be made as noted on the attached spreadsheet.

However, DBEDT would like to call your attention to three programs that do not currently have position counts or program funding in HB2, HD1, SD1, CD1. DBEDT requests your consideration in adding these adjustments to this measure.

A. BED120 – HAWAII STATE ENERGY OFFICE

1. Request to restore the special fund ceiling if funding is provided in ESSF.

FY 19-20	MOF	FY 20-21	MOF
5*		5*	
24#		24#	
4,887,258	B	4,887,258	B

TESTIMONY OF MIKE MCCARTNEY

HB1563, HD1, SD1

April 3, 2019

Page 2

- If special funds are not provided through another bill, then “A” funds are requested.

FY 19-20	MOF	FY 20-21	MOF
5*		5*	
24#		24#	
2,600,000	A	2,600,000	A

- Request to retain trust fund ceiling for Volkswagen Environmental Mitigation Trust Administrative Expenses.

FY 19-20	MOF	FY 20-21	MOF
240,000	T	240,000	T

B. BED143 – HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

- Funding of \$1,500,000 was provided in item #10. However, we would like to request that the position counts be added, and funding be raised to \$2,601,808. This includes converting staff positions from special funds to general funds.

FY 19-20	MOF	FY 20-21	MOF
3*	A	3*	A
10#	A	10#	A
9#	P	9#	P
2,601,808	A	2,601,808	A

- Expenditure ceiling is requested for HTDC Special funds.

FY 19-20	MOF	FY 20-21	MOF
2,422,384	B	2,422,384	B

- Expenditure ceiling is requested for HTDC federal funds.

FY 19-20	MOF	FY 20-21	MOF
964,713	P	964,713	P

- Expenditure ceiling is requested for HTDC revolving funds.

FY 19-20	MOF	FY 20-21	MOF
1,500,000	W	1,500,000	W

C. BED145 – HAWAII STRATEGIC DEVELOPMENT CORPORATION

1. Expenditure ceiling is requested for HSDC revolving fund.

FY 19-20	MOF	FY 20-21	MOF
1.00#		1.00#	
4,211,451	W	4,211,451	W

2. Expenditure ceiling is requested for Hydrogen Investment Capital Special Fund.

FY 19-20	MOF	FY 20-21	MOF
2,608,516	B	2,608,516	B

Thank you for the opportunity to testify.

HB1563, HD1, SD1
DBEDT TESTIMONY TO WAM ON 4-3-2019 AT 10:25 AM

Item No	Program ID	Program	Expending Agency	Appropriations				COMMENTS IF ALREADY FUNDED IN ANOTHER BILL PLS PROVIDE BILL #
				FY 19-20	MOF	FY 20-21	MOF	
A.1.	BED120	HAWAII STATE ENERGY OFFICE	BED	5*		5*		NOT INCLUDED IN HB2, CD1.
		RESTORE THE SPECIAL FUND CEILING IF FUNDING IS PROVIDED IN ESSF		24#		24#		PLEASE ADD.
				4,887,258	B	4,887,258	B	
A.2.	BED120	HAWAII STATE ENERGY OFFICE		5*		5*		
		OPERATING FUNDS FOR ENERGY OFFICE		24#		24#		
				2,600,000	A	2,600,000	A	IF SPECIAL FUNDS ARE NOT PROVIDED THRU ANOTHER BILL, THEN "A" FUNDS ARE REQUESTED. PLEASE ADD.
A.3.	BED120	HAWAII STATE ENERGY OFFICE	BED	240,000	T	240,000	T	NOT INCLUDED IN HB2, CD1.
		RETAIN TRUST FUND CEILING FOR VW ENVIRONMENTAL MITIGATION TRUST ADMINISTRATIVE EXPENSES						PLEASE ADD.
B.1.	BED143	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	3*	A	3*	A	NOT INCLUDED IN HB2, CD1. PLEASE ADD POSITION COUNTS
		OPERATING FUNDS FOR HTDC		10#	A	10#	A	
				9#	P	9#	P	
				2,601,808	A	2,601,808	A	PLEASE RAISE FUNDS. THIS INCLUDES CONVERTING POSITIONS FROM SPECIAL FUNDS TO GENERAL FUNDS.
B.2.	BED143	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	2,422,384	B	2,422,284	B	PLEASE ADD.
		EXPENDITURE CEILING FOR HTDC SPECIAL FUNDS						
B.3.	BED143	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	964,713	P	964,713	P	PLEASE ADD.
		EXPENDITURE CEILING FOR FEDERAL FUNDS						
B.4.	BED143	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	1,500,000	W	1,500,000	W	PLEASE ADD.
		EXPENDITURE CEILING FOR HTDC REVOLVING FUNDS						
C.1.	BED145	HAWAII STRATEGIC DEVELOPMENT CORPORATION	BED	1.00#		1.00#		NOT INCLUDED IN HB2, CD1.
		HSDC REVOLVING FUND EXPENDITURE CEILING		4,211,451	W	4,211,451	W	PLEASE ADD.
C.2.	BED145	HAWAII STRATEGIC DEVELOPMENT CORPORATION	BED	2,608,516	B	2,608,516	B	PLEASE ADD.
		HYDROGEN INVESTMENT CAPITAL SPECIAL FUND EXPENDITURE CEILING						

HB1563, HD1, SD1
DBEDT TESTIMONY TO WAM ON 4-3-2019 AT 10:25 AM

Item No	Program ID	Program	Agency	FY 19-20	MOF	FY 20-21	MOF	IF ALREADY FUNDED IN ANOTHER BILL PLS PROVIDE BILL #
1	BED100/SM	STRATEGIC MARKETING AND SUPPORT	BED	100,000	A	100,000	A	
		MATCHING FUNDS FOR US SBA GRANT OPERATIONS						
2	BED105/CI	CREATIVE INDUSTRIES DIVISION	BED	105,000	A	75,000	A	\$500,000 provided in HB1259, SD1. Needed to retrofit coworking spaces at FTZ and sandbox.
		CREATIVE LAB COWORKING SPACE	BED	45,000	B A	45,000	B A	Please change funds to A funds instead of B funds. Facility contractor.
3	BED105/CI	CREATIVE INDUSTRIES DIVISON	BED	100,000	A	100,000	A	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		NEIGHBOR ISLAND CREATIVE LAB						
4	BED107/BA	FOREIGN TRADE ZONE	BED	150,000	B	150,000	B	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		FRINGE BENEFITS						
5	BED113	TOURISM	BED	79,000,000	B	79,000,000	B	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		FUNDING FOR HTA FROM TAT						
6	BED128	OFFICE OF AEROSPACE	BED	1*		1*		FUNDING IS PROVIDED IN HB116, SD1.
		ESTABLISH 1 PERMANENT SECRETARY FOR OAD		43,008	A	43,008	A	
7	BED128/OA	OFFICE OF AEROSPACE	BED	61,000	A	61,000	A	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		CHALLENGER CENTER						
8	BED138/GI	HAWAII GREEN INFRASTRUCTURE AUTHORITY	BED	95,180	B	95,180	B	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.

HB1563, HD1, SD1
DBEDT TESTIMONY TO WAM ON 4-3-2019 AT 10:25 AM

Item No	Program ID	Program	Agency	FY 19-20	MOF	FY 20-21	MOF	IF ALREADY FUNDED IN ANOTHER BILL PLS PROVIDE BILL #
		FRINGE BENEFITS						
9	BED142/AA	GENERAL SUPPORT FOR ECONOMIC DEV	BED	10,000	A	10,000	A	FUNDING IS PROVIDED IN HB116, SD1.
		FUNDING FOR SBRRB						
10	BED143	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	1,500,000	A	1,500,000	A	PLEASE ADD POSITION COUNTS. SEE ITEM B ABOVE.
		OPERATING FUNDS FOR HTDC						
11	BED143/TE	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	1,000,000	A	1,000,000	A	FUNDING IS PROVIDED IN HB116, SD1.
		SBIR PHASE II AND III						
12	BED143/TE	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	500,000	A	500,000	A	FUNDING IS PROVIDED IN HB116, SD1.
		MAP GRANT						
13	BED143/TE	HAWAII TECHNOLOGY DEVELOPMENT CORP	BED	150,000	A	150,000	A	FUNDING IS PROVIDED IN HB116, SD1.
		EXCELERATOR PROGRAM						
14	BED144	STATEWIDE PLANNING AND COORDINATION	BED	200,000	A	200,000	A	FUNDING IS PROVIDED IN HB116, SD1.
		COUNTY ECONOMIC DEVELOPMENT BOARDS BUSINESS PLAN FOR EACH COUNTY						
15	BED144/PL	STATEWIDE PLANNING AND COORDINATION	BED	1*		1*		ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		ESTABLISH 1 PERMANENT ACCOUNTANT IV POSITION		26,478	A	52,956	A	
16	BED144/PL	STATEWIDE PLANNING AND COORDINATION	BED	200,000	A	100,000	A	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		GIS PROGRAM ENHANCEMENT						
17	BED144/PL	STATEWIDE PLANNING AND COORDINATION	BED	22,560	A	22,560	A	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.

HB1563, HD1, SD1
DBEDT TESTIMONY TO WAM ON 4-3-2019 AT 10:25 AM

Item No	Program ID	Program	Agency	FY 19-20	MOF	FY 20-21	MOF	IF ALREADY FUNDED IN ANOTHER BILL PLS PROVIDE BILL #
		TOD PROGRAM MANAGER						
18	BED144/PL	STATEWIDE PLANNING AND COORDINATION	BED	21,200	A	13,700	A	ITEM CAN BE DELETED AS FUNDING HAS BEEN PROVIDED IN HB2, CD1.
		OFFICE OF PLANNING EQUIPMENT						
19	BED100	STRATEGIC MARKETING AND SUPPORT	BED	100,000	A	100,000	A	PROVIDED IN SB989, SD2, HD1.
		ESTABLISH OFFICE IN GUANGZHOU, GUANGDONG, CHINA						
20	BED150	HAWAII COMMUNITY DEVELOPMENT AUTHORITY	BED	155,294	W	155,294	W	SUPPLEMENTAL FUNDING IN HB2, CD1. OPERATING FUNDS SHORT.
		OPERATING FUNDS						PLEASE ADD.
21	BED128	OAD/PISCES	BED	1*		1*		FUNDING IS PROVIDED IN HB116, SD1.
		Establish 1 permanent technician position		40,000	A	40,000	A	
22	BED144/PL	STATEWIDE PLANNING AND COORDINATION	BED	5*		5*		FUNDING IS PROVIDED IN HB116, SD1.
		ESTABLISH 5 PERMANENT POSITIONS FOR SUSTAINABILITY DIV		518,152	A	518,152	A	
		(1) PERM SECRETARY III (43,008)						
		(2) PERM PLANNER IV (52,956 EACH)						
		(2) PERM PLANNER V (59,616 EACH)						
		OPERATING EXPENSE (250,000)						

HB-1563-SD-1

Submitted on: 4/1/2019 11:15:29 AM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rodrigo Romo	Testifying for Pacific International Space Center for Exploration	Support	No

Comments:



Testimony of the
OAHU ECONOMIC DEVELOPMENT BOARD (OEDB)
In Support of HB 1563 HD1 SD1
**RELATING TO DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM (DBEDT)**

SENATE COMMITTEE ON WAYS AND MEANS

Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Wednesday, April 3 2019
10:25 A.M.
Conference Room 211
State Capitol
415 South Beretania Street

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

The Oahu Economic Development Board (OEDB) supports HB 1563, HD1, SD 1.

The Economic Development Boards (EDB) have worked collaboratively to develop the Hawai'i State Comprehensive Economic Development Strategy (CEDS) with the Department of Business, Economic Development, and Tourism (DBEDT) and Office of State Planning (OSP). The CEDS is required by the U.S. Department of Commerce Economic Development Administration (EDA) as both an economic roadmap and to allow the State (and Counties) access to EDA and other federal funding. The EDBs also developed the CEDS for our respective Counties.

The CEDS is a platform for funding from the Economic Development Administration. Within the CEDS are key initiatives the state can undertake for development and this funding could support the EDB's in doing more than the CEDS plan.

Mahalo,

Pono Shim
President and CEO





Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee on Ways and Means
Wednesday, April 3, 2019
10:25 a.m.
State Capitol, Conference Room 211

In consideration of
HB1563, HD1, SD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM.**

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

The Hawaii Technology Development Corporation (HTDC) **supports** HB1563, HD1, SD1 that appropriates funds for the fiscal biennium 2019-2021 operating budget of the Department of Business, Economic Development and Tourism programs under the purview of the House of Representatives Standing Committee on Economic Development and Business.

The bill appropriates funding to HTDC for the Hawaii SBIR Phase II/III matching grant program, Manufacturing Development (MAP) matching grant program, and to continue providing support for Hawaii accelerator programs. For fiscal year 2019, the SBIR and MAP grant programs have not awarded funds yet. In FY18, the HSBIR Phase II/III grant program awarded 5 of the 9 applicants a total of \$900k with \$8MM federal fund match. The program had \$117 million of total economic impact (HTDC 2017 economic impact survey). In FY18, the MAP grant program funded 29 of the 51 applicants a total of \$930k with the companies investing over \$13.6 million. The program had \$876 million of total economic impact (2017). In FY19, HTDC provided 5 Hawaii accelerators a total of \$1.5 million. In FY18, 3 accelerators were awarded \$900k. The 3 accelerators reported a total of 18 cohorts, helping 77 companies raise \$138 million. HTDC believes the programs provides leverage and positive economic development value for the State.

The bill does not include funding for the Alternative Energy Research (HONR) program. The HONR grant program last awarded in FY17. In FY17, all 3 companies that applied were awarded a total of \$950,000. The companies matched the state award with a total of \$10.2 million of federal funds. HTDC believes the program provides leverage and positive economic development value for the State.

The bill appropriates funding to HTDC for operating expenses. The funding would allow HTDC to restore some of its programs including business workshops, support for companies on the neighbor islands, sponsorships, tech workforce development, industry promotion, and continue supporting the growth of tech businesses in Hawaii. HTDC has significantly reduced programs and

is unable to fill positions due to the loss of special fund revenue in June 30, 2018 with the expiration of the Manoa Innovation Center lease. We support this request provided it does not supplant the Governor's priorities in the Administrative budget. Thank you for the opportunity to offer these comments.

April 1, 2019

Testimony to the
Committee on Ways and Means

HB 1563 HD1 SD1
Relating to the Department of Business, Economic Development and Tourism

The four Economic Development Boards (EDBs) in Hawaii were created beginning in 1982 on Maui and followed in quick succession by the formation of Kauai, Hawaii Island and Oahu Economic Development Boards. The resulting robust relationship of the EDBs was founded on shared values, goals, and strategies that persists to today. In 1998, the EDBs formalized their spirit of collaborative, community-based economic development by forming a statewide nonprofit 501(c)(3) corporation called the Economic Development Alliance of Hawaii or EDAH.

I am submitting testimony as the Chair of EDAH. EDAH is now comprised of the leaders of the state's four Economic Development Boards, the Hawaii Business Roundtable, the Research Corporation of the University of Hawaii, and other representatives from the nonprofit and business community. EDAH works proactively with the public and private sectors and other community-based organizations and individuals to spur economic growth and sustainability throughout the State of Hawaii.

The Economic Development Alliance of Hawaii (EDAH) supports HB 1563 HD1 SD1 which includes funding to the Economic Development Boards. EDAH stands ready to assist with this outcome.

In their over 35-year history, the EDBs have demonstrated their capacity to advance economic diversification across the state through numerous projects and initiatives. Their efforts have fostered solid outcomes in sectors such as astronomy and optics, space surveillance, health care, energy, agriculture, and small business development. Their initiatives to business range from technical assistance workshops to one-on-one mentoring to awarding New Market Tax Credits. To prepare our residents for competing and filling the opportunities in these sectors, they have brought innovation to STEM education and workforce development. They regularly ensure the voices of our residents are "at the table" in economic development directions through grassroots processes and conferences. This legislation perpetuates the ingenuity and dedication the EDBs bring to successful community-based economic development.

And as always, this funding for the EDBs will be leveraged significantly with sources from the private sector, other public sector partners, and foundations to accomplish its statewide goals.

Respectfully submitted,



Jeanne Unemori Skog
Chair
Economic Development Alliance of Hawaii

HB-1563-SD-1

Submitted on: 4/1/2019 10:06:58 AM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
David S. De Luz, Jr.	Testifying for David S. De Luz, Sr. Enterprises, Inc.	Support	No

Comments:

Aloha,

On behalf of Hawai`i Island Economic Development Board (HIEDB) incorporated in 1984 to provide and promote private sector support and expertise for balanced growth in Hawai`i County in partnership with public and private resources, I humbly request a hearing and consideration by Senate Committee on Ways and Means of HB 1563 SD1.

HIEDB, along with the Maui, Oahu and Kauai Economic Development Boards (EDBs) are private sector, member-based, and non-profit entities working to strengthen and diversify our economy. Because of our "grassroots, boots on the ground" work in our respective communities, we are often called upon to provide the community perspectives, needs, and assist with developing strategies for socio-economic resilience. Indeed, Hawai`i State Legislature and other policy makers in the State of Hawai`i often depend on the EDBs to participate in such efforts ranging from aerospace to energy to education to homelessness and housing to visitor industry to workforce development, etc. including and not limited to, unfunded mandates such as being seated on various advisory and working groups.

The EDBs have worked collaboratively to develop the Hawai`i State Comprehensive Economic Development Strategy (CEDS) with the Department of Business, Economic Development, and Tourism (DBEDT) and Office of State Planning (OSP). The CEDS is required by the U.S. Department of Commerce Economic Development Administration (EDA) as both an economic roadmap and to allow the State (and Counties) access to EDA and other federal funding. The EDBs also developed the CEDS for our respective Counties.

In order to execute the CEDS, secure and deploy funding to support infrastructure and job creation in Hawai`i's key industry sectors and for disaster recovery and resilience, it is important that funds be provided to support the EDBs efforts. Such funding can and is used by EDBs to serve as matching funds to both private and federal funding, as was done previously when provided by legislature in years past.

Please do not hesitate to advise of any questions or concerns, and/or if I may be of other assistance.

Mahalo for your time and consideration,

David S. De Luz, Jr.

David S. De Luz, Sr. Enterprises, Inc.

808-895-4284



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HB 1563 SD1
Relating to the Department of Business, Economic Development, and Tourism
Senate Committee on Ways and Means
03 April 2019 – 10:25 a.m. – Room 211, Hawai`i State Capitol

Aloha Chair Dela Cruz, Vice Chair Agaran and Members of the Committee on Ways & Means,

The Economic Development Boards (EDBs) are private sector, member-based, and non-profit entities working to strengthen and diversify our economy. Because of our "grassroots, boots on the ground" work in our respective communities, we are often called upon to provide the community perspectives, needs, and assist with developing strategies for socio-economic resilience. Indeed, Hawai`i State Legislature and other policy makers in the State of Hawai`i often depend on the EDBs to participate in such efforts ranging from aerospace to energy to education to homelessness and housing to visitor industry to workforce development, etc. including and not limited to, unfunded mandates such as being seated on various advisory and working groups.

The EDBs have worked collectively and respectively to develop a strong working relationship with and in support of the Hawai`i State Department of Business, Economic Development and Tourism (DBEDT). One example is development of the Comprehensive Economic Development Strategy (CEDS) with DBEDT and Office of State Planning (OSP). The CEDS is required by the U.S. Department of Commerce Economic Development Administration (EDA) as both an economic roadmap and to allow the State (and Counties) access to EDA and other federal funding. Respectively, the EDBs developed the CEDS for the four Counties.

In order to execute the CEDS, secure and deploy funding to support infrastructure and job creation in Hawai`i's key industry sectors and for disaster recovery and resilience, it is important that funds be provided to support the EDBs efforts. In years past, such funding was provided by legislature. Such funds can and has been used by EDBs to serve as matching funds to both private and federal funding thereby maximizing opportunity and outcome, and we humbly request that such funding be reinstated.

Mahalo for this opportunity to speak on behalf of Hawai`i Island Economic Development Board (HIEDB) incorporated in 1984 to provide and promote private sector support and expertise for balanced growth in Hawai`i County in partnership with public and private resources. HIEDB also collaborates to maximize our resources to maximize positive impact on Hawai`i's economy and constituents, as a member of the Economic Development Alliance of Hawai`i (EDAH) comprised of the four Economic Development Boards and Hawai`i Business Roundtable.

Respectfully submitted,

Jacqui Hoover, Executive Director and COO



Testimony to the Senate Committee on Ways and Means

Wednesday, April 3, 2019

10:25 A.M.

Conference Room 211

RE: RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM – HB 1563 HD1 SD1

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

My name is Gary Kai and I am the Executive Director of the Hawaii Business Roundtable. The Hawaii Business Roundtable supports House Bill 1563 HD1 SD1 as it relates to Item 14 BED 144 – Statewide Planning and Coordination: Funding for County Economic Development Boards to Formulate a Business Plan in Each County.

The four Economic Development Boards (EDBs) in Hawaii were created beginning in 1982 on Maui and followed in quick succession by the formation of Kauai, Hawaii Island and Oahu Economic Development Boards. In 1998, the EDBs formalized their spirit of collaborative, community-based economic development by forming a statewide nonprofit 501(c)(3) corporation called the Economic Development Alliance of Hawaii or EDAH. They were joined by the Hawaii Business Roundtable and also include other members of our statewide community.

The Hawaii Business Roundtable has supported the work of EDAH to spur economic growth and sustainability throughout the State of Hawaii. EDAH's has had a leadership role in guiding the State's Comprehensive Economic Development Strategy (CEDS), mandated by the Economic Development Administration (EDA) of the US Department of Commerce.

In their over 35-year history, the EDBs have demonstrated their capacity to advance economic diversification across the state through numerous projects and initiatives. Their efforts have fostered solid outcomes in sectors such as astronomy and optics, space surveillance, health care, energy, agriculture, and small business development. Their initiatives to business range from technical assistance workshops to one-on-one mentoring to awarding New Market Tax Credits. To prepare our residents for competing and filling the opportunities in these sectors, they have brought innovation to STEM education and workforce development. They regularly ensure the voices of our residents are "at the table" in economic development directions through grassroots processes and conferences. This legislation perpetuates the ingenuity and dedication the EDBs bring to successful community-based economic development.

Funding for the EDB's by the state is a collaborative effort as funding is always leveraged significantly by sources from the private sector, other public sector partners, and foundations to accomplish its statewide goals. We hope you will join us to further our State's economic future.

Thank you very much for the opportunity to testify.

Gary K. Kai, Executive Director
Hawaii Business Roundtable

HB-1563-SD-1

Submitted on: 4/1/2019 10:38:08 AM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Douglass Adams	Individual	Support	No

Comments:

HB-1563-SD-1

Submitted on: 4/1/2019 8:53:29 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Zelko	Individual	Support	No

Comments:

Aloha,

I humbly request a hearing and consideration by Senate Committee on Ways and Means of HB 1563 SD1.

Hawaii Island Economic Development Board, along with the Maui, Oahu and Kauai Economic Development Boards (EDBs) are private sector, member-based, and non-profit entities working to strengthen and diversify our economy.

The EDBs have worked collaboratively to develop the Hawai'i State Comprehensive Economic Development Strategy (CEDS) with the Department of Business, Economic Development, and Tourism (DBEDT) and Office of State Planning (OSP). The CEDS is required by the U.S. Department of Commerce Economic Development Administration (EDA) as both an economic roadmap and to allow the State (and Counties) access to EDA and other federal funding. The EDBs also developed the CEDS for our respective Counties.

In order to execute the CEDS, secure and deploy funding to support infrastructure and job creation in Hawai'i's key industry sectors and for disaster recovery and resilience, it is important that funds be provided to support the EDBs efforts. Such funding can and is used by EDBs to serve as matching funds to both private and federal funding, as was done previously when provided by legislature in years past.

Thank you for your support!

Jennifer Zelko-Schlueter

HB-1563-SD-1

Submitted on: 4/2/2019 8:49:28 AM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sylvia Yuen	Individual	Support	No

Comments:

MEMORANDUM

April 2, 2019

TO: Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Senate Committee on Ways and Means

FROM: Anthony Borge, Chairperson *Anthony Borge*
Small Business Regulatory Review Board

DATE: April 3, 2019 – Room 211 at 10:25 a.m.

SUBJECT: House Bill 1563, HD1, SD1, Relating to the Department of Business, Economic Development, and Tourism – Comments and Recommendation

As an individual and a board member of the Small Business Regulatory Review Board (SBRRB) for the past 8 years, I am providing comments on House 1563, HD1, SD1, Relating to the Department of Business, Economic Development, and Tourism.

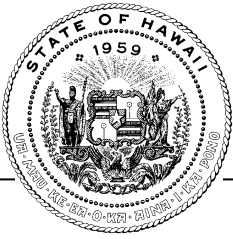
This measure appropriates funds for the fiscal biennium 2019-2021 operating budget of DBEDT's programs. Specifically, the bills states, in part, "\$10,000 or so much thereof as may be necessary for fiscal year 2019-2020 and the same sum or so much thereof as may be necessary for fiscal year 2020-2021 for the small business regulatory review board."

Please be advised that annual expenses for travel alone approximate \$15,000 for four neighbor island board members, and to finalize the current revamping of the SBRRB's website, an additional \$12,000+ is required, in addition to monthly service charges.

Thus, without a budget, the SBRRB volunteers have been challenged to provide sufficient outreach to the small business community to provide a valuable, needed service to enable and enhance the growth of small business in Hawaii. Curtailing, and or minimizing, the negative economic impact that existing, and proposed rules/regulations have on the thousands of small businesses is not an option if we are to sustain positive economic growth within the State.

While I am proud of the success and accomplishments this hardworking group of gratis members has had with no budget, the SBRRB could greatly improve outreach to the small business community if a budget was granted.

Thank you for hearing my comments on House Bill 1563, HD1 SD1.



**OFFICE OF PLANNING
STATE OF HAWAII**

LATE

DAVID Y. IGE
GOVERNOR

DIRECTOR
OFFICE OF PLANNING

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Statement of
LEO R. ASUNCION
Planning Program Administrator, Office of Planning
before the
SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, April 3, 2019
10:25 AM
State Capitol, Conference Room 211

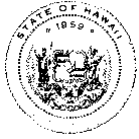
in consideration of
HB 1563, HD1, SD1
**RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Office of Planning appreciates the intent of HB1563, HD1, SD1, which appropriates funds for the Office of Planning for fiscal biennium 2019-2021 operating budget. Office of Planning asks that the amounts and positions listed in our testimony below are included in HB1563, HD1, SD1, provided that its passage does not replace or adversely impact the priorities indicated in the Executive Budget. We ask for the addition of (5) Permanent positions and funds for Statewide Sustainability Division (BED144/PL). The Office of Planning's intent that the Sustainability Coordinator position will serve as the administrator of this proposed Statewide Sustainability Division, and the corresponding staff proposed will serve under the management of the Sustainability Coordinator.

Program	Fiscal Year 2019-2020	Fiscal Year 2020-2021
BED144 – Statewide Planning and Coordination		
	\$518,152 A	\$518,152A
	5*	5*

Thank you for the opportunity to testify on this measure.



HAWAII COMMUNITY DEVELOPMENT AUTHORITY



KAKA'KO
KALAELOA

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Governor

John Whalen
Chairperson

Aedward Los Banos
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LATE

STATEMENT OF
AEDWARD LOS BANOS, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

Before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, April 3, 2019
10:25 A.M.
State Capitol, Conference Room 211

in consideration of

HB 1563, HD1, SD1
RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM.

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

The Hawaii Community Development Authority (HCDA) respectfully
offers comments on HB 1563, HD1, SD1 which appropriates funds for the
Department of Business, Economic Development, and Tourism's biennium 2019-
2021 operating budget.

HB2, HD1, SD1, CD1 provides funds for 10 HCDA staff positions with
revolving funds; however, it did not include sufficient funds for the fringe rate
adjustment. Thus, HCDA requests that the **revolving fund ceiling be increased**
by \$180,294 per year for fiscal years 2019-2020 and 2020-2021.

BED150 – HAWAII COMMUNITY DEVELOPMENT AUTHORITY

FY 19-20	MOF	FY 20-21	MOF
180,294	W	180,294	W

Thank you for the opportunity to offer comments on HB 1563, HD1, SD1.

LATE

HB-1563-SD-1

Submitted on: 4/2/2019 1:08:33 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Marissa Sandblom	Individual	Support	No

Comments:

LATE

HB-1563-SD-1

Submitted on: 4/2/2019 3:42:51 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chenoa Farnsworth	Testifying for Blue Startups	Support	No

Comments:

We strongly support RESTORATION OF FULL ALLOCATIONS to HSDC and HTDC contained in EARLIER VERSIONS OF THIS BILL.

The future of our burgeoning innovation sector in Hawaii depends on continued public support for growth. We are building a new economic sector in Hawaii and providing high paying knowledge worker jobs to our people.

Hawaii Strategic Development Corporation (HSDC) provides seed investment dollars to attract additional private investments into the state. WE URGE THE COMMITTEE TO RESTORE FUNDING FOR HSDC CONTAINED IN THE ORIGINAL VERSION OF THIS BILL.

- Because of HSDC’s initial capital commitments to date, Blue Startups has been able to raise and invest \$2.4 million into 76 startup companies, which has been leveraged 50X, bringing in an additional \$115 million in follow on capital.

Hawaii Technology Development Corporation (HTDC) provides grant dollars to support accelerator operations and community events in the innovation sector. WE URGE THE COMMITTEE TO RESTORE FUNDING FOR THE ACCELERATOR PROGRAMS AT THE LEVEL CONTAINED IN THE ORIGINAL VERSION OF THIS BILL.

- HTDC accelerator grant assistance helps Blue Startups run its nationally recognized a 13-week mentorship program providing entrepreneurs with strategic advice and business connections. We have completed 10 cohorts have with over 300 founders.
- HTDC events grant assistance helps with the annual East Meets West program which brings together investors and entrepreneurs from throughout the Pacific, highlighting Hawaii as Startup Paradise to the world. Over 500 attendees come

out for this event including venture capitalists controlling billions of dollars in capital.

The HSDC and HTDC programs have been critical to the initial development and continued growth of the innovation sector in Hawaii. We believe now is the time to double down on our successes to achieve our ultimate goal of building the innovation economy in Hawaii.

LATE

HB-1563-SD-1

Submitted on: 4/2/2019 11:41:52 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jaclyn Kaina	Testifying for Kauai Economic Development Board	Support	No

Comments:

LATE

Hawaii State Senate Ways and Means Committee
Hawaii State Capitol
Honolulu, Hawaii

April 2, 2019

RE: SUPPORT for HB 1563, HD1, SD1 – RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM.

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

Thank you for this opportunity to testify in support of HB 1563 (SD1) relating to its inclusion of funding for the individual private non-profits Maui, Hawaii Island, Kauai, and Oahu Economic Development Boards (EDBs). Maui Economic Development Board, Inc. (MEDB) is a 501(c)(3), not-for-profit corporation whose mission is to lead and inspire innovation in business, education, and our community. MEDB was established in 1982, is governed by an industry-led board of directors, and serves educators, students, and businesses across Hawaii with statewide programs and outreach. MEDB greatly value our collaboration and partnerships with our sister EDB organizations. Together, we have leveraged our collective strengths on many opportunities and projects including the Hawaii Comprehensive Economic Development Strategy.

The proposed funding included in the DBEDT budget is critical to MEDB and our sister EDBs ability to compete in the federal and private market place with the goal of bringing funding and resources home to Hawaii. In 2018-19, MEDB alone has brought in close to \$3 million in federal and private funding to help strengthen our economy and build a resident-trained skilled workforce. Each of the EDBs reflect the voices of their community members and support their respective communities' targeted economic strategies, while honoring their local culture. We all share common values in our efforts to help diversify our economy with a goal to build more career pathways for our young people, to keep them home and to bring them back home.

Thank you for your time and consideration. Please call if you have any further questions 808-280-0376.

Sincerely,



Leslie Wilkins
President & CEO
Maui Economic Development Board, Inc.
1305 N. Holopono Street, Suite 1
Kihei, Hawaii 96753
leslie@medb.org

LATE

HB-1563-SD-1

Submitted on: 4/2/2019 9:36:48 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shawn Uehira	Individual	Support	No

Comments:

LATE

HB-1563-SD-1

Submitted on: 4/2/2019 11:49:03 PM

Testimony for WAM on 4/3/2019 10:25:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Shibata	Individual	Support	No

Comments: