

STAND. COM. REP. NO.

2148

Honolulu, Hawaii

FEB 09 2022

RE: S.B. No. 3337  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,  
to which was referred S.B. No. 3337 entitled:

"A BILL FOR AN ACT RELATING TO THE ECONOMY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development;
- (2) Appropriate moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address those goals;
- (3) Identify additional projects authorized in the executive budget to be implemented by DBEDT to further the State's economic disaster mitigation, economic diversification, import substitution, and community development goals, including the establishment of an Office of International Affairs and certain capital improvement projects; and



- (4) Require DBEDT to submit annual reports to the Legislature summarizing project outcomes, including an assessment of each project's effectiveness.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Office of Planning and Sustainable Development; Hawaii Housing Finance and Development Corporation; Hawaii Green Infrastructure Authority; Hawai'i Technology Development Corporation; Hawaii Community Development Authority; Natural Energy Laboratory of Hawaii Authority; Hawaii State Energy Office; Hawai'i Tourism Authority; Blue Ocean Mariculture; Ocean Era, Inc.; Cyanotech Corporation; Ocean Networks, Inc.; Sea Salts of Hawaii; Makaha Cultural Learning Center; and three individuals. Your Committee received comments on this measure from the Department of Budget and Finance and Hawai'i Energy.

Your Committee finds that, as the State recovers from the ongoing coronavirus disease 2019 (COVID-19) pandemic, significant additional investment in specific DBEDT programs is necessary to meet the State's goals in economic disaster mitigation, economic diversification, import substitution, and community development.

In considering the various projects and funding proposed by this measure, your Committee notes that, in 2021, the Legislature already approved an appropriation of \$10,000,000 from the funds received by the State from the American Rescue Plan Act of 2021, Public Law 117-2, Section 9901, to DBEDT for the plans, design, construction, and equipment for the development of carrier-neutral landing stations to create a fiber ring connecting the islands of the State. These funds, which were made through Act 88, Session Laws of Hawaii 2021, have yet to be released by the Governor. Furthermore, your Committee determined that the Natural Energy Laboratory of Hawaii Authority has not adequately explored all opportunities to generate revenue from public-private partnerships to fund an ocean economy innovation village. In addition, your Committee believes that given the ongoing COVID-19 pandemic and current supply chain issues, the establishment of an Office of International Affairs at this time is premature. With respect to the proposed funding to subsidize the solarization of private homes in the Waianae region, your Committee recognizes that ninety thousand state residents have already paid for their own rooftop solar, and this proposed project may not be the most economically



efficient approach to meet the State's renewable energy goal. With respect to the capital improvement projects proposed under this measure, specifically, improvement projects at Saratoga Avenue and Fisherman's Wharf, your Committee notes that funding is already included in this year's supplemental appropriations bill.

Your Committee further finds that Hawaii Center for Advanced Transportation Technologies (HCATT) was established, in part, to accelerate the adoption of hydrogen and fuel cell technologies. Federal funds currently used to support HCATT's operations may cease next year. HCATT has executed numerous federal and publicly funded projects, and your Committee believes that the significant expertise in hydrogen technology demonstration and validation that this agency possesses should be preserved.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language that appropriates an unspecified amount to DBEDT to convert the two federally funded positions at HCATT into state-funded positions;
- (2) Removing language that appropriates:
  - (A) \$1,000,000 for carrier-neutral cable landing infrastructure to develop pre-construction specifications for the design and engineering of carrier-neutral cable landing infrastructure on the islands of Oahu, Hawaii, Maui, and Kauai;
  - (B) \$18,000,000 for an ocean economy innovation village;
  - (C) \$400,000 to establish an Office of International Affairs;
  - (D) \$2,500,000 for Solarize Waianae;
  - (E) \$12,125,000 for Saratoga Avenue electrical and communications infrastructure improvements; and
  - (F) \$25,000,000 for the repair of the Fisherman's Wharf bulkhead; and



- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3337, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3337, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy, Economic  
Development, and Tourism,

  
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GLENN WAKAI, Chair



