



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Wednesday, February 23, 2022
2:00 PM
State Capitol, Conference Room 308

In consideration of
HB2448, HD1
RELATING TO A STATEWIDE DATA HUB.

Chair Luke, Vice Chair Yamashita and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB2448, HD1, which requires DBEDT to establish and maintain a statewide data hub to collect employer and employee data. Additionally, this bill authorizes the DBEDT to determine the type of employer and employee data to collect, the functions of the statewide data hub, and access and document retention policies for the data.

In 2021, the Federal Labor Research Program was transferred from the Department of Labor and Industrial Relations to DBEDT. The program collects employer and employee data that is defined and funded by the U.S Bureau of Labor Statistics. With the authorization, DBEDT will continue working with the federal government, Hawaii employers and employees, and other state agencies to collect and report Hawaii labor statistics on timely basis.

Thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2448, H.D. 1

February 23, 2022
2:00 p.m.
Room 308 and Videoconference

RELATING TO A STATEWIDE DATA HUB

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2448, H.D. 1, requires the Department of Business, Economic Development and Tourism (DBEDT) to establish and maintain a Statewide Data Hub (SDH) to collect employer and employee data; authorizes DBEDT to determine the type of employer and employee data to collect; and appropriates an unspecified amount of general funds for FY 23 to DBEDT to design, install, populate, and manage the SDH.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 23, 2022, at 2:00 P.M.
Conference Room 308 & Videoconference**

RE: HB 2448 HD1 Relating to Statewide Data Hub

Chair Luke, Vice Chair Yamashita and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **expresses concerns on** HB 2448 HD1, which:

- Requires the Department of Business, Economic Development and Tourism to establish and maintain a statewide data hub to collect employer and employee data.
- Authorizes the Department of Business, Economic Development and Tourism to determine the type of employer and employee data to collect, the functions of the statewide data hub, and access and document retention policies for the data.
- Appropriates funds.

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.

We appreciate and understand the intent of this bill to gather data and information to better understand the economy and provide policy makers with accurate data. Our concern is that this bill is written too broadly and could be counterproductive for our business community. Under this bill, the state could ask companies for several different data points, all under the guise of "Employment" or "Employee"-related that could go way beyond the typical information that would be reported for employment or an employee. The Chamber is concerned that if this bill passes, certain types of data or information can be used against our business community and harm our overall economy with future rules and regulations.

The Chamber is also concerned about the lack of parameters in this bill on what type of data can be collected, specifically regarding sensitive information. Over the past few years, we have seen that government and businesses around the world, and even in Hawaii, can be victims of cyber-attacks. If confidential data is leaked, it could mean harm to public health and public safety, legal troubles and Hawaii businesses losing a competitive advantage in their industry. HB 2448 HD1 does not outline how the data will be kept secure, what information can be shared and for what purposes.

Thank you for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 23, 2022**

Re: HB 2448 HD1 RELATING TO A STATEWIDE DATA HUB.

Good afternoon, Chairperson Luke and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains, and everyone in between.

While we understand the state's want for this type of information, we are opposed to HB 2448 HD1 Relating to a Statewide Data Hub. This measure requires the department of business, economic development, and tourism to establish and maintain a statewide data hub to collect employer and employee data. Authorizes the department of business, economic development, and tourism to determine the type of employer and employee data to collect, the functions of the statewide data hub, and access and document retention policies for the data. Appropriates funds. Effective 12/25/2040.

Retailers are concerned about the type of information that is being sought since this measure has no real parameters on what information could be asked and that businesses would have to provide. Government could ask businesses for a variety of information all under the guise of "Employment" or "Employee" related that goes way beyond employment and employee information. This measure also does not specify that information would be aggregated.

The information being asked for could include sensitive information that is proprietary. As we have seen, Government and private businesses are not immune to data breaches or cyber-attacks. If sensitive information is leaked, it could mean that company may lose a competitive edge or business contracts. While this information will be shared with other government agencies, it is not clear how this information will be kept secure, what information will be shared and for what purpose.

We are also very concerned that this type of data and information can be used against businesses in regard to future legislation, rules and regulations.

There are no real parameters.

Mahalo again for this opportunity to testify.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

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TO: Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Kyle T. Yamashita, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 23, 2022
TIME: 2pm
PLACE: Via Videoconference

RE: HB2448 HD1 Relating to a Statewide Data Hub

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is concerned about several aspects of this measure. Collecting and storing the data outlined in this measure would create an administrative burden for employers and no way to recuperate the lost time and labor required to meet it. Labor costs are at an all time high and are increasing, Hawaii is already recognized as one of the worst states in the country to do business, and the economic downturn caused by the covid-19 pandemic hit Hawaii harder than any other state. Now is not the time to add another potentially costly burden to our local businesses while they are struggling to recover.

We also have concerns about the type of data being collected and how it will be used and protected. The date described in this measure is very broad and could intentionally or unintentionally require employers to provide proprietary information or sensitive data about employees. The measure does not describe how the information will be used, who will have access to it, or how it will be protected.

For these reasons we believe that this measure is not the right choice for our State and we ask that it be held. We thank you for the opportunity to testify.