



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Friday, March 18, 2022, at 10:30 A.M.
Conference Room 312 & Videoconference**

RE: SB 2808 SD1 Relating to the Hawaii Technology Development Corporation

Chair Quinlan, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2808 SD1, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the State Small Business Credit Initiative Program (SSBCI)

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 Small Business Credit Initiative Program (SSBCI) was created in 2021 when Congress appropriated funds for the program to assist small businesses accessing capital during the COVID19 pandemic. The State of Hawaii will receive over \$56 million in federal funds to provide capital assistance to our small businesses in Hawaii.

While the SSBCI program requires private capital to match these funds, the program has the potential to create over \$600 million in capital and investment into Hawaii's small businesses that faced significant impacts and Challenges caused by the COVID-19 pandemic.

In general, loan guarantee programs provide an assurance to lenders of partial repayment if a loan goes into default once the lender makes every reasonable effort to liquidate available collateral and collect on personal guarantees.

The Chamber of Commerce Hawaii supports a state-level funding match to the already existing federal small business credit initiative to help support our small businesses access capital and recover from the pandemic.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, March 18, 2022
10:30 am
State Capitol, Conference Room 312 & Videoconference

In consideration of
SB 2808, SD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Quinlan, Vice Chair Holt and members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports SB 2808, SD1, relating to the Hawaii Technology Development Corporation ("HTDC"). This bill appropriates funds for the State Small Business Credit Initiative (SSBCI) Program, with the HTDC as the lead agency for the State.

This bill expands access to capital for small businesses statewide in the form of loans and investments. The program is a 7-year, \$56+ million program funded through the American Rescue Plan Act. HTDC has partnered with DBEDT and the Hawai'i Green Infrastructure Authority to implement the program.

We support this request provided it does not supplant the Governor's priorities in the Administrative budget.

Thank you for this opportunity to testify in support of SB 2808 SD1.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, March 18, 2022
10:30 a.m.
Videoconference

In consideration of
SB2808, SD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Quinlan, Vice Chair Holt and Members of the Committee.

The Hawai'i Technology Development Corporation (HTDC) **supports** SB2808, SD1 that appropriates funds to the Hawaii Technology Development Corporation for the State Small Business Credit Initiative Program.

HTDC is designated the lead agency for the State of Hawai'i for the federal State Small Business Credit Initiative, a 7-year \$56+ million program funded through the American Rescue Plan Act. HTDC has partnered with DBEDT and the Hawai'i Green Infrastructure Authority to implement the program, expanding access to capital for small businesses statewide in the form of loans and investments. For more information on the program, a summary report is linked below.
<https://www.htdc.org/wp-content/uploads/2021/11/SSBCI-Report.pdf>

In 2011, the Hawai'i Strategic Development Corporation implemented the first version of SSBCI and used the state \$2 million appropriation for the LAVA program and the \$6 million appropriation for the HI-Growth Initiative to offset uncovered SSBCI expenses. This is recommended as a best practice for the program. The federal program provides a fixed percentage of the funds to be used for management and administration. The additional funding allows HTDC the ability to implement the program most effectively for the state. For example, a compliance consultant/auditor helps to assure compliance with all regulations.

HTDC prefers the original draft as it includes an appropriation and a valid effective date. 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.



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

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Testimony of
Gwen Yamamoto Lau
Executive Director
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Friday, March 18, 2022
Time: 10:30 A.M.
State Capitol, Conference Room No. 312 & Videoconference

In consideration of
SENATE BILL NO. 2808, SD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Quinlan, Vice Chair Holt, and Members of the Committee on Economic Development:

Thank you for the opportunity to testify on Senate Bill 2808, SD1, relating to the Hawaii Technology Development Corporation (“HTDC”). This bill proposes to appropriate funds to support the State Small Business Credit Initiative Program. The Hawaii Green Infrastructure Authority (“HGIA”) **supports** this bill.

In addition to re-capitalizing its existing Venture Capital Program, with funds that will be appropriated to the State Small Business Credit Initiative (“SSBCI”) under The American Rescue Plan Act, HTDC will be expanding Hawaii’s SSBCI Program to also include two credit enhancement programs. In partnership with HTDC, HGIA will be launching the Collateral Support and Loan Participation Programs, both designed to address market barriers and increase access to capital for Hawaii’s small businesses, including socially and economically disadvantaged individuals (SEDI-owned businesses), rural and very small businesses.

Thank you for this opportunity to testify in support of SB 2808, SD1.

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.



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Toby Taniguchi, KTA Superstores, *Advisor*
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TO: Committee on Economic Development
Rep. Sean Quinlan, Chair
Rep. Daniel Holt, Vice Chair



FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 18, 2022
TIME: 10:30am
PLACE: Via Videoconference

RE: SB2808 SD1 Relating to the Hawaii Technology Development Corporation

Position: Support

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 in support of this measure to appropriate funds to the Hawaii Technology Development Corporation (HTDC) for the State Small Business Credit Initiative Program.

This is an important opportunity for the State to use Federal funds to support Hawaii's small businesses that faced significant impacts and Challenges caused by the COVID—19 pandemic. We encourage you to support this measure and we thank you for the opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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 ECONOMIC DEVELOPMENT
ON
SENATE BILL NO. 2808, S.D. 1

March 18, 2022
10:30 a.m.
Room 312 and Videoconference

LATE

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Senate Bill No. 2808, S.D. 1, appropriates an unspecified amount of general funds for FY 23 to the Hawai'i Technology Development Corporation for the State Small Business Credit Initiative (SSBCI) Program. B&F notes that a State match is not necessary to receive the federal funds designated for Hawai'i under the SSBCI Program.

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

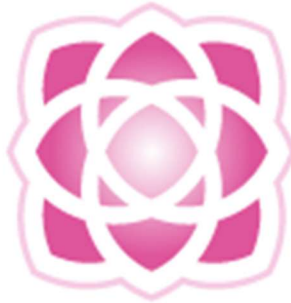
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

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.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 312
FRIDAY, MARCH 18, 2022 AT 10:30 A.M.**

To The Honorable Sean Quinlan, Chair
The Honorable Daniel Holt, Vice Chair
Members of the committee on Economic Development

SUPPORT SB2808 SD1 RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

The Maui Chamber of Commerce **supports SB2808 SD1** to appropriate funding for the State Small Business Credit Initiative program. This program is important as it helps small business access capital and this funding covers the state-level match to the federal small business credit initiative. Access to capital is key for starting and growing a business and is especially critical given the challenges businesses have faced during the pandemic.

Mahalo for the opportunity to provide testimony and ask that you pass this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.