



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 a.m.
Videoconference

In consideration of
SB2808
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

The Hawai'i Technology Development Corporation (HTDC) **supports** SB2808 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.

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



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 SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2808

February 22, 2022
10:00 a.m.
Room 211 and Videoconference

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Senate Bill No. 2808 appropriates \$1,000,000 in 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.



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
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 am

State Capitol, Conference Room 211 & Videoconference

In consideration of
SB2808

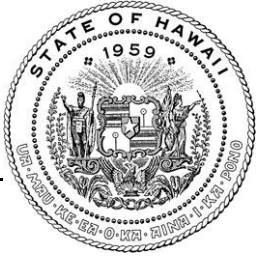
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

The Department of Business, Economic Development & Tourism (DBEDT) supports SB2808, 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 SB2808.



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

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

Telephone: (808) 587-3868
Fax: (808) 587-3896

Testimony of
Gwen Yamamoto Lau
Executive Director
before the
SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, February 22, 2022
Time: 10:00 A.M.
State Capitol, Conference Room No. 211 & Videoconference

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

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

Thank you for the opportunity to testify on Senate Bill 2808, 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.

Hawaii is unique in that 93.9% of its total land area is considered rural and 75% of its population are classified as minority. In addition to 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 business, inclusive of socially and economically disadvantaged individuals (SEDI-owned businesses) and very small businesses.

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



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

Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
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Lauren Zirbel, HFIA, *Executive Director*
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Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 22, 2022
TIME: 10am
PLACE: Via Videoconference

RE: SB2808 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.



**Testimony to the Senate Committee on Ways and Means
Tuesday, February 22, 2022, at 10:00 A.M.
Conference Room 211 & Videoconference**

RE: SB 2808 Relating to the Hawaii Technology Development Corporation

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 2808, 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.

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
TUESDAY, FEBRUARY 22, 2022 AT 10:00 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the committee on Ways and Means

SUPPORT SB2808 RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

The Maui Chamber of Commerce supports SB2808 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.