



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

Monday April 4, 2022
1:30 p.m.
Conference Room 308 and Videoconference

In consideration of
SB3243, SD1, HD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Luke, Vice Chair Yamashita and Members of the Committee

The Hawai'i Technology Development Corporation (HTDC) **supports** SB3243, SD1, HD1 that replaces all instances of "industrial park" with "economic zone" in chapter 206M, Hawaii Revised Statutes and establishes a definition of "economic zone".

HTDC comments that the term "industrial park" may no longer fit and agrees a new name may be beneficial. The term "Economic zone" is a more intuitive description provided that it is not confused with "Special Economic Zone" which would imply special business laws within the zone. HTDC comments that the bill specifies value-added, process, and packaging facilities which are manufacturing activities currently supported by HTDC. The bill also specifies greenhouses which is classified as agriculture and not currently supported by HTDC so would be supported by HTDC through partnerships. HTDC looks forward to working with all stakeholders in developing new economic opportunities for Hawaii.

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
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BUDGET, PROGRAM PLANNING AND
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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
SENATE BILL NO. 3243, S.D. 1, H.D. 1

April 4, 2022
1:30 p.m.
Room 308 and Videoconference

RELATING TO ECONOMIC DEVELOPMENT

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

Senate Bill No. 3243, S.D. 1, H.D. 1, amends Section 206M-1, HRS, by repealing the definition of "industrial park"; adding a definition for "economic zone"; and replacing all references to "industrial park" in Chapter 206M with "economic zone."

Generally, economic zones confer special tax treatment and other unique economic regulations that differentiate the space and activities within the zone from other areas outside the zone. It is unclear whether economic zones as defined in this measure provides for such benefits.

B&F notes that the federal American Rescue Plan (ARP) Act restricts states from using ARP Coronavirus State Fiscal Recovery Funds (CSFRF) to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation beginning on March 3, 2021, through the last day of the fiscal year in which the CSFRF have been spent. If a state cuts taxes during this period, it must demonstrate how it paid for the tax cuts from sources other than the CSFRF, such as:

- By enacting policies to raise other sources of revenue;
- By cutting spending; or
- Through higher revenue due to economic growth.

If the CSFRF provided have been used to offset tax cuts, the amount used for this purpose must be repaid to the U.S. Treasury.

The U.S. Department of Treasury has issued rules governing how this restriction is 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 this ARP restriction.

Thank you for your consideration of our comments.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON
FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
MONDAY, APRIL 4, 2022 AT 1:30 P.M.

To The Honorable Sylvia Luke, Chair
The Honorable Kyle T. Yamashita, Vice Chair
Members of the committee on Finance

SUPPORTING SB3243 SD1 HD1 RELATING TO ECONOMIC DEVELOPMENT

The Maui Chamber of Commerce **supports SB3243 SD1 HD1** which establishes a definition of "economic zone"; repeals the definition of "industrial park" in chapter 206M, Hawaii Revised Statutes, regarding the Hawaii Technology Development Corporation; and replaces all instances of "industrial park" with "economic zone" in that chapter.

The Chamber agrees with the Hawai'i Technology Development Corporation (HTDC) at it notes that the term "industrial park" may no longer fit and agrees a new name may be beneficial. The term "economic zone" is a more intuitive description provided that it is not confused with "Special Economic Zone" which would imply special business laws within the zone. We support that the bill specifies value-added, process, and packaging facilities which are manufacturing activities currently supported by HTDC.

For these reasons, we **support SB3243 SD1 HD1**.

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.