



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
SB3243, SD1
RELATING TO ECONOMIC DEVELOPMENT.

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

The Hawai'i Technology Development Corporation (HTDC) **supports** SB3243, SD1 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

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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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. 3243, S.D. 1

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

LATE

RELATING TO ECONOMIC DEVELOPMENT

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

Senate Bill No. 3243, S.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

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

SUPPORTING SB3243 SD1 RELATING TO ECONOMIC DEVELOPMENT

The Maui Chamber of Commerce **supports SB3243 SD1** 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**.

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.