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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 SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND
TOURISM
ON
SENATE BILL NO. 3243

February 4, 2022
3:00 p.m.
Room 224 and Videoconference

RELATING TO ECONOMIC DEVELOPMENT

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

Senate Bill No. 3243 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.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Friday, February 4, 2022
3:00 p.m.
Videoconference

In consideration of
SB3243
RELATING TO ECONOMIC DEVELOPMENT.

Chair Wakai, Vice Chair Misalucha and Members of the Committee.

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



Testimony to the Committee on Energy, Economic Development, and Tourism

Friday, February 4, 2022
Room 224 and Videoconference
SB 3243

Chair Wakai, Vice Chair Misalucha and members of the committee,

Hawaii Clean Power Alliance (HCPA) supports SB 3243, which replaces all instances of "industrial park" with "economic zone" in chapter 206M, Hawaii Revised Statutes. Establishes a definition of "economic zone". Repeals the definition of "industrial park".

Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development of clean energy in Hawaii. Our goal is to support the state's policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state's clean energy and carbon reduction goals.

Renewable energy technologies are innovative and showcase leading-edge research, components, software, hardware, and intellectual property. Hawaii is becoming known for its forward-thinking policy and projects in the area of renewable energy. This industry presents an opportunity for technology based long-term jobs creation and can be a significant economic driver. Not only is renewable energy a growth opportunity, additionally any growth of commercial technology will require significant operating expenditures on providing energy to those industries. Therefore, there is strong nexus of renewable energy with HRS § 206M, of the development corporation to "facilitate the growth and development of the commercial technology industry in Hawaii."

We request that the committee consider amending this bill to include the production of renewable energy and its related improvements.

We ask the committee to pass this bill with appropriate amendments to reflect this.

Thank you for the opportunity to testify.