

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

SENATE COMMITTEE ON WAYS AND MEANS

February 22, 2022 at 10:00 a.m.
State Capitol, Room 211

In consideration of
S.B. 3337 SD1
RELATING TO THE ECONOMY.

HHFDC **supports** S.B. 3337 SD1 that promotes economic recovery and diversification and appreciates that such a measure is being introduced this legislative session. As an attached agency to DBEDT, HHFDC supports the good work being done by its sister agencies.

The initiatives and corresponding appropriations included in this measure to support the initiatives will help strengthen commerce in Hawaii as well as evaluate the impact and outcomes these initiatives will have on our economy.

Thank you for the opportunity to provide written comments on this bill.

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
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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. 3337, S.D. 1

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

RELATING TO THE ECONOMY

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

Senate Bill No. 3337, S.D 1, establishes a public policy framework that addresses State goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development; appropriates a total of \$4,160,000 in general funds to the Department of Business, Economic Development and Tourism for FY 23 for various project areas; requires reports to the Legislature summarizing project outcomes and effectiveness in achieving these goals; provides that the \$4,160,000 appropriated in Section 3 of this measure shall lapse as of June 30, 2024; and appropriates an unspecified amount of general funds and 2.00 full-time equivalent positions for FY 23 for the Hawai'i Technology Development Corporation's Hawai'i Center for Advanced Transportation Technologies program.

B&F notes that, with respect to the general fund appropriations 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:

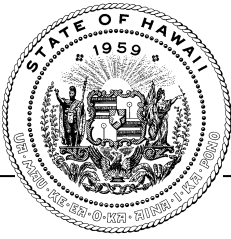
- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support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



**STATE OF HAWAII
OFFICE OF PLANNING
& SUSTAINABLE DEVELOPMENT**

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR

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Coastal Zone
Management
Program

Environmental Review
Program

Land Use Commission

Land Use Division

Special Plans Branch

State Transit-Oriented
Development

Statewide Geographic
Information System

Statewide
Sustainability Branch

Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT,
AND TOURISM**

Tuesday, February 22, 2022
10:00 AM

State Capitol, Conference Room 211 & Videoconference

in consideration of
SB 3337, SD1
RELATING TO THE ECONOMY.

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

The Office of Planning and Sustainable Development (OPSD) **strongly supports** SB 3337, SD1. This measure would establish a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development, and appropriates funds to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address those goals.

As the designated recipient of the Economic Development Administration's Statewide Planning Grant, OPSD's Special Plans Branch is developing the Hawaii Economic Recovery and Resilience (HIERR) Plan to coordinate statewide efforts to minimize the impacts of future economic disruptions. The HIERR Plan will build on the Comprehensive Economic Development Strategies (CEDS), which is currently undergoing a five-year update, and align to the State's economic, sustainability, and equity goals and objectives as set forth in the Hawaii State Plan and Hawaii 2050 Sustainability Plan. The HIERR Plan will focus on three interconnected goals which are intentionally directly aligned to the first three goals addressed by the public policy framework proposed in SB 3337, SD1: economic disaster mitigation, economic diversification, and import substitution.

This measure creates the opportunity to align OPSD's statewide economic planning assets with implementation through DBEDT programs and projects, and ensure consistency with the Hawaii State Plan. The proposed

public policy framework will affirm the HIERR Plan's focus, while the funding appropriated under this measure will ensure DBEDT programs and projects are prioritized and implemented consistently with the HIERR Plan. Furthermore, this measure calls for an objective evaluation of these projects, which would provide valuable input for updating and maintaining the HIERR Plan to ensure that it remains a relevant tool to guide the State's economic recovery and resilience and continues to advance the State's goals, objectives, and policies as set forth in the Hawaii State Plan.

Thank you for the opportunity to testify on this measure.



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
SB3337, SD1
RELATING TO THE ECONOMY

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

The Hawai'i Technology Development Corporation (HTDC) **supports with comments** SB3337, SD 1, that establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development. Appropriates moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address those goals, identifies additional projects authorized in the executive budget to be implemented by DBEDT to further those goals, requires DBEDT to submit annual reports to the Legislature summarizing project outcomes, including an assessment of each project's effectiveness in achieving those goals, and appropriates funds to continually staff the Hawaii Center for Advanced Transportation Technologies.

HTDC supports initiatives aimed at promoting technology and manufacturing jobs. HTDC believes the policy framework is a better way of coordinating the many needs of the State. HTDC has been working with DBEDT and its attached agencies on the Creative Space Studio and Ocean Economy Village, as well as the State Small Business Credit Initiative, Sustainable Aviation Fuel project, Dual Use Task Force, and e-commerce and export training.

SB3337, SD1 appropriates general revenues to fund two full-time equivalent positions at the Hawaii Center for Advanced Transportation Technologies provided that should federal funds or funding from other private or public sources become available, the amount of the funds shall be decreased accordingly.

HTDC supports the intent to fund the positions to ensure the HCATT program is available to implement renewable energy innovation projects in Hawaii, but **comments** that to use general funds to cover the salaries would **require conversion** of the federal funded positions to general funded positions in the state budget. The total funding required for the two FTE positions is \$150,000.

Due to lack of congressional-add-on funding, the HCATT program is at risk of being suspended. HCATT operates the only operational renewable hydrogen production and dispensing station on Oahu and over the years has brought more than \$40 million in federal funds into the State, matched by another \$23 million from private partners. The program has been reduced from five full time staff to two. Federal funding has not been appropriated for the past two years so HTDC may not be able to retain the remaining two employees. At the same time, the legislature and federal government have both signaled an increasing need for innovation programs that are aligned with HCATT's strengths and mission: renewable energy, microgrid infrastructure including cybersecurity, hydrogen, and sustainable aviation fuel. HTDC intends to leverage our HCATT program to support these types of projects and to compete for federal grants in these areas.

HTDC looks forward to working with all stakeholders in moving Hawai'i's economy forward. Thank you for the opportunity to offer these comments.



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

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of

SB3337, SD1

RELATING TO THE ECONOMY.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports with amendments SB3337, SD1, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development.

The intent of the measure is to pave a path for the legislature and DBEDT in this legislative session and to be a model for future public policy framework to better collaborate and coordinate in identifying, funding, executing, and reporting on projects that address those goals. Additionally, this framework allows elaborating on and compliments projects authorized in the state budget to be implemented by DBEDT.

This testimony for DBEDT and its divisions and testimonies provided by our attached agencies throughout this legislative session—Office of Planning and Sustainable Development (OPSD), Hawaii State Energy Office (HSEO), Hawaii Green Infrastructure Authority (HGIA), Hawaii Housing Finance and Development Corporation (HHFDC), Hawaii Technology Development Corporation (HTDC), Hawaii Community Development Authority (HCDA), Natural Energy Laboratory of Hawaii Authority (NELHA), and Hawaii Tourism Authority (HTA)—represent our collective efforts to

initiate this collaboration with the legislature and provide more details of the identified projects:

Section 3. (1) – (Business Development and Support Division) \$500,000 for community-based economic development revitalization grants to provide funding for communities to hold economic development activities. Communities, especially rural communities, have been hard hit by the devastating economic impacts of the pandemic. Funding will help promote economic development activities and increase business within these distressed communities to hold events such as farmers markets, farm to table projects, visit "our town" days; town ho'olaule'a, and community expos.

Section 3. (2) (A) – (Broadband Office) \$1,000,000 for digital literacy training in partnership with state libraries and Hawaii Literacy. This project is a collaboration amongst DBEDT, the libraries, Workforce Development Division (WDD), Hawaii Literacy, and community partners. This project was originally developed as the Workforce Resilience Initiative with federal funding. Since federal funding is unlikely at this point, state support is needed for this project.

Section 3. (2) (B) – (Remote Work) \$500,000 for Instant Teams Phase 2. We have entered initial discussions with Instant Teams on the viability of creating a Hawaii based Instant Teams project that would work with the DBEDT effort to expand traded professional services outside of the State of Hawaii. This would leverage the Business Development Representative positions in Instant Teams to create remote Business Development Representative to expand business solutions for Instant Teams with the intent of creating more remote work positions for the residents of Hawaii.

Phase 2 tasks includes:

1. Streamlining and improving the recruitment and screening process by finding a work around the video interview and increasing the frequency of the start dates to strengthen the needs of Hawaii's applicants.
2. Leveraging the current Hawaii based Business Development Representatives to work with the Instant Teams Hawaii Business Development Support Division to serve as a sales engine to increase the export of professional services.

3. Expanding the employment opportunities beyond Customer Service Representatives and Business Development Professionals to include Data Analytics and Reporting and Software Engineering and Implementation Specialists.

Section 3. (2) (C) – (Remote Work) \$300,000 for Remote Work website Business resource build out. The initial Hawaii Remote Work project was designed to create opportunities for Hawaii’s residents to obtain employment in the immediate aftermath (2020 and early 2021) that followed the safer at home and stay at home orders which shuttered many of Hawaii’s businesses. Mid 2021 DBEDT began refocusing this initiative to address the issues Hawaii’s labor force issues associated COVID-19 and the numerous variant which appear to have changed many worker priorities resulting in a significant labor shortage. This labor shortage phenomena termed the “Great Resignation” on the national level and later labeled “Great Reshuffle.” In response to Hawaii’s labor shortage, the Hawaii Remote Work Project will expand its focus to provide additional support to Hawaii’s businesses.

Phase 2 tasks includes:

1. Improving digital upskilling opportunities for Hawaii’s incumbent labor force by integrating the website with LinkedIn Learning micro-certifications and learning paths.
2. Providing virtual remote work certifications through existing virtual solutions. Identifying market valued, portable online remote work certifications. (ie. CertiProf)
3. Further integration with the DLIR WDD workforce development digital literacy and digital work readiness programs.

Section 3. (2) (D) – (Creative Industries Division) \$1,310,000 to expand creative space studios statewide, to include equipment, retrofit and digital certification training in new media technologies at Entrepreneurs Sandbox location.

Request to add clarifying language that is highlighted and underscored above. This aligns with digital transformation and our need to improve broadband fiber connectivity, software, and technology required for CID/UH workforce training for

digitally based jobs and business creation, locally and remotely. CID is in discussions with WDD, DLIR, and UH Office of Innovation to provide training in these facilities.

Section 3. (2) (E) – (Creative Industries Division) \$150,000 for creative hub portal and application development to market Hawaii's creatives to drive business and entrepreneurial opportunities for regional and global export of local intellectual property. \$50,000 for a film permitting digital system to streamline the permit process; and \$100,000 to build an online hub for all creative sectors including film component.

Request to add \$100,00 for a total of \$150,000 and adding in the details into the measure for a creative hub portal as highlighted and underscored above. Creating a robust database and directory of the 13 sectors of Hawaii's creative economy are critical to create community engagement with businesses who can utilize their services, talent and companies.

Section 3. (2) (F) – (BDSB) \$500,000 for a cyber leaders programs to provide educational and technical cybersecurity assistance to local businesses to maintain compliance with cybersecurity requirements. Develop a cadre of students, individuals and professionals with accredited certifications prioritized by employers in cybersecurity and IT intelligence to help businesses better compete for federal/military contracts that have cybersecurity requirements. Includes the matching of employers with prospective hires for jobs, contracts, internships, apprenticeships; as well as matching subject matter experts willing to serve in adjunct teaching roles and mentors with academic institutions in need of additional expertise. Also includes support for the establishment and management of internships/intern pools and match-making with prospective employers.

Section 5. The Hawaii Technology Development Corporation requests consideration to convert two of their FTE positions at its Hawaii Center for Advanced Transportation Technologies program from Federal Funds to General Funds, totaling \$150,000. Due to lack of congressional-add-on funding provided for the project, the HCATT program is at risk of being suspended. HCATT operates the only operational renewable hydrogen production and dispensing station on Oahu and over the years has

brought more than \$40 million in federal funds into the State, matched by another \$23 million from private partners. The program has already been reduced from five full time staff to two. Federal funding has not been appropriated for the past two years so HTDC may not be able to retain the remaining two employees.

We request the committee's consideration in adding back items that were originally requested in SB3337. The items are underscored and highlighted in yellow.

1. (Broadband Office) \$1,000,000 for carrier-neutral cable landing infrastructure to develop pre-construction specifications for the design and engineering of carrier-neutral cable landing infrastructure on the islands of Oahu, Hawaii, Maui, and Kauai. The project was procured and selected in July 2021 but never started due to funding. The \$1,000,000 will enable DBEDT to begin the first four projects, and with \$1,500,000 from ARPA that the governor announced, UH will be able to procure the remaining six projects. In collaboration with University of Hawaii (UH), the goal is to complete 10 pre-construction engineering and design cable landing projects.
2. (NELHA) [~~\$18,000,000 for the ocean economy innovation village.~~] That line item has since been changed to a CIP request which has been added in item 5 below. Details of the project will be provided in NELHA's testimony.
3. (BDSO) \$400,000 to establish an office of international affairs. The Legislature passed statute in 2017 establishing within DBEDT, the Office of International Affairs (HRS 201-17). However, due to lack of funding, the Office was never implemented. This funding aims to establish the Office with the goal to promote and strengthen relations with other countries in areas of commerce, economy, culture and the arts; exports, foreign direct investments, international student attraction and educational exchanges; sports exchanges and other goodwill activities. This Office will also oversee sister state relations, the state's foreign offices in Beijing and Taipei, and protocol matters.

4. (HGIA) For the purpose of import substitution, as described in section 2 (a) (4) of this Act: \$2,500,000 for Solarize Waianae. Details to be provided in HGIA's testimony.
5. Consideration for three CIP projects. Two for the Hawaii Community Development Authority (HCDA), which are detailed in their testimony. One for the Natural Energy Laboratory of Hawaii Authority (NELHA) which is detailed in their testimony.

The following capital improvement projects authorized by the Supplemental Appropriations Act of 2022 (Bill No.) or the Supplemental Improvements Act of 2022 (Bill No.) shall be implemented by the department of business, economic development, and tourism:

1. Saratoga Avenue electrical and communications infrastructure improvements (\$12,125,000); and
2. Repair of the Fisherman's Wharf bulkhead (\$25,000,000); and
3. \$13,000,000 for expansion of Research Campus at NELHA;

provided that this section shall not be interpreted to appropriate or authorize the expenditure of any additional funds beyond what is appropriated or authorized by the Supplemental Appropriations Act or the Supplemental Improvements Act.

The following are additional projects that were not originally included in SB3337 but are being requested by the Hawaii State Energy Office for consideration and are detailed in their testimony. If these two projects are added in, they would be added as line items to #4 above – for the purpose of import substitution.

1. \$10,000,000 to fund the Sustainable Aviation Fuel program in HTDC; and
2. \$5,000,000 to accelerate the state fleet transition to zero emission vehicles.

DBEDT believes that to be an effective facilitative catalyst, the state needs to work with the counties, businesses, investors, labor unions, and the community to achieve economic prosperity. Through the intent of this bill, we are hopeful that we will all come to alignment as we forge ahead to emerging, knowledge-based, zero emission, digital, and global economy.

Thank you for the opportunity to testify.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE
GOVERNOR

SUSAN TODANI
CHAIRPERSON

DEEPAK NEUPANE, P.E., AIA
EXECUTIVE DIRECTOR

Statement of
DEEPAK NEUPANE
Executive Director
Hawaii Community Development Authority
before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 a.m.
State Capitol, Conference Room 211, & Videoconference

In consideration of
SB 3337, SD1
RELATING TO THE ECONOMY

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee. The Hawaii Community Development Authority (HCDA), an agency attached to the Department of Business, Economic Development, and Tourism (DBEDT), **supports with amendments** SB 3337, SD1, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development, and appropriates funds to DBEDT.

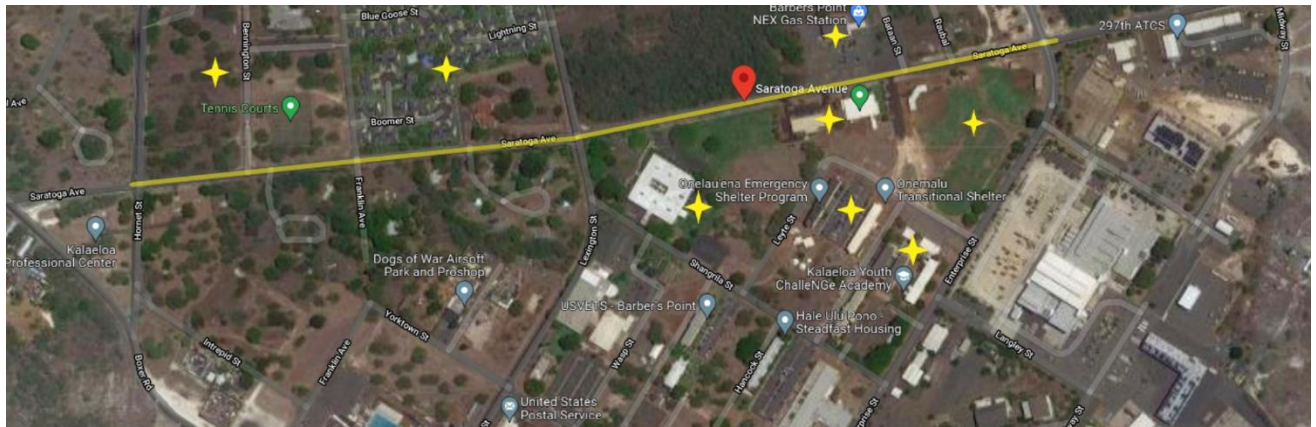
The original version of this bill identified capital improvement projects, included in the executive budget, that will be implemented by DBEDT, for improvement projects within HCDA's Kakaako and Kalaeloa community development districts with the potential to spark innovative new opportunities in economic diversification, import substitution, and community development.

We respectfully ask that these CIP items that were taken out of SB 3337, Section 4 be inserted back in:

1. **Kalaeloa: Saratoga Avenue electrical and communications infrastructure improvements (\$12,125,000).**

- Kalaeloa has struggled with unreliable utilities for years. This infrastructure corridor will bring much needed and reliable electrical and communications utilities to the community, bettering the lives of over 2,000 residents and more than 100 small businesses in the area.

- The current Navy-owned electrical system is not available for hook ups to new development projects. It will also provide opportunity for community and economic growth.
- This utility corridor project will eventually form part of a network that will serve several nearby landowners including other state agencies. With the reliable infrastructure in place, the state and others can develop their lands for greatly needed affordable homes.



Proposed Saratoga Avenue infrastructure improvement site and surrounding tenants and landowners.

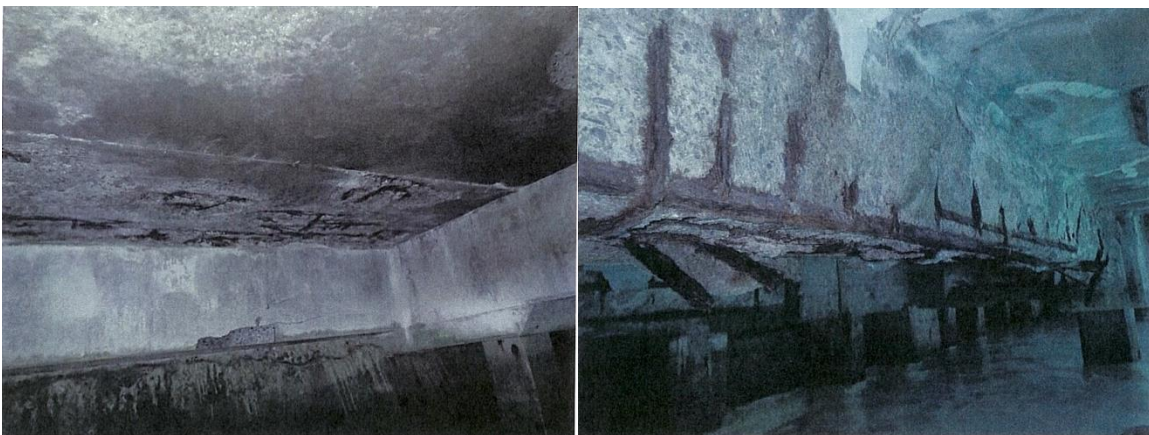


2. Kakaako: Repair of Fisherman's Wharf bulkhead (\$25,000,000).

- This project is a matter of public safety. This bulkhead/dock (Dock) on the ewa side of the Kewalo Basin Harbor, between the Fisherman's Wharf property and the water was built in 1924, nearly 100 years ago.
- It's deeply deteriorated underwater with visible signs from the surface and just below the Dock. Currently, use by vessels and pedestrians is prohibited due to its condition.
- This project includes significant repairs of concrete spalling at the beams, pile caps, and piles.
- This repair project will allow full use of the Dock, allowing fishing and recreational vessels, vehicles and pedestrians to safely use the Dock. It will also promote economic growth, including jobs and support small businesses in the area.



Dock surface deterioration, and mooring cleat corrosion (near collapse). Prestressed plank with broken prestressing strands in 2017 photo, extensive beam spalling and fractured beam bottom below Dock.



Thank you for the opportunity to testify. We are available for questions.



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
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. 3337, SD1
RELATING TO THE ECONOMY

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

Thank you for the opportunity to testify and provide comments on Senate Bill 3337, SD1, relating to the economy. This bill proposes to establish a public policy framework and appropriates funds to implement specific projects. The Hawaii Green Infrastructure Authority (“HGIA”) **supports** this bill.

HGIA respectfully requests the following amendment on page 7, be inserted on line 19:

(3) For the purpose of import substitution, as described in section 2(a)(4) of this Act: \$2,500,000 for Solarize Waianae and other under-resourced communities.

Nationwide, promoting energy justice¹ is a high priority. With the highest energy costs in the nation, it is even more urgent in Hawaii. While HGIA has been providing financing for underserved ratepayers, one rooftop at a time, we have found that in addition to financial barriers, further exacerbated by the pandemic, the complexity of understanding how energy produced by the solar system, household behaviors and interconnection programs interrelate, are another steep obstacle toward adoption.

Solarize Campaigns not only leverages the power of the community, with neighbors helping neighbors drive down the cost of solar, it is also co-created by the community, designed

¹ Energy justice refers to the goal of achieving equity in both the social and economic participation in the energy system. iejusa.org

to meet their needs and priorities, whether it be educational workshops, workforce development programs, financing programs, and more.

While most participants will “finance” the cost of their solar system utilizing energy savings, there will be some low-income families that will need subsidies (similar to a rebate) to help lower the system cost to make their loan payments affordable. Funding from this bill will promote energy justice by ensuring that our most vulnerable families are not locked-out the State’s clean energy transition.

91% of Wai‘anae’s population are non-white, of which 40% are native Hawaiian and 20% Hispanic or Latino. Additionally, according to the U.S. Census, almost a quarter of its population live in poverty. By helping our lowest income families install solar to lower their energy costs, will enable and empower them to re-purpose utility bill savings to purchase food, medicine and other basic household needs over the next twenty years.

Hawaii Energy, City & County of Honolulu’s Office of Climate Change, Sustainability & Resiliency, Council for Native Hawaiian Advancement, Makaha Learning Center, Hawaiian Electric, State Energy Office and HGIA are working with Waianae community organizations and leaders to co-create a Solarize Waianae Campaign to reduce their energy burden. The funding will provide much needed resources to implement at least seven (7) Solarize Campaigns in Waianae and other vulnerable communities statewide. HGIA defers to DBEDT on the other projects identified on the bill.

Thank you for this opportunity to testify in support of SB 3337, SD1.



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY



An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of
Gregory P. Barbour
Executive Director

Natural Energy Laboratory of Hawaii Authority
before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 am

State Capitol, Conference Room 211 & Videoconference

in consideration of

SB 3337 SD1 RELATING TO THE ECONOMY.

The Natural Energy Laboratory of Hawaii Authority (NELHA) supports with amendments SB 3337 SD1 which provides a policy matrix to grow and accelerate economic diversification.

The original version of this bill included \$18 million in general funds for an ocean economy innovation village, which is an expansion of our research campus, in Section 3, Item 2G on line 18-19 page 7. However, this project and funds should have been included with the two Hawaii Community Development Authority projects (Saratoga Avenue and Fisherman's Wharf) in Section 4 as it is a capital improvement project. In addition, the amount should be amended to \$13 million.

We respectfully ask the Committee consider amending this measure to include these CIP items that were taken out of SB 3337, Section 4 by adding the following language.

“The following capital improvement projects authorized by the Supplemental Appropriations Act of 2022 (Bill No.) or the Supplemental Improvements Act of 2022 (Bill No.) shall be implemented by the department of business, economic development, and tourism:

- (1) Saratoga Avenue electrical and communications infrastructure improvements (\$12,125,000);
- (2) Repair of the Fisherman's Wharf bulkhead (\$25,000,000); and
- (3) Expansion of Research Campus at NELHA (\$13,000,000;

provided that this section shall not be interpreted to appropriate or authorize the expenditure of any additional funds beyond what is appropriated or authorized by the Supplemental Appropriations Act or the Supplemental Improvements Act.”

The \$13 million would serve as an investment in State infrastructure which will expand our existing research campus at NELHA. Our existing research campus is at 100 percent capacity with over 20 business and agencies in the fields of renewable energy, ocean conservation, ocean technology, and aquaculture. This existing six-acre research campus and incubator office building provides a focal point to facilitate a “pipeline” for pre-commercial and commercial ventures to “graduate” into the adjacent 890-acre Hawaii Ocean Science and Technology Park (HOST Park) which we administer.

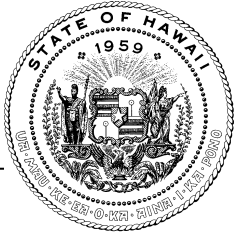
This expansion project is in the planning/design phase and will be “shovel ready” next year. It will be partially funded from the \$6.5M we received from FEMA and insurance companies from the destruction of NELHA’s buildings in Puna due to the 2018 Kilauea volcanic eruption. When completed this project will be very comparable to our existing research campus and add a total of 4 acres and includes a 20,000 sf incubator office and wet laboratory building and approximately 60,000 sf for outdoor tanks and demonstration projects for start-up companies.

With additional demonstration incubator facilities, we will be better suited to fill the

“gap” between R&D and commercialization by providing a site to advance research and stimulate scale-up models to gain market acceptance; nurture business development; and market production of goods in focus areas related to the ocean economy. In this regard, we will continue to target start-ups with interest in validating technology and marketing and/or manufacturing in Hawaii and whose involvement will enhance the viability of HOST Park.

It is important to note that we are a self-sufficient agency and receive no general funds for our operations and the over 50 businesses in HOST Park generate over 600 jobs and pay over \$5 million annually in State taxes. As such, this investment in additional infrastructure to support new businesses will further diversify our economy and generate additional jobs and tax revenues makes good business sense.

Thank you for the opportunity to offer these comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 AM
State Capitol, Conference 211 & Videoconference

**SUPPORT
SB 3337 SD1
RELATING TO THE ECONOMY.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 3337 SD1, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development; appropriates moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address those goals; identifies additional projects authorized in the executive budget to be implemented by DBEDT to further those goals; requires DBEDT to submit annual reports to the Legislature summarizing project outcomes, including an assessment of each project's effectiveness in achieving those goals; and appropriates funds to continually staff the Hawai'i Center for Advanced Transportation Technologies.

Act 122 in 2019 established HSEO as an agency attached to DBEDT with a mission to transition Hawai'i to a resilient, clean energy economy through the promotion of energy efficiency, renewable energy, and clean transportation. HSEO works closely with DBEDT and other state and county agencies, businesses, labor organizations, and communities to develop policies, programs, and projects to accomplish this mission. The collaboration with the Legislature and development of the policy matrix called for in the bill will assist HSEO in these efforts.

HSEO would like to offer for the Committee's consideration two items to further the purpose of import substitution as described in section 2(a)(4) in the bill:

- \$10 million to fund the Sustainable Aviation Fuel program in the Hawai'i Technology Development Corporation (HTDC) as established in [Act 180, Session Laws of Hawai'i \(SLH\) 2021](#).
- \$5 million to accelerate the state fleet transition to zero emission vehicles as set forth in [Act 74, SLH 2021](#).

The Sustainable Aviation Fuel program established in HTDC is currently unfunded. Act 180, SLH 2021, authorized HTDC to provide matching grants to any small business developing products related to sustainable aviation fuel or greenhouse gas reduction from commercial aviation operations. These grants can support business development, technology development, engineering, and research toward sustainable aviation fuel production, airborne operations fuel efficiency, ground support equipment fuel replacement and fuel efficiency, and operational improvements to reduce overall jet fuel consumption. All of these activities involve a high-skilled workforce and promote economic diversification.

Moreover, nearly one-third of the energy consumed in Hawai'i is for jet fuel, the majority of which comes from imported crude petroleum refined in state. Advancing sustainable aviation fuels would reduce Hawai'i's reliance on imported oil keeping dollars at home instead of supporting hostile governments around the world and exacerbating climate change. HSEO is aware of several businesses exploring sustainable aviation fuel options for Hawai'i. Funding this program would be an important market signal that Hawai'i supports this type of innovation and energy security. Funding at the requested amount would position the State to be able to support at least two different qualified proposals and possibly three or more.

Act 74, SLH 2021, established a goal for the State to transition the State's light-duty passenger cars to 100% zero emission vehicles by 2030 and all light-duty motor vehicles by 2035. HSEO estimates \$5 million would advance the State's goal by 10 percent. The State, through the Department of Transportation, currently has a contract

in place to lease zero emission vehicles and charging/fueling infrastructure as a service. This arrangement saves the State operational and capital improvement project dollars, in turn saving taxpayers' money. Further, this positions the State to lead by example in the broader transition to zero emission vehicles, reduces reliance on imported gasoline and crude oil, and improves energy security.

An additional consideration for accelerating vehicle conversion would be using the funds to help install a public-facing hydrogen fueling station on O'ahu. Hydrogen fueling stations cost approximately \$2 million. Funding a hydrogen fueling station would help Oahu qualify for a federally designated hydrogen alternative fuel corridor. Currently, O'ahu has an alternative fuel corridor for electric vehicles but does not for hydrogen because the federal requirement for designation of a hydrogen alternative fuel corridor requires at least two hydrogen charging stations, whereas O'ahu currently only has one.

Funding the installation of a public-facing hydrogen fueling station would also enhance Hawai'i's competitiveness for hydrogen-related competitive funding grants. Under the federal Infrastructure Investment and Jobs Act (IIJA), support for zero emission vehicle fueling stations is conditioned on having alternative fuel corridors. Appropriating monies to DBEDT for these specific projects would further align the State with becoming a resilient, clean energy, knowledge-based, zero-emission, digital economy while putting Hawai'i on the path toward more economic prosperity by keeping local dollars home instead of being exported to import fossil fuels.

HSEO defers to the appropriate agencies on the administrative requirements in the bill.

Thank you for the opportunity to testify.



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David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
COMMITTEE ON WAYS AND MEANS

February 22, 2022
10:00 a.m.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 3337 SD1
RELATING TO THE ECONOMY

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means.

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer this testimony in **support** of SB3337 SD1, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import-substitution, and community development as part of the Department of Business, Economic Development & Tourism's overall goals and objectives.

As we continue on our path to recovery, now is the time to invest in and support projects and programs that will lead to a more sustainable and resilient economy. The projects outlined in the measure such as the expansion of the creative space studio and the streamlining of the film permitting system combined with programs such as the digital literacy training partnership, remote work opportunities and website, and providing educational and technical cybersecurity assistance to local businesses will most certainly move us in the right direction.

We appreciate the opportunity to provide this testimony in **support** of SB3337 SD1. Mahalo.



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

February 22, 2022; 10:00 AM
Via Videoconference

RE: SB 3337 SD1 – Relating to the Economy – IN SUPPORT, REQUEST AMENDMENT

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

Thank you for the opportunity to submit written testimony in support of SB 3337 SD1, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development.

We respectfully request the reinsertion of \$12,125,000 from SECTION 4 of SB 3337 for the capital improvement of Saratoga Avenue to the Hawaii Community Development Authority (HCDA).

In connection with its 535-acre portion of HCDA's 3,700-acre Kalaeloa Master Plan, Hunt Companies has succeeded in working with Gentry Homes to bring the first 389 new for-sale homes for local families to Kalaeloa, as well as begun construction on the new, 98,000 square foot state-of-the-art VA ALOHA medical clinic.

These were made possible, in part, by Hunt Companies taking on the long needed upgrades to the infrastructure and operations of the water utility in Kalaeloa, followed by launching more than \$35 million of roadway and utility infrastructure that provide benefit to the entire region.

There is much more to be done in terms of roadways, regional connections, utilities, and additional water and power infrastructure to make Kalaeloa the vibrant new addition for West Oahu families that is envisioned by HCDA's Master Plan, and this capital improvement appropriation to bring electrical down Saratoga Avenue is a vital initial step to that dream becoming reality.

We appreciate your efforts to help spur much needed infrastructure to support community development in Kalaeloa.

Steven W. Colón
President – Hawaii Division

LATE



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 224
FRIDAY, FEBRUARY 4, 2022 AT 3:00 P.M.**

To The Honorable Glenn Wakai, Chair
The Honorable Bennette E. Misalucha, Vice Chair
Members of the committee on Energy, Economic Development and Tourism

SUPPORT SB3337 RELATING TO THE ECONOMY

The Maui Chamber of Commerce supports the intent of SB3337 which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development. We have supported economic diversification and growth plans for decades. The Department of Economic Development and Tourism (DBEDT) is the right agency for this task.

The Chamber would like to support the requirement that DBEDT gather information from businesses and business organizations such as the assorted Chambers of Commerce in the state. We would also suggest that DBEDT be required to have the same groups review and comment on their draft report(s).

For these reasons, we support the passage of SB3337.

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.

SB-3337-SD-1

Submitted on: 2/18/2022 8:29:28 PM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Karl Baker	Individual	Support	No

Comments:

To whom it may concern:

I am in support of the Legislature to allow funds for HCDA to fix Kewalo Harbor. Our State is an Island State and I think it important to keep our harbors up to par since fishing is a part of who we are.

The part nearest downtown does not look up to par at all and seems like it has been neglected for much too long. Actually looking at it seems like a hazard soon to happen.

The Kewalo, Kakaako area also known as Kukuluae'o was once a thriving Community with Loko i'a and great salt pads to preserve our food. It's time we bring this area back to the standard where my Kupuna thrived for hundreds of years. The first thing is to fix the harbor sides and hopefully have a boardwalk where the people of Hawaii can enjoy...

Mahalo, Karl