



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

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, March 18, 2022

10:30 AM

State Capitol, Conference Room 312 & Videoconference

In consideration of

SB3337, SD2

RELATING TO THE ECONOMY.

Chair Quinlan, Vice Chair Holt and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports with amendments SB3337, SD2, 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) DBEDT requests \$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) DBEDT requests \$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) DBEDT requests \$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) DBEDT requests \$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) DBEDT requests \$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) DBEDT requests \$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 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) DBEDT requests \$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).

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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Friday, March 18, 2022, at 10:30 A.M.
Conference Room 312 & Videoconference**

RE: SB 3337, SD2 Relating to the Economy

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3337 SD2, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation and economic diversification. Appropriates moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address 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. Appropriates funds to staff the Hawaii Center for Advanced Transportation Technologies. The Chamber also **requests an amendment** to this bill.

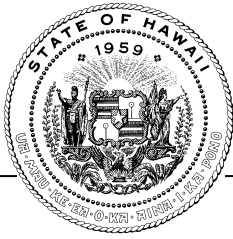
The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports this measure because it promotes economic recovery and diversification during a time post pandemic when it is needed now more than ever. This initiative would promote industries that the Chamber has been supporting, including technology and manufacturing jobs.

We request that the bill be **amended** as follows to Section 3 of the bill in paragraph 2(F).
\$ for a cyber leaders program to provide educational and technical cybersecurity assistance to local businesses to maintain compliance with cybersecurity requirements, **and for workforce and economic development of other defense related sectors.**

We thank the committee for hearing this bill and for supporting policies that promote expanding special projects to diversify our economy.

Thank you for the opportunity to testify.



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

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <https://planning.hawaii.gov/>

Statement of
MARY ALICE EVANS
Director, Office of Planning and Sustainable Development
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Friday, March 18, 2022
10:30 AM
State Capitol, Conference Room 312 & Videoconference

in consideration of
SB 3337, SD 2
RELATING TO THE ECONOMY.

Chair Quinlan, Vice Chair Holt, and Members of the House Committee on Economic Development.

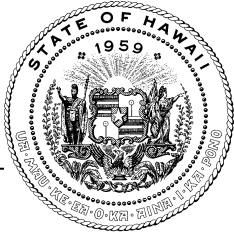
The Office of Planning and Sustainable Development (OPSD) **strongly supports** SB 3337, SD 2, and offers comments. This measure would establish a public policy framework to put Hawaii on the path toward economic prosperity, and appropriates funds to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects.

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 goals which are intentionally aligned to the goals addressed by the public policy framework originally proposed in SB 3337: economic disaster mitigation, economic diversification, and import substitution.

This measure creates an opportunity to align OPSD's statewide economic planning with implementation through DBEDT programs and projects; and ensure consistency with the Hawaii State Plan. The proposed public policy framework is consistent with the HIERR Plan's focus, while the funding appropriated under this measure will support DBEDT programs and projects that are aligned with the HIERR Plan. Furthermore, this measure calls for an objective evaluation of these projects, which would provide valuable input for updating 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.

OPSD respectfully prefers the original framework in SB 3337, which calls for a focus on economic disaster mitigation, economic diversification, import substitution, and community development. OPSD notes the importance of all four goals, regardless of the specific projects under immediate consideration, to make clear the priorities for the State's long-term economic recovery and resilience activities.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

(808) 587-3807
energy.hawaii.gov

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, March 18, 2022
10:30 AM
State Capitol, Conference 312 & Videoconference

**SUPPORT
SB 3337 SD2
RELATING TO THE ECONOMY.**

Chair Quinlan, Vice Chair Holt, 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 and economic diversification; appropriates moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address 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 staff the Hawaii 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 SD1 version of 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](#).
- \$2 million to install a public-facing hydrogen fueling station on Oahu.

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, further 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. 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.

Under the federal Infrastructure Investment and Jobs Act (IIJA), support for zero emission vehicle fueling stations is conditioned on having alternative fuel corridors. Funding the installation of a public-facing hydrogen fueling station would enhance Hawai'i's competitiveness for hydrogen-related competitive funding grants.

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.



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

547 Queen Street, Honolulu, Hawaii 96813
Telephone: (808) 594-0300 Fax: (808) 587-0299
Web site: <http://dbedt.hawaii.gov/hcda/>

DAVID Y. IGE
GOVERNOR

SUSAN TODANI
CHAIRPERSON

CRAIG K. NAKAMOTO
INTERIM EXECUTIVE DIRECTOR

Statement of
CRAIG NAKAMOTO
Interim Executive Director
Hawaii Community Development Authority
before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Friday, March 17, 2022
10:30 A.M.
Via Videoconference, State Capitol, Conference Room 312

In consideration of

**SB 3337, SD2
RELATING TO THE ECONOMY.**

Chair Quinlan, Vice Chair Holt, and members of the Committee. The Hawaii Community Development Authority (HCDA) **supports SB 3337, SD2 with amendments.**

The HCDA has considerable experience in implementing infrastructure improvements and facilitating development and welcomes the opportunity to use its development expertise in facilitating CIP projects in its districts.

Kalaeloa has struggled with unreliable utilities for years and there is effectively a moratorium on new electrical connections.

We respectfully request that you restore C funds for CIP request:

Saratoga Avenue Electrical and Communication Infrastructure
Improvements (\$12,125,000).

A new electrical system that meets HECO standards would provide reliable power to over 2,000 residents, more than 100 small businesses, landowners, and homeland security agencies in the immediate area.

This project is very important to the community, and has the support of the Makakilo/Kapolei/Honokai Hale Neighborhood Board.

These improvements will enable new utility connections, that are currently not allowed. They will also support economic growth such as new residential and commercial development in the district.

Secondly, we respectfully request that the legislature restore C funds for CIP request for:

Repair of the Fisherman's Warf Bulkhead - Kewalo Basin Harbor Project
(\$25,000,000).

This project is a matter of public safety, and has the support of the Ala Moana-Kakaako Neighborhood Board.

The older portion of the deck is 94 years old, while the newer section is 50 years old and has reached the end of its useful life. Repairs were needed in 2012, but have been deferred due to costs, and now have become critical.

The deterioration has increased significantly and is visibly apparent on the surface, not just below the dock. Barricades had to be put up to block access by vehicles that used to load and unload large commercial and private vessels that don't fit in any other part of the harbor. Signs currently restrict pedestrian access.

This loading dock also serves as an earth retaining wall for the land below the location of the former Fisherman's Wharf.

The wishes of the community are a top priority as we work to improve the districts. Thus, the support of the neighborhood boards is so meaningful.

Thank you for the opportunity to testify in support of this measure.



Hunt Development Group, LLC
737 Bishop Street, Suite 2750
Honolulu, Hawai'i 96813
Office: 808-585-7900

Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Committee on Economic Development

March 18, 2022; 10:30 AM
Via Videoconference

RE: SB 3337 SD2 – Relating to the Economy – IN SUPPORT, REQUEST AMENDMENT

Aloha Chair Quinlan, Vice Chair Holt and members of the Committee:

Thank you for the opportunity to submit written testimony in support of SB 3337 SD2, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation and economic diversification, and appropriates moneys to the Department of Business, Economic Development, and Tourism to implement specific projects that address those goals.

We respectfully request an amendment to reinsert \$12,125,000 in SB 3337 SD2 for Saratoga Avenue electrical and communications infrastructure improvements.

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



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
SB3337, SD2
RELATING TO ECONOMY

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

The Hawai'i Technology Development Corporation (HTDC) **supports with comments** SB3337, SD2 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, SD2 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.



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
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Friday, March 18, 2022
Time: 10:30 A.M.
State Capitol, Conference Room No. 312 & Videoconference
In consideration of
SENATE BILL NO. 3337, SD2
RELATING TO THE ECONOMY

Chair Quinlan, Vice Chair Holt, and Members of the Committee on Economic Development:

Thank you for the opportunity to testify and provide comments on Senate Bill 3337, SD2, 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 4, be inserted on line 18:

(4) Import substitution: Projects shall address import substitution by reducing the State’s reliance on fossil fuels.

As well as on page 7, be inserted on line 1:

(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, further exacerbated by the events in Europe, our already under-resourced rate payers are bracing themselves for an expected 20% increase in electric utility rates. While HGIA has been providing financing for underserved ratepayers, one rooftop at a time, we have found that in addition to financial barriers, the complexity of understanding how energy produced by the solar

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

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 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. 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. This funding will be used to attract private, philanthropic capital, and provide a sustainable model of funding for those households needing to subsidize a portion of their system, and “Solarize” 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, SD2.

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
677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

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

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

March 18, 2022 at 10:30 a.m.
State Capitol, Room 312

In consideration of
S.B. 3337 SD2
RELATING TO THE ECONOMY.

HHFDC **supports** S.B. 3337 SD2, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation and economic diversification, among other things.

The initiatives and corresponding appropriations included in this measure will help to strengthen commerce in Hawaii and support the economic recovery. The evaluation provision will ensure that the impacts and outcomes are consistent with the goals.

As an attached agency to DBEDT, HHFDC supports the good work being done by its sister agencies.

Thank you for the opportunity to provide testimony.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

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 ECONOMIC DEVELOPMENT

March 18, 2022
10:30 a.m.
State Capitol
via videoconference

In consideration of
SENATE BILL NO. 3337 SD2
RELATING TO THE ECONOMY

Aloha Chair Quinlan, Vice Chair Holt, and members of the Committee on Economic Development.

The Hawai'i Tourism Authority (HTA) appreciates the opportunity to offer this testimony in **support** of SB3337 SD2, 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 SD2. Mahalo.



House Committee on Economic Development

Date: Mar. 18, 2022

Time: 10:30 a.m.

Where: Conference Room 312 & Videoconference

RE: **Supporting SB3337 SD2** Relating to The Economy

Aloha mai e Chair Quinlan, Vice Chair Holt and Members of the Committee,

As members of the Broadband Hui, the listed organizations and individuals support 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.

Over the course of the last two years, the COVID-19 pandemic has spotlighted the need for critical broadband infrastructure and digital equity for all of Hawai'i's residents. We appreciate the inclusion of project (A) For digital literacy training in partnership with state libraries and Hawaii Literacy, as this will advance the efforts to deploy digital literacy programs across the state.

Thank you for the opportunity to submit this testimony.

For these reasons, we kindly request you **PASS SB3337 SD2**. Mahalo for the opportunity to testify.

(Please see names on the following page.)

	Name	Email	Zip	Organization
1	Daniel C. Smith	smithdan@hawaii.edu	96782	n/a
2	DOUGLASS ADAMS	douglass.adams@hawaiicounty.gov	96720	Dept of Research & Development, COH
3	Lynn Otaguro	lmotaguro@yahoo.com	96821	O'ahu County Democrats Digital Equity Committee
4	Mark Iha	mark@tangent.system	96813	Tangent Systems
5	Peggy Mierzwa	pmierzwa@alohacare.org	96814	Yes
6	Susan Tai	susantaikaneko@gmail.com	96813	Economic Development Alliance of Hawaii
7	Tamara Rajaram	tamarar@3red8.com	95014	3Red8, Inc.

March 18, 2022

Representative Sean Quinlan, Chair
Representative Daniel Holt, Vice Chair
Committee on Economic Development



Working together for Kapolei

**RE: SB 3337 SD2 – Relating to the Economy – IN SUPPORT, REQUEST AMENDMENT
March 18, 2022; 10:30 a.m. via Videoconference**

Aloha Chair Quinlan, Vice-Chair Holt and members of the Committee:

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, Ewa Beach, **Kalaeloa**, Nanakuli, Waianae and Makaha. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. We are a member- driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

We respectfully submit written testimony **in SUPPORT of SB 3337 SD2 with amendments**, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation and economic diversification, and appropriates moneys to the Department of Business, Economic Development, and Tourism to implement specific projects that address those goals.

We respectfully request the following amendments:

- **Amendment to reinsert \$12,125,000 in SB 3337 SD2 for Saratoga Avenue electrical and communications infrastructure improvements.**
- **Amendment to reinsert \$500,000 for community-based economic development revitalization grants.**

West O’ahu’s growing population of almost 200,000 includes the Waianae Coast, Ewa, and Waipahu and Kalaeloa. **Decades ago, the City and County of Honolulu adopted a goal of creating a “Second City” and moving residential and economic growth toward West O’ahu including areas like Kalaeloa.** The State adopted a similar long-standing policy to redirect growth away from Honolulu and toward Kapolei. To match this dynamic growth the emergence of new job centers in West O’ahu is essential to keep pace with the population growth. The planned development in HCDA’s 3,700-acre Kalaeloa Master Plan will play a key role in providing these job centers in Kalaeloa. **Upgrades to aged infrastructure including bringing electricity down Saratoga Avenue is essential for the development of these job centers and economic development in Kalaeloa.**

The Kapolei Chamber of Commerce also has an Economic Revitalization Task Force established with priorities including priorities focused on economic development and revitalization efforts, and the economic development grants will provide an opportunity to materialize these vital efforts for West O'ahu. **Even though we are a burgeoning community – we lack the most critical infrastructure, connectivity, and business resources.**

Thank you for the opportunity to provide testimony.

Respectfully,

A handwritten signature in black ink, appearing to read "K. Polk", is centered within a light gray rectangular box.

Kiran Polk
Executive Director

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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. 3337, S.D. 2

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

LATE

RELATING TO THE ECONOMY

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

Senate Bill No. 3337, S.D. 2, establishes a public policy framework that addresses State goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development; appropriates an unspecified amount of 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 unspecified amounts 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.



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

COMMENTS ON SB3337 SD2 RELATING TO THE ECONOMY

The Maui Chamber of Commerce **supports the intent of SB3337 SD2** 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 think the programs established and funded by this bill are all great ideas and we appreciate the effort to move this forward. However, we feel that the state should really be creating a comprehensive economic development plan with priorities, industry targets, rationale for those targets and that the plan coordinates with county economic development plans. This will help to prioritize the investment and not spread funding too thin while accomplishing significant achievements. The plan should also rate the direction, investment and process for efforts included in the plan.

We encourage DBEDT to work with the broader business community and chambers of commerce to be a part of the economic development planning as businesses will move this strategy forward.

We recognize this is a year of triage given the devastation from the pandemic and broadband projects and digital equity are a top priority, but we would also like to see additional investment in creating the broader planning described above. True economic development and diversification takes time and a significant investment and we need strong efforts to attract clean industries that provide higher wages, given the cost of Hawaii's living wage.

Thank you for the opportunity to **comment on SB3337 SD2**.

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.