

JAN 25 2023

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# A BILL FOR AN ACT

RELATING TO DESIGNATED ECONOMIC DEVELOPMENT DISTRICT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that being a U.S.  
2 Economic Development Administration-designated economic  
3 development district provides an opportunity to work  
4 comprehensively to achieve locally developed goals that leverage  
5 and build upon interrelated community assets, such as workforce,  
6 infrastructure, and housing. An economic development district  
7 develops a long-term established relationship with the U.S.  
8 Department of Commerce, Economic Development Administration that  
9 includes annual federal funding to support the development and  
10 implementation of the Hawaii comprehensive economic development  
11 strategy. A U.S. Economic Development Administration investment  
12 of federal funds is much more likely, on a per capita basis, to  
13 be located in an economic development district area than in an  
14 area that is not covered by an economic development district.

15           The legislature further finds that regional eligibility to  
16 be designated as an economic development district by the U.S.  
17 Economic Development Administration requires the region to have  
18 a U.S. Economic Development Administration-approved

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1 comprehensive economic development strategy that contains a  
2 specific program for intra-district cooperation, self-help, and  
3 public investment, is approved by the affected state and the  
4 U.S. Economic Development Administration Assistant Secretary,  
5 obtains commitments from a majority of counties within the  
6 proposed district, and forms a district organization that meets  
7 the economic development district requirements. A district  
8 organization may be organized as a public organization  
9 established under state-enabling legislation for the creation of  
10 a multi-jurisdictional area-wide planning organization.

11 To ensure that Hawaii is eligible for the substantial  
12 benefits of a U.S. Economic Development Administration-  
13 designated economic development district, the purposes of this  
14 Act are to:

15 (1) Establish the Hawaii economic development district  
16 planning organization and governing board that meet  
17 the requirements of the U.S. Economic Development  
18 Administration, as provided in Title 13 Code of  
19 Federal Regulations Section 304.2, by being broadly  
20 representative of the principal economic interests of  
21 the region, including private sector, public  
22 officials, community leaders, representatives of

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1 workforce development boards, institutions of higher  
2 learning, minority and labor groups, and private  
3 citizens; and

4 (2) Designate the office of planning and sustainable  
5 development to organize the district organization  
6 assisted by professional staff with economic  
7 development planning qualifications.

8 SECTION 2. Chapter 226, Hawaii Revised Statutes, is  
9 amended by adding to part II a new section to be appropriately  
10 designated and to read as follows:

11 "§226-A Hawaii economic development district planning  
12 organization. (a) There is established the Hawaii economic  
13 development district planning organization, which shall be the  
14 district organization to implement the U.S. Economic Development  
15 Administration-approved comprehensive economic development  
16 strategy. The Hawaii economic development district planning  
17 organization shall be placed within the department of business,  
18 economic development, and tourism and attached to the office of  
19 planning and sustainable development for administrative  
20 purposes.

21 (b) The Hawaii economic development district planning  
22 organization shall:

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1        (1) Develop, manage, and support effective multi-level  
2            partnerships in order to promote intra-district  
3            cooperation, self-help, and public investment to  
4            restore and sustain economic resilience and  
5            prosperity;

6        (2) Support organizations within the economic development  
7            district to apply for funding;

8        (3) Implement the U.S. Economic Development Administration  
9            approved comprehensive economic development strategy;  
10           and

11       (4) Present to the governor and legislature any annual  
12           updates to the comprehensive economic development  
13           strategy.

14       (c) The Hawaii economic development district planning  
15 organization shall be headed by a board that shall be composed  
16 of fifteen members as follows:

17       (1) Director of the office of planning and sustainable  
18           development, or designated representative, who shall  
19           serve as chair;

20       (2) The mayor of each county, or designated  
21           representative;

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1       (3) The executive director of each county economic  
2           development board, or designated representative;

3       (4) A representative of each county workforce development  
4           board to be designated by the chair of the respective  
5           board;

6       (5) The president of the University of Hawaii, or  
7           designated representative; and

8       (6) A representative of a labor organization to be  
9           appointed by the governor.

10       (d) The nongovernmental members of the Hawaii economic  
11       development district planning organization board shall serve for  
12       no more than two consecutive terms of four years and without  
13       compensation but shall be reimbursed for expenses, including  
14       travel expenses, necessary for the performance of their duties.  
15       Members shall not be subject to section 26-34(a).

16       (e) The Hawaii economic development district planning  
17       organization board shall hold public meetings, subject to  
18       chapter 92, at least twice a year."

19       SECTION 3. There are established two full-time temporary  
20       exempt economic development planning analyst positions to  
21       support the Hawaii economic development district planning

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1 organization to be paid out of the general revenues of the State  
2 of Hawaii.

3 SECTION 4. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$200,000 or so much  
5 thereof as may be necessary for fiscal year 2023-2024 and the  
6 same sum or so much thereof as may be necessary for fiscal year  
7 2024-2025 to carry out the purposes of this Act, including the  
8 hiring of necessary staff.

9 The sums appropriated shall be expended by the department  
10 of business, economic development, and tourism.

11 SECTION 5. In codifying the new section added by section 2  
12 of this Act, the revisor of statutes shall substitute an  
13 appropriate section number for the letter used in designating  
14 the new section in this Act.

15 SECTION 6. New statutory material is underscored.

16 SECTION 7. This Act, upon its approval, shall take effect  
17 on July 1, 2023.

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INTRODUCED BY: 

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BY REQUEST

# S.B. NO. 1296

**Report Title:**

Hawaii Economic Development District Planning Organization;  
Office of Planning and Sustainable Development

**Description:**

Establishes the Hawaii Economic Development District Planning Organization and board. Designates the Office of Planning and Sustainable Development to organize the Hawaii Economic Development District Planning Organization. Establishes two full-time exempt positions. Makes an appropriation.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO DESIGNATED ECONOMIC DEVELOPMENT DISTRICT.

PURPOSE: To establish a Hawaii Economic Development District Planning Organization and board; designate the Office of Planning and Sustainable Development to organize a Hawaii Economic Development District Planning Organization; establish two positions to support the district planning organization and board; and appropriate funds for the new positions and program expenses.

MEANS: Add a new section to part II of chapter 226, Hawaii Revised Statutes.

JUSTIFICATION: A U.S. Department of Commerce, Economic Development Administration-designated Economic Development District includes annual funding to support the implementation of the Hawaii Comprehensive Economic Development Strategy (CEDS). An Economic Development District provides substantial direct investment of federal funds in all parts of the State; creates an ability to work comprehensively to leverage new federal resources and build on community interrelated assets; and increases positive impacts on rural counties and the regional economy. Designation requires a District Organization with a board of directors and staff, as provided in Title 13 Code of Federal Regulations Section 304.2.

Impact on the public: A U.S. Department of Commerce, Economic Development Administration-designated Economic Development District will increase federal investments in locally supported economic adjustment and public works projects.



Impact on the department and other agencies:  
Positive impact on the department and other state and county agencies' ability to access increased federal funds for economic development projects. There will be no negative impacts as all federal project funds are applied for and awarded to Hawaii agencies and nonprofits for community supported projects.

GENERAL FUND: \$200,000.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-144.

OTHER AFFECTED  
AGENCIES: Counties, Economic Development Boards,  
University of Hawaii.

EFFECTIVE DATE: July 1, 2023.