

ACT 250

S.B. NO. 1898

A Bill for an Act Relating to Investment.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The issue of outside investment is a recurring one in Hawaii, and the United States as a whole. Controversy rises and falls with the value of foreign currency and the availability of excess capital.

Investment by outside sources becomes an issue in a community when it is perceived that negative impacts outweigh the community needs. These negative impacts are almost always expressed in subjective terms such as: loss of local control; a sense of diminishing opportunities; fear that social and economic benefits are occurring at a faster rate to nonresidents than residents; and examples of scarce resources falling into the hands and control of "outsiders".

Such an issue is unlikely to vanish as countries of the world move towards an interdependent global economy and trade barriers become less restrictive, for these policies provide for the freer flow of capital and investment throughout the world.

The free flow of capital can be a productive force in a community; creating jobs, building and improving the physical plant, providing additional revenues to the tax base and thereby contributing to government services and projects. However, the free flow of capital left purely to the response of market forces is also capable of engendering destructive forces. In order for a community to achieve maximum

benefits and minimize negative results, the free flow of capital must be shaped by the explicit economic goals of the community as well as its cultural and social objectives.

A community must also be allowed to shape its own destiny. This is a fundamental right guaranteed in the constitution of the State of Hawaii. As stated in the preamble, "we reserve the right to control our destiny, to nurture the integrity of our people and culture, and to preserve the quality of life that we desire."

As land becomes a more precious commodity, and with the freer flow of capital, the needs and concerns of the community must be taken into account.

The Hawaii State Plan serves as a guide for the future goals of the State. It can provide direction and clarification as to the policies and positions of the State. Furthermore, it serves as a means by which the people of this State are able to express their own destiny.

This Act is intended to make more explicit the State's priorities for investment in Hawaii, irrespective of country or origin. Furthermore, this Act is intended to educate businesses and potential investors on State development objectives and to identify those investments which are encouraged and welcomed by the State.

SECTION 2. Section 226-103, Hawaii Revised Statutes, is amended to read as follows:

"§226-103 Economic priority guidelines. (a) Priority guidelines to stimulate economic growth and encourage business expansion and development to provide needed jobs for Hawaii's people and achieve a stable and diversified economy:

- (1) Seek a variety of means to increase the availability of investment capital for new and expanding enterprises.
 - (A) Encourage investments which:
 - (i) Reflect long term commitments to the State;
 - (ii) Rely on economic linkages within the local economy;
 - (iii) Diversify the economy;
 - (iv) Reinvest in the local economy;
 - (v) Are sensitive to community needs and priorities; and
 - (vi) Demonstrate a commitment to provide management opportunities to Hawaii residents.
- (2) Encourage the expansion of technological research to assist industry development and support the development and commercialization of technological advancements.
- (3) Improve the quality, accessibility, and range of services provided by government to business, including data and reference services and assistance in complying with governmental regulations.
- (4) Seek to ensure that state business tax and labor laws and administrative policies are equitable, rational, and predictable.
- (5) Streamline the building and development permit and review process, and eliminate or consolidate other burdensome or duplicative governmental requirements imposed on business, where public health, safety¹ and welfare would not be adversely affected.
- (6) Encourage the formation of cooperatives and other favorable marketing or distribution arrangements at the regional or local level to assist Hawaii's small-scale producers, manufacturers, and distributors.
- (7) Continue to seek legislation to protect Hawaii from transportation interruptions between Hawaii and the continental United States.
- (8) Provide public incentives and encourage private initiative to develop and attract industries which promise long-term growth potentials and which have the following characteristics:

- (A) An industry that can take advantage of Hawaii's unique location and available physical and human resources.
 - (B) A clean industry that would have minimal adverse effects on Hawaii's environment.
 - (C) An industry that is willing to hire and train Hawaii's people to meet the industry's labor needs[.] at all levels of employment.
 - (D) An industry that would provide reasonable income and steady employment.
- (9) Support and encourage, through educational and technical assistance programs and other means, expanded opportunities for employee ownership and participation in Hawaii business.
- (10) Enhance the quality of Hawaii's labor force and develop and maintain career opportunities for Hawaii's people through the following actions:
- (A) Expand vocational training in diversified agriculture, aquaculture, information industry, and other areas where growth is desired and feasible.
 - (B) Encourage more effective career counseling and guidance in high schools and post-secondary institutions to inform students of present and future career opportunities.
 - (C) Allocate educational resources to career areas where high employment is expected and where growth of new industries is desired.
 - (D) Promote career opportunities in all industries for Hawaii's people by encouraging firms doing business in the State to hire residents.
 - (E) Promote greater public and private sector cooperation in determining industrial training needs and in developing relevant curricula and on-the-job training opportunities.
 - (F) Provide retraining programs and other support services to assist entry of displaced workers into alternative employment.
- (b) Priority guidelines to promote the economic health and quality of the visitor industry:
- (1) Promote visitor satisfaction by fostering an environment which enhances the Aloha Spirit and minimizes inconveniences to Hawaii's residents and visitors.
 - (2) Encourage the development and maintenance of well-designed, adequately serviced hotels and resort destination areas which are sensitive to neighboring communities and activities and which provide for adequate shoreline setbacks and beach access.
 - (3) Support appropriate capital improvements to enhance the quality of existing resort destination areas and provide incentives to encourage investment in upgrading, repair, and maintenance of visitor facilities.
 - (4) Encourage visitor industry practices and activities which respect, preserve, and enhance Hawaii's significant natural, scenic, historic, and cultural resources.
 - (5) Develop and maintain career opportunities in the visitor industry for Hawaii's people, with emphasis on managerial positions.
 - (6) Support and coordinate tourism promotion abroad to enhance Hawaii's share of existing and potential visitor markets.
 - (7) Maintain and encourage a more favorable resort investment climate consistent with the objectives of this chapter.
 - (8) Support law enforcement activities that provide a safer environment for both visitors and residents alike.

- (9) Coordinate visitor industry activities and promotions to business visitors through the state network of advanced data communication techniques.
- (c) Priority guidelines to promote the continued viability of the sugar and pineapple industries:
 - (1) Provide adequate agricultural lands to support the economic viability of the sugar and pineapple industries.
 - (2) Continue efforts to maintain federal support to provide stable sugar prices high enough to allow profitable operations in Hawaii.
 - (3) Support research and development, as appropriate, to improve the quality and production of sugar and pineapple crops.
- (d) Priority guidelines to promote the growth and development of diversified agriculture and aquaculture:
 - (1) Identify, conserve, and protect agricultural [[]and aquacultural[]] lands of importance and initiate affirmative and comprehensive programs to promote economically productive agricultural and aquacultural uses of such lands.
 - (2) Assist in providing adequate, reasonably priced water for agricultural activities.
 - (3) Encourage public and private investment to increase water supply and to improve transmission, storage, and irrigation facilities in support of diversified agriculture and aquaculture.
 - (4) Assist in the formation and operation of production and marketing associations and cooperatives to reduce production and marketing costs.
 - (5) Encourage and assist with the development of a waterborne and airborne freight and cargo system capable of meeting the needs of Hawaii's agricultural community.
 - (6) Seek favorable freight rates for Hawaii's agricultural products from interisland and overseas transportation operators.
 - (7) Encourage the development and expansion of agricultural and aquacultural activities which offer long-term economic growth potential and employment opportunities.
 - (8) Continue the development of agricultural parks and other programs to assist small independent farmers in securing agricultural lands and loans.
 - (9) Require agricultural uses in agricultural subdivisions and closely monitor the uses in these subdivisions.
- (10) Support the continuation of land currently in use for diversified agriculture.
 - (e) Priority guidelines for water use and development:
 - (1) Maintain and improve water conservation programs to reduce the overall water consumption rate.
 - (2) Encourage the improvement of irrigation technology and promote the use of nonpotable water for agricultural and landscaping purposes.
 - (3) Increase the support for research and development of economically feasible alternative water sources.
 - (4) Explore alternative funding sources and approaches to support future water development programs and water system improvements.
 - (f) Priority guidelines for energy use and development:
 - (1) Encourage the development, demonstration, and commercialization of renewable energy sources.
 - (2) Initiate, maintain, and improve energy conservation programs aimed at reducing energy waste and increasing public awareness of the need to conserve energy.

- (3) Provide incentives to encourage the use of energy conserving technology in residential, industrial, and other buildings.
- (4) Encourage the development and use of energy conserving and cost-efficient transportation systems.
- (g) Priority guidelines to promote the development of the information industry:
 - (1) Establish an information network that will serve as the catalyst for establishing a viable information industry in Hawaii.
 - (2) Encourage the development of services such as financial data processing, a products and services exchange, foreign language translations, telemarketing, teleconferencing, a twenty-four-hour international stock exchange, international banking, and a Pacific Rim management center.
 - (3) Encourage the development of small businesses in the information field such as software development, the development of new information systems and peripherals, data conversion and data entry services, and home or cottage services such as computer programming, secretarial, and accounting services.
 - (4) Encourage the development or expansion of educational and training opportunities for residents in the information and telecommunications fields.
 - (5) Encourage research activities, including legal research in the information and telecommunications fields.
 - (6) Support promotional activities to market Hawaii's information industry services."

SECTION 3. Section 226-106, Hawaii Revised Statutes, is amended to read as follows:

"§226-106 Affordable housing. Priority guidelines for the provision of affordable housing:

- (1) Seek to use marginal or nonessential agricultural land and public land to meet housing needs of low- and moderate-income and gap-group households.
- (2) Encourage the use of alternative construction and development methods as a means of reducing production costs.
- (3) Improve information and analysis relative to land availability and suitability for housing.
- (4) Create incentives for development which would increase home ownership and rental opportunities for Hawaii's low- and moderate-income households, gap-group households, and residents with special needs.
- (5) Encourage continued support for government or private housing programs that provide low interest mortgages to Hawaii's people for the purchase of initial owner-occupied housing.
- (6) Encourage public and private sector cooperation in the development of rental housing alternatives.
- (7) Encourage improved coordination between various agencies and levels of government to deal with housing policies and regulations.
- (8) Give higher priority to the provision of quality housing that is affordable for Hawaii's residents and less priority to development of housing intended primarily for individuals outside of Hawaii."

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

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SECTION 5. This Act shall take effect upon its approval.
(Approved June 8, 1989.)

Note

1. So in original.