



# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA

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DEPUTY DIRECTOR

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Statement of  
**LUIS P. SALAVERIA**  
Director  
Department of Business, Economic Development and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Monday, April 6, 2015  
1:30 PM  
State Capitol, Conference Room 211

In consideration of  
**HB1471, HD2, PROPOSED SD2**  
**RELATING TO THE FUNDING OF GOVERNMENT PROGRAMS.**

Chair Tokuda, Vice Chair Kouchi and Members of the Committee.

The Department of Business, Economic Development and Tourism supports the Proposed SD2 for HB1471, HD2, Part XIII, Section 35 appropriating \$5 million for fiscal years 2015-2016 and 2016-2017 to the Hawaii Strategic Development Corporation for the HI-Growth Initiative.

In order to create new high wage job opportunities for Hawaii's people, the State needs to invest in new sources of economic growth. In today's global economy, the "innovation sector" is the main source of economic growth and job creation. Innovation technologies are no longer just information technology, but now encompass businesses in virtually all industries, including clean tech, biotech, digital media, fashion and food industries. The common denominator for these innovation sector businesses is their ability to create valuable intellectual property and their creative use of digital technology to compete in global markets.

DBEDT's divisions and attached agencies have organized and aligned their programs to support under the banner of the HI-Growth Initiative. The HI-Growth Initiative implements programs and investments that support the establishment and growth of entrepreneurial companies with rapid growth potential. These firms also have the potential to form strong industry clusters that will give rise to globally relevant businesses.

Supporting industry growth requires investment in the infrastructure, workforce and capital access needs of a particular industrial sector. Just as the State supported investments in the infrastructure, workforce and capital in previous growth industries,

agriculture and tourism, the State must now make similar commitments to the new growth sector: the innovation sector.

For the innovation sector, the key infrastructure requirements are gigabit broadband and innovation hubs; workforce training efforts to utilize commercialization and accelerator programs to engage and inspire entrepreneurs to launch their businesses; and local access to startup capital is needed to enable these companies to stay and grow here in Hawaii.

We defer to the other departments on sections that affect their programs.

Thank you for the opportunity to offer these comments.

DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Jill N. Tokuda, Chair  
and Members of the Senate Committee on Ways and Means

Date: Monday, April 6, 2015  
Time: 1:30 P.M.  
Place: Conference Room 211, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B.1471, H.D. 2, Proposed S.D. 2, Relating to the Funding of Government Programs

The Department of Taxation (Department) appreciates and supports the intent of H.B. 1471, H.D. 2, Proposed S.D. 2, particularly Part XI, section 32.

H.B. 1471, H.D. 2, Proposed S.D. makes numerous changes in the allocation of various special funds, forces the lapse of certain appropriations for fiscal year 2014-2015, including an amount appropriated for the Department's Tax System Modernization system and re-appropriates some of the lapsed appropriations.

Due to delays in the procurement process for Tax System Modernization (TSM), the Department will not expend all of the \$3 million in operating funds initially budgeted for FY2015. Therefore, the Department supports the re-appropriation of the excess FY15 funds, with the understanding that this re-appropriation will not affect the base budget for TSM for future years. At this time, the Department is anticipating that a vendor will be selected during FY16, requiring that the TSM base budget for FY16 and beyond remain intact.

Thank you for the opportunity to provide comments.

DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of**  
**CARTY S. CHANG**  
**Interim Chairperson**

**Before the Senate Committee on**  
**WAYS AND MEANS**

**Monday, April 6, 2015**  
**1:30 PM**  
**State Capitol, Conference Room 211**

**In consideration of**  
**HOUSE BILL 1471, HOUSE DRAFT 2, SENATE DRAFT 1, Proposed SENATE DRAFT 2**  
**RELATING TO THE FUNDING OF GOVERNMENT PROGRAMS**

House Bill 1471, House Draft 2, Senate Draft 1, Proposed Senate Draft 2 includes language in PART III that would direct the Legislative Reference Bureau to update its 2002 study, "Filling the Gaps in the Fight Against Invasive Species" and appropriate \$100,000 from the general revenues of the State of Hawaii for this purpose. **The Department of Land and Natural Resources (Department) supports PART III of this measure, provided that this appropriation does not adversely impact appropriations for other priorities in the Executive Budget request.**

With regard to PART III, which makes an appropriation to conduct an invasive species study, the Department notes that it is the administrative host of the interagency Hawaii Invasive Species Council (HISC). The Department recognizes that the 2002 study, "Filling the Gaps in the Fight Against Invasive Species," was instrumental in shaping the State's strategy for invasive species prevention, control, research, and outreach. This report remains the State's most thorough analysis of invasive species programs and the costs associated with preventing and controlling invasive species. As the report is now 13 years old and there have been many changes in invasive species distributions and the resources available to address invasive species problems, the Department strongly supports updating this study. The Department further notes that in 2014 the interagency HISC adopted Resolution 14-2: "Requesting a Legislative Reference Bureau Study to Update the 2002 Report Titled 'Filling the Gaps in the Fight Against Invasive Species'."

The Department appreciates the opportunity to provide these comments.

**CARTY S. CHANG**  
INTERIM CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**DANIEL S. QUINN**  
INTERIM FIRST DEPUTY

**W. ROY HARDY**  
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS



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**Testimony in SUPPORT of H.B. 1471, H.D. 2, S.D. 1, Proposed S.D.2  
Relating to the Funding of Government Programs**

SENATOR JILL N. TOKUDA, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: **April 6, 2015**  
**1:30 p.m.**

Room Number: 211

1 **Fiscal Implications:** Provides for the transfer of excess moneys in the environmental response  
2 revolving fund under certain conditions; and repeals the requirement that certain positions be  
3 funded by the environmental response revolving fund. The legislature intends that the positions  
4 be authorized and funded in accordance with the general appropriations act, as may be amended  
5 by the supplemental appropriations act.

6 **Department Testimony:** The Department of Health supports the intent of the measure and  
7 offers the following comments.

8 The Department appreciates the time and effort that the Legislature has put towards remedying  
9 the ERRF financial situation by changing the means of finance for certain positions funded by  
10 the environmental response revolving fund to general funds, and looks forward to continuing to  
11 work towards a sustainable solution.

12 The Department has concerns that the unexpended and unencumbered moneys in the  
13 environmental response revolving fund in excess of the \$1,250,000 threshold that will be  
14 transferred to the general fund as proposed by the measure, may leave insufficient funds for the  
15 Department to effectively carry out its mission to protect human health and the environment.

16 The Department of Health defers to the other departments and organizations on the remainder of  
17 the measure.

18 Thank you for the opportunity to provide comments on this important measure.



HAWAII  
STRATEGIC  
DEVELOPMENT  
CORPORATION

Written Statement of  
**KARL FOOKS**  
President  
Hawaii Strategic Development Corporation

Before the  
**COMMITTEE ON WAYS AND MEANS**

**April 6, 2015**  
**1:30 PM**  
**State Capitol, Conference Room 211**

In consideration of  
**HB 1471 HD1 SD2 Proposed RELATING TO THE FUNDING OF GOVERNMENT PROGRAMS**

Chair Tokuda, Vice Chair Kouchi, and Members of the Committee on Ways and Means:

The Hawaii Strategic Development Corporation (HSDC) supports the intent of Part XIII, Section 35, of the proposed HB 1471 HD1 SD2 legislation that appropriates funds to the Hawaii Strategic Development Corporation Revolving Fund for the HI Growth Initiative.

HSDC respectfully recommends that the expending authority in Part XIII, Section 35, of the proposed HB 1471 HD1 SD2 be changed to the Hawaii Strategic Development Corporation as it is the entity responsible for the Hawaii Strategic Development Corporation Revolving Fund.

Growing the Innovation Economy is a key part of Governor David Ige's action plan to generate economic growth and create jobs. The HI Growth Initiative is an economic development program to invest in an innovation ecosystem that will support entrepreneurial high growth businesses and create high wage jobs for our people.

Over the past several years, The HI Growth Initiative has partnered with entrepreneurs, corporates, investors, non-profits and local governments to establish nationally-recognized Hawaii accelerator programs that help launch 25 new companies per year; numerous events that showcase Hawaii startups to private investors; investment programs that help commercialize the University of Hawaii's world-class research; and 5 Hawaii-based investment funds that span the startup lifecycle.

The proposed appropriation to the HI Growth Initiative will enable HSDC to continue its successful investment program that has supported increasing private sector activity in the areas of entrepreneurial development, research commercialization and startup investment capital.

Thank you for the opportunity to provide testimony.