



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
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: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Thursday, March 3, 2016

2:00pm

State Capitol, Conference Room 308

in consideration of

HB 2289, HD1

**RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.**

Chair Luke, Vice Chair Nishimoto and Members of the Committee on Finance. The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 2289, HD1, an administration bill. This measure will support DBEDT's efforts to assist Community-Based Economic Development (CBED) initiatives in the State's overall economic development strategy. Community-based organizations are normally rural located and serve the distressed areas of our State. Many embark upon economic development activities in order to finance their worthy goals. This bill will allow DBEDT to help more community-based organizations achieve their economic development objectives.

Under CBED's current statute, the definition of "community-based organization," is limited to organizations that are "membership-based" nonprofits in order to participate in CBED grant and technical assistance programs. However, there are a number of nonprofit organizations active in community-based economic development that are not "membership-based." This bill seeks to allow the CBED program greater flexibility by enabling the program to assist qualified non-profit organizations to participate in CBED programs.

The CBED program has been in existence for almost 25 years. Throughout its history, it has assisted over a thousand organizations with grants, loans and technical assistance and created

numerous jobs in the process. In order for the CBED program to be more self-sustaining through its revolving fund, the program has transitioned from making grants to emphasizing making loans. As a result, the program itself has become revenue generating. The fund, however, has a balance of only \$88,724 as of June 30, 2015.

With the proposed change in the statute to broaden the definition of a community-based organization, coupled with the funding request for one million dollars, the CBED program of DBEDT can assist Hawaii's vital community-based entities of our economy to grow and become sustainable.

Thank you for the opportunity to provide testimony.