



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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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

Tuesday, March 29, 2016
9:30am
State Capitol, Conference Room 211

in consideration of
HB 2289, HD2
**RELATING TO THE HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT
TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM.**

Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee on Ways and Means. The Department of Business, Economic Development, and Tourism (DBEDT) **strongly supports** HB 2289, HD2, 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.

March 18, 2016

The Honorable Jill Tokuda, Chair

The Honorable Donovan Dela Cruz, Vice-Chair

Senate Committee on Ways and Means

RE: HB 2289, HD2-Relating to the Hawaii Community-Based Economic Development Technical and Financial Assistance Program.

Chair Tokuda Vice Chair Dela Cruz and Members of the Committee:

House Bill 2289 HD2 as proposed will allow DBEDT's Community Based Economic Development program to assist more nonprofit organizations. As Chairperson of the CBED Advisory Council, I have seen first-hand the good that the program has done over the years. Without the support of the program many organizations would not be in existence today or have achieved their level of organization.

The proposed change in statute would broaden the definition of a community-based organization allowing the program to assist an even greater number of deserving groups. In addition with the funding request it will allow the program to be self-sustaining and assist community organizations to become self-sufficient and expand.

I humbly request your support of this very important measure and thank you for the opportunity to provide testimony.

Dean Matsukawa

Chair, CBED Advisory Council