

A Bill for an Act Relating to the Economy.

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

SECTION 1. The purpose of this Act is to promote and encourage innovative activity and entrepreneurs by amending the state plan policies, objectives, and priority guidelines concerning the economy and information technology.

SECTION 2. Section 226-6, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) To achieve the general economic objectives, it shall be the policy of this State to:

- (1) Promote and encourage entrepreneurship within Hawaii by residents and nonresidents of the State.
- [(1)] (2) Expand Hawaii's national and international marketing, communication, and organizational ties, to increase the State's capacity to adjust to and capitalize upon economic changes and opportunities occurring outside the State.
- [(2)] (3) Promote Hawaii as an attractive market for environmentally and socially sound investment activities that benefit Hawaii's people.
- (4) Transform and maintain Hawaii as a place that welcomes and facilitates innovative activity that may lead to commercial opportunities.
- (5) Promote innovative activity that may pose initial risks, but ultimately contribute to the economy of Hawaii.
- [(3)] (6) Seek broader outlets for new or expanded Hawaii business investments.
- [(4)] (7) Expand existing markets and penetrate new markets for Hawaii's products and services.
- [(5)] (8) Assure that the basic economic needs of Hawaii's people are maintained in the event of disruptions in overseas transportation.
- [(6)] (9) Strive to achieve a level of construction activity responsive to, and consistent with, state growth objectives.
- [(7)] (10) Encourage the formation of cooperatives and other favorable marketing arrangements at the local or regional level to assist Hawaii's small scale producers, manufacturers, and distributors.
- [(8)] (11) Encourage labor-intensive activities that are economically satisfying and which offer opportunities for upward mobility.
- (12) Encourage innovative activities that may not be labor-intensive, but may otherwise contribute to the economy of Hawaii.
- [(9)] (13) Foster greater cooperation and coordination between the government and private sectors in developing Hawaii's employment and economic growth opportunities.
- [(10)] (14) Stimulate the development and expansion of economic activities which will benefit areas with substantial or expected employment problems.
- [(11)] (15) Maintain acceptable working conditions and standards for Hawaii's workers.
- [(12)] (16) Provide equal employment opportunities for all segments of Hawaii's population through affirmative action and nondiscrimination measures.
- [(13)] (17) Stimulate the development and expansion of economic activities capitalizing on defense, dual-use, and science and technology

assets, particularly on the neighbor islands where employment opportunities may be limited.

- [(14)] (18) Encourage businesses that have favorable financial multiplier effects within Hawaii's economy, particularly with respect to emerging industries in science and technology.
- [(15)] (19) Promote and protect intangible resources in Hawaii, such as scenic beauty and the aloha spirit, which are vital to a healthy economy.
- [(16)] (20) Increase effective communication between the educational community and the private sector to develop relevant curricula and training programs to meet future employment needs in general, and requirements of new[;] or innovative potential growth industries in particular.
- [(17)] (21) Foster a business climate in Hawaii—including attitudes, tax and regulatory policies, and financial and technical assistance programs—that is conducive to the expansion of existing enterprises and the creation and attraction of new business and industry.”

SECTION 3. Section 226-10, Hawaii Revised Statutes, is amended to read as follows:

“§226-10 Objective and policies for the economy—potential growth and innovative activities. (a) Planning for the State's economy with regard to potential growth and innovative activities shall be directed towards achievement of the objective of development and expansion of potential growth and innovative activities that serve to increase and diversify Hawaii's economic base.

(b) To achieve the potential growth and innovative activity objective, it shall be the policy of this State to:

- (1) Facilitate investment and employment growth in economic activities that have the potential to expand and diversify Hawaii's economy, including but not limited to diversified agriculture, aquaculture, renewable energy development, creative media, health care, and science and technology-based sectors;
- (2) Facilitate investment in innovative activity that may pose risks or be less labor-intensive than other traditional business activity, but if successful, will generate revenue in Hawaii through the export of services or products or substitution of imported services or products;
- (3) Encourage entrepreneurship in innovative activity by academic researchers and instructors who may not have the background, skill, or initial inclination to commercially exploit their discoveries or achievements;
- (4) Recognize that innovative activity is not exclusively dependent upon individuals with advanced formal education, but that many self-taught, motivated individuals are able, willing, sufficiently knowledgeable, and equipped with the attitude necessary to undertake innovative activity;
- (5) Increase the opportunities for investors in innovative activity and talent engaged in innovative activity to personally meet and interact at cultural, art, entertainment, culinary, athletic, or visitor-oriented events without a business focus;
- [(2)] (6) Expand Hawaii's capacity to attract and service international programs and activities that generate employment for Hawaii's people;

- [(3)] (7) Enhance and promote Hawaii's role as a center for international relations, trade, finance, services, technology, education, culture, and the arts;
- [(4)] (8) Accelerate research and development of new energy-related industries based on wind, solar, ocean, [and] underground resources, and solid waste;
- [(5)] (9) Promote Hawaii's geographic, environmental, social, and technological advantages to attract new or innovative economic activities into the State;
- [(6)] (10) Provide public incentives and encourage private initiative to attract new or innovative industries that best support Hawaii's social, economic, physical, and environmental objectives;
- [(7)] (11) Increase research and the development of ocean-related economic activities such as mining, food production, and scientific research;
- [(8)] (12) Develop, promote, and support research and educational and training programs that will enhance Hawaii's ability to attract and develop economic activities of benefit to Hawaii;
- [(9)] (13) Foster a broader public recognition and understanding of the potential benefits of new[-] or innovative growth-oriented industry in Hawaii;
- [(10)] (14) Encourage the development and implementation of joint federal and state initiatives to attract federal programs and projects that will support Hawaii's social, economic, physical, and environmental objectives;
- [(11)] (15) Increase research and development of businesses and services in the telecommunications and information industries; [and]
- [(12)] (16) Foster the research and development of nonfossil fuel and energy efficient modes of transportation[-]; and
- (17) Recognize and promote health care and health care information technology as growth industries."

SECTION 4. Section 226-10.5, Hawaii Revised Statutes, is amended to read as follows:

"§226-10.5 Objectives and policies for the economy—information industry.

(a) Planning for the State's economy with regard to telecommunications and information technology shall be directed toward recognizing that broadband and wireless communication capability and infrastructure are foundations for an innovative economy and positioning Hawaii as a leader in broadband and wireless communications and applications in the Pacific Region.

(b) To achieve the information industry objective, it shall be the policy of this State to:

- (1) Promote efforts to attain the highest speeds of electronic and wireless communication within Hawaii and between Hawaii and the world, and make high speed communication available to all residents and businesses in Hawaii;
- [(1)] (2) Encourage the continued development and expansion of the telecommunications infrastructure serving Hawaii to accommodate future growth and innovation in [the information industry;] Hawaii's economy;
- [(2)] (3) Facilitate the development of new or innovative business and service ventures in the information industry which will provide employment opportunities for the people of Hawaii;

- (4) Encourage mainland- and foreign-based companies of all sizes, whether information technology-focused or not, to allow their principals, employees, or contractors to live in and work from Hawaii, using technology to communicate with their headquarters, offices, or customers located out-of-state;
- ~~[(3)]~~ (5) Encourage greater cooperation between the public and private sectors in developing and maintaining a well-designed information industry;
- ~~[(4)]~~ (6) Ensure that the development of new businesses and services in the industry are in keeping with the social, economic, and physical needs and aspirations of Hawaii's people;
- ~~[(5)]~~ (7) Provide opportunities for Hawaii's people to obtain job training and education that will allow for upward mobility within the information industry;
- ~~[(6)]~~ (8) Foster a recognition of the contribution of the information industry to Hawaii's economy; and
- ~~[(7)]~~ (9) Assist in the promotion of Hawaii as a broker, creator, and processor of information in the Pacific."

SECTION 5. Section 226-103, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:
 - "(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[-]; and
 - (B) Encourage investments in innovative activities that have a nexus to the State, such as:
 - (i) Present or former residents acting as entrepreneurs or principals;
 - (ii) Academic support from an institution of higher education in Hawaii;
 - (iii) Investment interest from Hawaii residents;
 - (iv) Resources unique to Hawaii that are required for innovative activity; and
 - (v) Complementary or supportive industries or government programs or projects.
 - (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 processes for building and development permit and review [process,] and telecommunication infrastructure installation approval and eliminate or consolidate other burdensome or duplicative governmental requirements imposed on business, where scientific evidence indicates that public health, safety, 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."
2. By amending subsection (g) to read:
- "(g) Priority guidelines to promote the development of the information industry:
- (1) Establish an information network, with an emphasis on broadband and wireless infrastructure and capability, that will serve as the foundation of and catalyst for [establishing a viable information industry] overall economic growth and diversification 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]~~; the development of new information systems [and], peripherals, and applications; 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.
- (7) Encourage the location or co-location of telecommunication or wireless information relay facilities in the community, including public areas, where scientific evidence indicates that the public health, safety, and welfare would not be adversely affected."

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2014.

(Approved June 24, 2014.)