

2011



ANNUAL REPORT



State of Hawaii

Department of Business, Economic Development & Tourism



Department of Business, Economic Development & Tourism
P.O. Box 2359, Honolulu, Hawaii 96804
250 S. Hotel St., 5th Floor
808-586-2355

www.hawaii.gov/dbedt



DIRECTOR'S STATEMENT

DBEDT's mission continues to be achieving a Hawaii economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawaii's citizens.

In particular, we serve as an advocate for renewable energy development, a resource for analytic data, and a facilitator for business development.

Through our attached agencies, we also foster planned community development, create affordable workforce housing units in high-quality living environments, and promote innovation sector job growth.

We have – and will continue to – develop strategies and policies that are aligned with the Governor's New Day in Hawaii plan; and will implement these strategies in a transparent and collaborative process with the legislature and the affected communities.

Hawaii's economy continues a modest recovery from the global economic recession, although we still expect that the recovery process will be significantly slower than in previous business cycles due to the turmoil in Europe, structural changes in the workforce and the fact that recessions resulting from financial crises historically require a longer recovery period.

We expect to see continued positive growth in 2012.

We recognize that Hawaii's recovery from the Great Recession, which ended in June 2009, has slowed.

Nevertheless, the visitor industry, although down from the double-digit increases experienced earlier this year, experienced 2.3% growth in the number of visitor arrivals in October 2011, compared to October 2010, buoyed by strong growth in the Canadian market. While visitor arrivals have decreased, total visitor expenditures have grown by 14.8%, resulting in an additional \$1.3 billion flowing into Hawaii's economy this year.

We have added 4,600 jobs to our economy compared to December 2010. Unemployment claims have declined by 12% compared to December 2010. Total Personal Income (TPI) is expected to



Richard Lim



increase by 4.5% this year. However, the COR has set the figure at 4.0% in 2012, to account for any decline that may result from national and European economic uncertainties potentially affecting Hawaii's visitor industry.

While we are not comfortable with a 6.5% unemployment rate, we are encouraged that Hawaii's unemployment rate is within the lowest 10 states in the nation. When the final numbers are tabulated, we expect the number of wage and salary jobs in Hawaii will show an increase of 1.4% in 2011.

As with the national economy, job growth has lagged other economic indicators in Hawaii. We do not expect to see the payroll job count peak above the 630,000 level for several years. Due to the increases in oil prices, DBEDT expects the Honolulu Consumer Price Index (CPI), a proxy for inflation, will rise 3.3% in 2011.

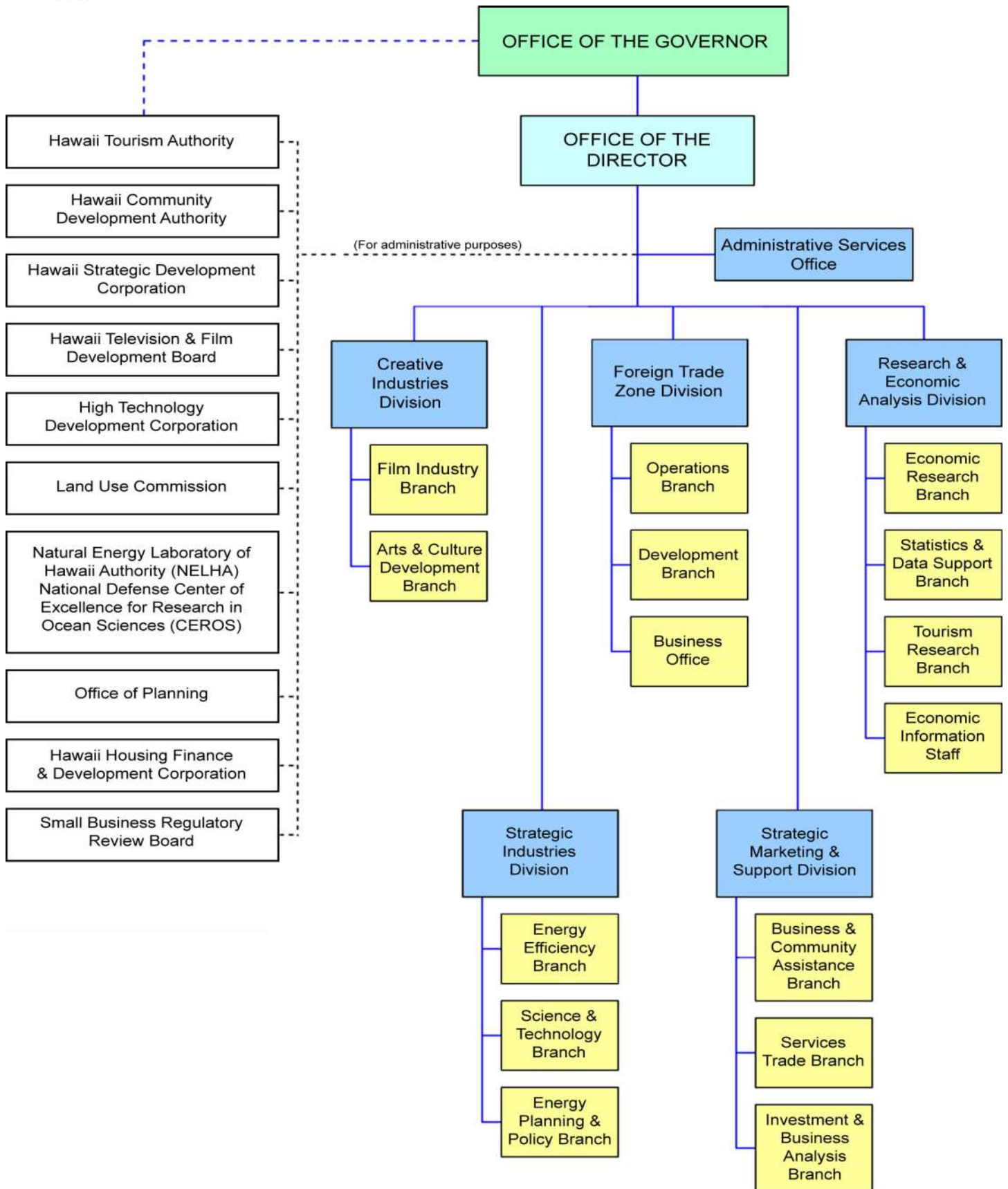
Our general excise tax revenue, an important indicator of our current economic activity, grew by 8.8% during the first 9 months of 2011 (the latest data we have).

We have finally overcome the so-called "Lingle effect," caused by the delay in 2010 state tax refunds – which subsequently hit us hard in 2011. By the third quarter of 2011, the net Individual Income Tax revenues increased \$230.1 million or 139.2% to \$395.4 million - as compared to the third quarter of 2010; this was the highest third quarter Net Individual Income Tax revenue ever generated in Hawaii.

Also, in the third quarter of 2011, total tax collections distributed to the State general fund totaled \$1,203.4 million, an increase of \$294.5 million or 32.4% over the same quarter of 2010; this was 3.6% higher than the previous third quarter peak value realized in the third quarter of 2008.

In the past year, DBEDT focused on 3 key areas: addressing issues and concerns as discussed earlier, laying the groundwork for a 21st century infrastructure with a focus on energy and broadband and real estate development.







DBEDT DIVISIONS AND BRANCHES

Strategic Marketing & Support Division

The Strategic Marketing & Support Division (SMSD) promotes industry development and diversification in Hawaii by supporting existing and emerging industries; attracting new investment and businesses that can create more skilled, quality jobs in the State; and working to increase exports of Hawaii products and services.

Business support provides new and existing businesses direct loans, licensing and permit information and referral, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas (including rural areas and areas affected by natural disasters).

Although faced with significant downsizing, SMSD's priority is to ensure that legislatively mandated small business and community-based programs are maintained, and that federal funding is procured. This includes:

- Competing for and winning a \$485,700 grant from the U.S. Small Business Administration to increase the number of exporters in Hawaii and the dollar value of exports from Hawaii.
- Establishing a "Micro-Loan Program" for businesses under the Community-Based Economic Development Program, and making its first loan to a farmer who will be creating jobs, utilizing Hawaii products and creating a new product for export from Hawaii.
- Producing two business events during APEC with 200 of the largest companies from China and 150 of Hawaii's largest firms to promote trade and investment, with a special focus on renewable energy.
- Administering grants awarded under the Community-Based Economic Development program.
- Administering a \$250,000 ARRA grant to teach business skills to non-profit organizations on the Leeward coast of Oahu so that these organizations can, in turn, apply for and receive grants.
- Enrolling 103 additional firms in the Enterprise Zone program over the course of the year.

Vision:

SMSD will continue to ensure that legislatively mandated small business and community-based programs are maintained, federal funding is pursued, and opportunistic economic development activities are seized.

For further information, please call (808) 587-2750 or visit: [Strategic Marketing & Support Division](#)



Strategic Industries Division

The role of the Department of Business, Economic Development and Tourism's Strategic Industries Division (SID) is to provide a catalyst through investment, policy, and regulatory frameworks that enable the development of clean energy businesses, projects and the growth of new jobs for Hawaii.



SID's overall strategy for energy independence is to focus on the Hawaii Clean Energy Initiative's community-based efforts to create high impact, clean energy solutions that encourage innovative economic development. This will be accomplished, in part, by leveraging resources and partnerships with business, government, and the public at-large.



Vision:

Long-term goals include the development of three key areas: geothermal, smart grids, and biofuels for jet fuel. These long-term objectives will require substantial analysis and policy work through our governmental and community collaborations.

Moving forward, SID will act as the facilitator for Hawaii's overall goal of energy independence. SID will focus on leveraging resources and partnerships with businesses, government and the public. SID will work toward deploying clean energy infrastructure as a catalyst for economic growth, innovation sector development, and energy security advancement by identifying clean energy RD&D opportunities and promote business development for local companies.

The division will also work to encourage renewable energy investment and deployment to advance clean energy innovation and economic development by concentrating on renewable energy and transportation technologies and projects with the highest potential for near-term and mid-term gains. SID will continue its work on energy efficiency by mobilizing investment in high-impact energy efficiency projects for public and private sectors by prioritizing public and commercial energy efficiency projects based on their potential for greatest reductions in energy use.

With sufficient funding, SID will be able to progress toward powering Hawaii's economy through clean energy.

For further information, call: 587-3807 or visit: [Strategic Industries Division](#).





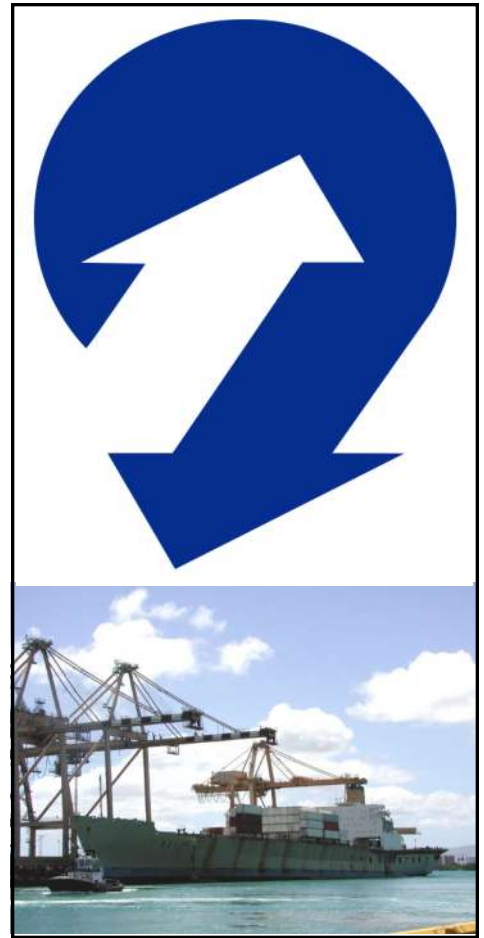
Foreign-Trade Zone Division

The Foreign-Trade Zone Division (FTZ) administers the federal grant, issued in 1965 to the State of Hawaii, for the Foreign-Trade Zone program. FTZ provides advice and direction to potential users of the program and operates a general-purpose zone and Resource Center at Pier 2. Any company that imports and exports merchandise can take advantage of the benefits of the Foreign-Trade Zone program at the Pier 2 shared-use facility. FTZ also provides important port services to the Department of Homeland Security (DHS), U.S. Customs and Border Protection.

The strategic goals of the FTZ Division include: 1) participate in the economic development and planning efforts of the State; 2) continue to respond to the changing economic and community demands, adjusting services accordingly; and 3) operate without the use of the State of Hawaii General Fund.

The program's operational goals include:

- 1) Provide a safe, secure, efficient, and user-friendly facility that is well maintained and aesthetically pleasing as well as the amenities needed by clients and other third party logistics (3PL) companies supporting importing and exporting;
- 2) Provide facilities to be leased by importing and exporting companies at fair market value to assist the Division in its mission to be financially self-sustaining; and
- 3) Provide services to importing and exporting companies at fair market value to assist the Division in its mission to be financially self-sustaining.



FTZ was successful in obtaining a grant from the Economic Development Administration to renovate a portion of the warehouse which will expand the available resources with additional office and shared-use facilities. When completed, this \$7.5 million renovation project will add 30,000 square feet of office, conference, and shared work space. This new space for the International Trade Resource Center will be used to attract additional organizations that develop and facilitate small business development, international trade, and



house trade-related, non-profit organizations. The concentration of these trade-related resources in one location will increase business formation, improve coordination in Hawaii's international trade community and, ultimately, increase the amount of international trade activity in Hawaii.

FTZ has partnered with other trade-related government agencies and private industry to offer programs and training aimed at fostering import and export activity. These programs include the Manufacturing Extension Partnership program, Export University, and the APEC Opportunity Series. Each has been widely accepted and well attended. Export University has graduated over 60 companies through its program designed to educate potential exporters of the benefits and challenges of trading internationally.

Vision:

The role of the FTZ is to actively work within the changing world economic environment to increase the amount of international trading in Hawaii. FTZ will do this by continuing to rebrand and reinvent itself as the "Hub of International Trade," adapting and leveraging its resources to encourage value-added activities, stimulate capital investment, and generate employment opportunities through its federal trade development program in an effort to reduce the costs associated with international trade.

FTZ will work to establish, maintain, and administer general-purpose Foreign-Trade Zones and special-purpose Foreign-Trade Subzones throughout the State; provide storage and distribution services to firms engaged in import/export of merchandise; and lease office, warehouse, and manufacturing space to firms engaged in international trade. It will work with public and private agencies to foster and improve programs that encourage international trade and investment in Hawaii.

FTZ will continue to operate the program in a self-sustaining manner and work to create a vibrant resource center for international trade at its Pier 2 facility.

For further information, visit:
[Foreign-Trade Zone Division](#)

Hawaii Foreign-Trade Zone

521 Ala Moana Blvd.
Suite 201, Pier 2
Honolulu, Hawaii 96813
(808) 586-2507

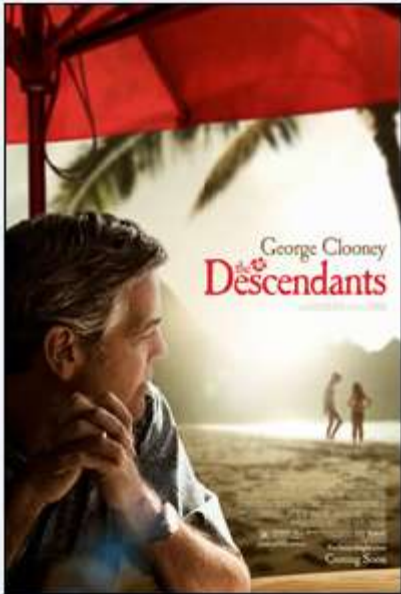




Creative Industries Division

As the State's lead agency which serves as a business and industry advocate for the advancement of Hawaii's creative economy, the Creative Industries Division (CID) oversees programs and forges strategic partnerships to accelerate the growth of Hawaii's film, television, video, digital media, new technologies, music, arts and culture-based industries, by

supporting and implementing projects and activities which result in: (1) Hawaii being an internationally recognized and self-sustaining film, television, digital and new media hub; and (2) development of a worldwide reputation for the depth and diversity of Hawaii's arts and cultural sectors, further positioning the State as a global leader in a creative and innovation-based economy.



Creative industries in Hawaii continue to thrive, with 44,000 individuals comprising the 13 key sectors which include arts, culture, music, film, television, digital media, animation and literary arts.

In addition to managing the statutorily-mandated

functions of film permitting, tax incentive management and film studio management, the division implemented strategic partnerships with national organizations to leverage the State's investment in developing Hawaii's creative sectors.

Hawaii's Production tax credit has brought over \$1.1 billion in production activity to the State since 2006, with over \$1.6 billion in economic impact.

The Hawaii Film Studio, the only State-owned and operated facility in the U.S., has been the home to the original Hawaii 5-0, Magnum P.I., Jake and the Fatman, LOST, Off the Map and the current ABC/Dreamworks series, The River.

Hawaii's year round weather is a key attraction to film production.



Filmed on Oahu's windward coast, Capt. Jack's Black Pearl (above) was moored just across Kaneohe Bay from the U.S. Marines' major Pacific Air Station.



Emerging industries like digital media, game design and visual FX are putting Hawaii on the map, with new talent being recognized globally.

Hawaii's seasoned production crew on Oahu and the neighbor islands of Kauai, the Big Island and Maui attract the likes of major feature films like the Disney/Bruckheimer "Pirates of the Caribbean" franchise, and is a major destination for television series productions.

2010 saw Hawaii's biggest production year in history, with 10 feature films including the Oscar contender, "The Descendants," starring George Clooney and based on the book by island novelist, Kauai Hart Hemmings.

Vision:

Encouraging the growth of Hawaii's creative industries will bring forth a broad spectrum of commercial businesses, individuals, cultural enterprises and nonprofit institutions that directly or indirectly produce goods and/or provide services that are rooted in, or generated by artistry, design, aesthetic value or cultural enterprise. This will increase the flow of people, products, services and ideas between Hawaii and its export markets. The creative sectors are the nexus for development and support of Hawaii's innovation economy, particularly in the digital media, game, animation and post-production areas.

For more information, call (808) 586-2590 or visit: [Creative Industries Division](#)

Creative Industries Branch Directory:

[Arts and Culture Development Branch](#)

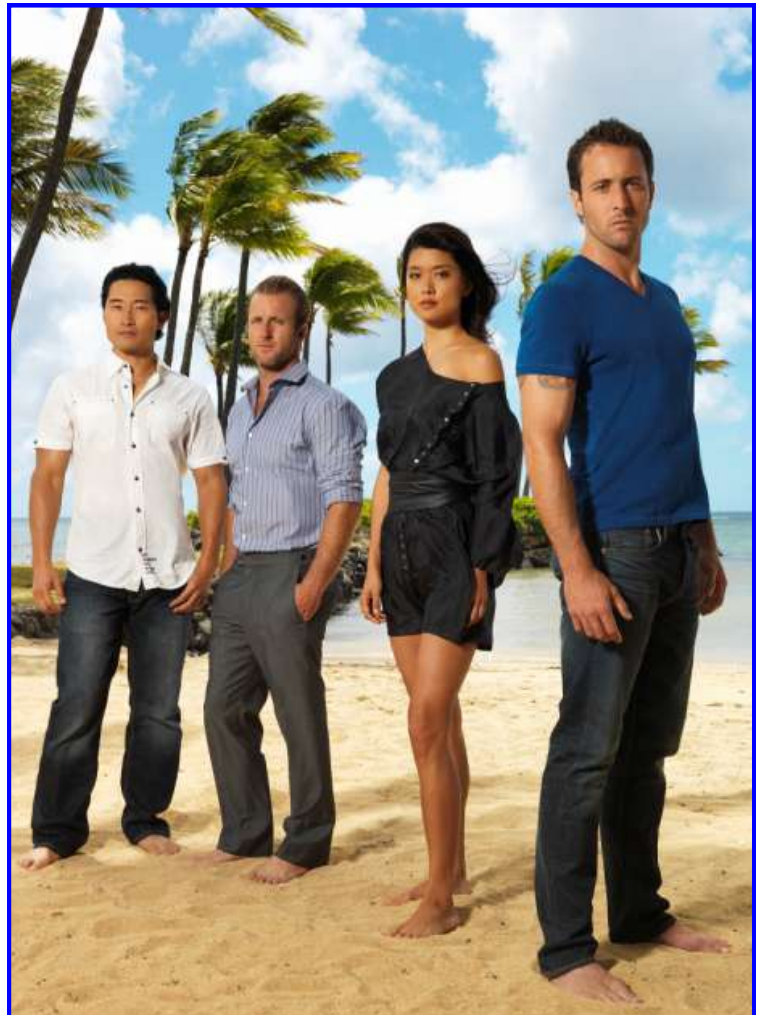
Phone: (808) 587-2717

Fax: (808) 587-3388

[Film Industry Branch](#)

Phone: (808) 586-2570

Fax: (808) 586-2572

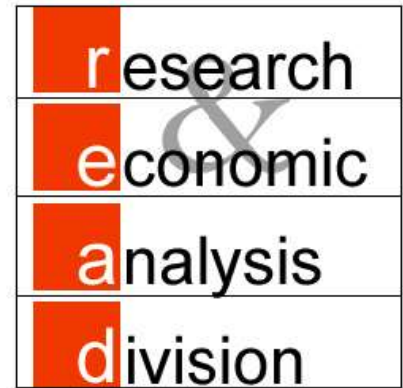




Research & Economic Analysis Division

The Research & Economic Analysis Division (READ) works to enhance and contribute to the economic development of the State by providing analyses and policy recommendations on economic issues. READ provides economic forecasts that contribute to

long-term statewide planning and infrastructure needs assessment, and also conducts and reports on basic research on the economy of the State.



READ produces an average of 50 economic and statistical reports a year, covering all aspects related to Hawaii's economy and the population. READ is the only state agency, except the University of Hawaii, that conducts economic studies on a regular basis.

READ hosts the Hawaii State Data Center that partners with the U.S. Census Bureau and publishes Hawaii data, including the decennial census, the annual American Community Survey, Economic Census, and the annual population estimates. READ's website receives an average of 800,000 hits a month.

Despite huge resource reduction over the past two years, READ has accomplished all the legislative mandates and produced the daily, weekly, quarterly, and annual data products along with 52 reports in this past year. Some of the data products and reports READ produced include:

- Daily passenger count data online and the weekly unemployment claim data with analysis.
- 4 issues of the Quarterly Statistical and Economic Report with analysis and forecast.
- State of Hawaii Data book.
- 12 issues of Monthly Economic Indicators.
- 12 issues of Monthly Energy Trends.
- 4 issues of the READ Quarterly Research Newsletter, highlighting recent READ products.
- 7 analytical/statistical reports on 2010 Census and American Community Survey data.
- Emerging Industry Benchmark Report 2011 Update.
- 4 reports on energy industry and renewable energy.
- A report on the Diversification of Hawaii's Economy.
- Long-Range Population and Economic Forecast to 2040.
- The 2007 State of Hawaii Input-Output Model.
- Characteristics of Hawaii's Aging Population.
- Health Insurance Coverage of Hawaii Residents.
- Self-sufficiency income standards 2009.
- Hawaii's Creative Industries 2011 Update.
- Database for Hawaii Energy Industry Information Reporting Program (EIIRP), as established by Act 152, SLH 2010.



Vision:

READ is anticipating developing a new website in 2012 that should include:

- More user-friendly interfaces;
- User-directed research capability; and
- Easier formatting and print access.

READ is also planning to expand its data access by linking to database systems in other agencies in both state and federal government.

For further information: [Research & Economic Analysis Division](#)

READ Branch Directory:

Statistics & Data Support Branch

Phone: (808) 586-2481

Economic Research Branch

Phone: (808) 586-2478

Economic Information Staff

Phone: (808) 586-2480





DBEDT ATTACHED AGENCIES

Hawaii Tourism Authority

The Hawaii Tourism Authority (HTA) is the official agency for tourism in the State of Hawaii. Among its responsibilities, HTA is charged with setting tourism policy and direction; developing and implementing the State's tourism strategic and marketing plan; managing programs and activities to sustain a healthy visitor industry; and coordinating tourism-related research, planning, promotional and outreach activities.

One of HTA's key strategic roles is managing the promotion of Hawaii's brand, and supporting programs to help deliver on the brand promise. This work requires HTA, as the overall custodian of the Hawaii brand, to ensure the alignment of advertising and marketing programs with a true Hawaii experience.

Successful brand management is achieved by HTA coordinating with global marketing partners, visitor industry partners, including domestic and international airline carriers, travel trade members, and community stakeholders to ensure marketing and communication efforts are on target and appropriate, and aligned with Hawaii's distinctive products, activities, natural resources, Hawaiian culture and multi-cultures; in sum, the Hawaii experience.

Relating to the Hawaii experience and delivering on the Hawaii brand promise, HTA has the ability to manage, create and support the development of unique tourism experiences such as community and cultural festivals, sporting events, natural resources and community programs. The HTA also directly affects the visitor experience through its support of workforce development and visitor assistance initiatives, all the while integrating the community and residents considerations and respect for the Hawaiian host culture.

For further information call: (808) 973-2255, or visit: www.HawaiiTourismAuthority.org.

Natural Energy Laboratory of Hawaii Authority

The mission of NELHA is to participate in the development and diversification of the economy of Hawaii by providing resources and facilities for energy and ocean-related research, education, and commercial activities in an environmentally sound and culturally sensitive manner.

The Natural Energy Laboratory of Hawaii Authority (NELHA) promotes sustainable business development and supports economic diversification by providing resources and facilities for energy and ocean-related research, development, and commercialization. This is achieved through marketing, managing and operating facilities that support sustainable utilization of available natural resources such as cold deep seawater, warm surface seawater, and high solar potential.





Facilities are located at Keahole Point in Kailua-Kona and in Puna, both on the Island of Hawaii.

NELHA's 870 acre Hawaii Ocean Science and Technology Park (HOST Park) at Keahole Point serves as a premiere site worldwide, where large volumes of both warm surface and cold deep seawater are consistently pumped ashore for use in renewable energy, aquaculture, marine biotechnology, manufacturing of potable water, and other technologies. HOST Park serves as an outdoor laboratory for research and development; as an incubator facility for developing innovative, new technologies and businesses; and as a base for commercial operations that utilize, or are otherwise related to, the use of the seawater and other resources available.



Current strategies envision growing HOST Park as a world-class test bed for potential technology commercialization using its comparative advantage as being within several hours of a diverse mixture of climatic zones as well as access to pristine deep ocean seawater. Moving aggressively into targeted areas such as applied technology development, deployment and commercialization in the fields of renewable energy, containerized technologies, fuel cells and critical infrastructure, such as secure energy storage facilities, is part of the current game plan.

HOST Park continues to be recognized as a world-class site for research on Ocean Thermal Energy Conversion (OTEC). There is currently one OTEC demonstration facility at HOST Park and current initiatives include securing an additional full-scale demonstration facility producing up to 1 MW of net power. Additional technology demonstration will allow for partnerships with other public and private entities.

Currently over 40 separate businesses are thriving in the park and provide for over 400 jobs and almost \$40M in economic impact. Of the 870 acres at HOST Park, approximately 250 are readily available for lease and commercialization.

NELHA serves an additional administrative function by hosting an attached Program, the National Defense Center of Excellence for Research in Ocean Sciences (CEROS). The CEROS Program is supported by funding from the U.S. Department of Defense (DoD), and managed through a Cooperative Agreement between the Defense Advanced Research Projects Agency (DARPA) and NELHA. Program objectives are to advance innovative research concepts and new approaches to technology development that fully leverage the unique assets and infrastructure available in the State of Hawaii, and demonstrate beneficial utility for the ocean-related technology





requirements of the DoD while also building improved capacity in the state's technology sector.

The objectives of the National Defense Center of Excellence for Research in Ocean Sciences (CEROS) are to solicit and support innovative technology development for national maritime military applications and sustained technology-based economic development in Hawaii, and to develop and demonstrate state-of-the-art ocean technologies to address Department of Defense requirements and build residual benefit for the State.

In 2011, CEROS initiated and executed 14 new projects through contracts with local companies that had been selected through the most recent annual competitive solicitation process conducted by the program with FY10 funding. The value of these contracts total to nearly \$7M of project work conducted by local technology sector companies and their subcontractors. CEROS also maintained an active outreach program through several contractor presentations to local schools, and participation in the MTS/IEEE Oceans'11 Conference event held in September at the Hilton Waikoloa convention center on the Big Island.

For further information, call: (808) 329-7341, or visit: [Natural Energy Laboratory of Hawaii Authority](#)

High Technology Development Corporation

The High Technology Development Corporation (HTDC) works to facilitate the growth and development of the commercial high technology industry in Hawaii. HTDC's functions include

developing, managing, and assisting technology centers statewide; creating business opportunities for the growth of technology companies and industry; marketing and promoting Hawaii's technology assets; and providing support needed by Hawaii's technology industry.



HTDC assists in developing, managing, and operating technology centers statewide, including the Manoa Innovation Center, Maui Research & Technology Center and the West Kauai Technology and Visitor Center. These sites serve as high technology company incubation facilities to ease the transition from start-up ventures to full-fledged, independent commercial enterprises.

Despite the tremendous impact on our operational funds, HTDC continues to operate at a high level, utilizing our federally funded programs synergistically, leveraging our partnerships with the private sector through strategic hiring, and engaging our board members to assist. Our activities feed each of the strategic layers of the pyramid, starting with individual companies being served through our incubation centers and programs; assisting and organizing sectors within the innovation industries; and having their voices and best practices of tech-based economic development filter up to affect overall policy.

At the programs and companies layer, HTDC's federally-funded Manufacturing Extension Partnership (MEP) program, whose performance was affected by the last administration's furlough and budget policies, has since recovered, and is expected to meet 100% of the performance metrics and quota set by the federal government.



With the legislature's confidence in HTDC reflected in the doubling of the Hawaii Small Business and Innovation Research (SBIR) funding, we have restructured the program operations under MEP to focus our attention on the commercialization phase of a company's product life cycle, where the economic development impacts are realized as tax revenues and as high-paying jobs.

At the industry layer, while HTDC's support of the R&D tax credit was not successful during the last legislative session, it provided an opportunity to bring the R&D industry together. Creation of a software development group (WetWareWednesdays) is another.

The Hawaii Center for Advanced Transportation Technologies (HCATT) continues to be recognized for its contributions to the Advanced Power Technology and Alternative Fuel test center at Joint Base Pearl Harbor-Hickam, resulting in an estimated double of future funding (from \$6M to \$12M), leveraging further federal dollars for the State to address the goals of the Hawaii Clean Energy Initiative.

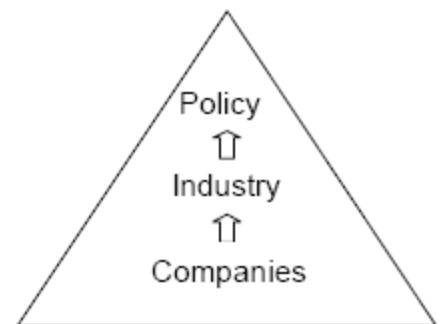
HTDC strengthened other partnerships within and beyond the government sector.

At the policy layer, HTDC has been selected to be the "face" of the Hawaii Broadband Initiative (HBI). HTDC will work with DBEDT, as HBI leader, and other departments for community outreach and facilitate collaboration to meet its goal of 1 Gigabit speed Internet service ubiquitously available in our State by 2018.

Vision:

For FY2013, HTDC envisions a development process that includes:

- 1) Policy layer: HBI;
- 2) Industry layer: software development; and
- 3) Company layer: commercialization, and re-examination of the role of incubation centers. HTDC's HBI operational expenses will be funded via \$100K from the Dept. of Commerce and Consumer Affairs.



While we are hopeful to keep negotiating with UH, a request for \$150K has been submitted to consider alternate/additional sites for incubation centers due to the land lease expiration in 2015 for the Manoa Innovation Center, which is our main revenue source. HTDC expects to be able to absorb the mandatory salary deduction without negative impact to operations.

For further information, call: (808) 539-3806, or visit: [High Technology Development Corporation](#)



Hawaii Housing Finance and Development Corporation

The mission of the Hawaii Housing Finance and Development Corporation (HHFDC) is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. HHFDC currently has a production plan in place to deliver over 5,000 units over the next five years. As of June 30, 2010, HHFDC has assisted in the delivery of 3,289 affordable/workforce housing units.

To stimulate and expedite the development of workforce/affordable housing, including rental and ownership opportunities, HHFDC offers a variety of tools including financing, expedited land use approvals under Chapter 201H, and exemptions from general excise and real property taxes. The HHFDC also works to heighten awareness of housing needs for lower-income, moderate-income and gap-group households, particularly with those groups that can have an impact on the production of such housing including the Legislature and the Administration, federal, state, county and community officials, and the business community.

Vision:

HHFDC's mission is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. Along with our development partners, HHFDC's FY 2012 plans include:

- Ground breaking on Holomua, a 176-unit condo in McCully; Senior Residence of Iwilei, a 160-unit senior rental using \$26M in CIP appropriations and other HHFDC financing; and the 204-unit Halekauwila Place.
- Completing construction or preservation of 805 rental and 175 for-sale housing units.
- Providing \$43.5M in Hula Mae Single Family mortgage monies and \$12.5M in Mortgage Credit Certificates for first-time homebuyers through participating lenders.
- Continuing to award and expend financing resources (e.g., RHTF, DURF, LIHTC and revenue bonds) to construct and preserve affordable and workforce housing projects.
- Fully expending ARRA Section 1602 Grants.
- Seeking additional financing resources and development partners.

For further information, call: (808) 587-0597, or visit:

[Hawaii Housing Finance and Development Corporation](#)

Hawaii Strategic Development Corporation

The Hawaii Strategic Development Corporation's (HSDC) mission is to develop a sustainable venture capital industry in Hawaii which will stimulate the growth of viable new businesses. HSDC works to diversify the State's economy by commercializing emerging technologies and providing skilled employment opportunities for citizenry.



Near-term objectives are to develop venture capital investment funds in Hawaii which will attract external sources of private investment; to establish a fund of funds to raise capital for Hawaii venture funds, to expand the business infrastructure supporting the venture industry and the growth of emerging companies; and to assist entrepreneurial development through focused conferences and seminars. The winner of the Road to IPO Pitch Competition went on to win a major Silicon Valley investor pitch competition. The 2011 Hawaii Venture Capital Summit featured seven venture capital funds that are participating in the respective Hawaii Targeted Investment Programs sponsored by the Employees Retirement System and Kamehameha Schools.

Vision:

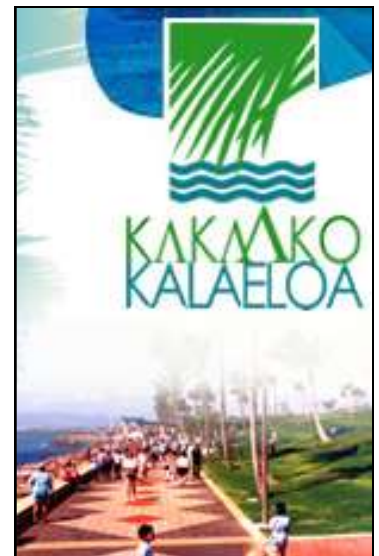
HSDC seeks to develop the infrastructure to enhance capital formation for Hawaii's innovative companies and to support the creation of high wage employment opportunities for the people of Hawaii.

For further information, call: (808) 587-3830.

Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) works to stimulate the economic development of specific community districts by planning and implementing community development programs and facilitating capital investments. HCDA's main objectives are:

- 1) Plan and implement capital improvement projects to upgrade infrastructure and develop public facilities to meet Hawaii's economic and recreational needs; and
- 2) Implement long-term planning initiatives to support residential development in a mixed-use community.



HCDA has sought to reduce its expenditure of general funds, maximize returns on its management of agency holdings and assets and promote economic development and new investment within the Kakaako and Kalaeloa Community Development Districts.

In 2010 and 2011, HCDA invested approximately \$45 million of HCDA revolving funds in public facilities projects such as construction and renovation of public parks, street improvements, and affordable housing in the Kakaako Community Development District.

In April of 2011, HCDA completed and adopted a community-based conceptual master plan for Kakaako Makai.

Vision:

Looking forward to 2012, HCDA is working towards starting a public, private partnership for renovation, expansion, and management of the Kewalo Basin Harbor through which a private party is expected to invest over \$20 million in the harbor for the right to manage the harbor on a long-term



basis and pay an annual lease rent to HCDA.

HCDA has announced a proposal for a mixed-use transit oriented development at 690 Pohukaina Street. This project is expected to inject close to \$500 million in the local economy and create at least 500 direct construction jobs and additional 1,000 related jobs over the next few years.



For further information, call: (808) 594-0300, or visit: [Hawaii Community Development Authority](http://www.hawaii.gov/hcda/)

Office of Planning (OP)

OP's mission is to guide the overall growth and development of the State through a statewide comprehensive planning framework.

OP prepares plans and planning studies and conducts policy analysis primarily on issues related to land, coastal, and ocean uses. OP administers the Planning Division, which includes the Special Plans Branch, Hawaii Coastal Zone Management (CZM) Program, Geographic Information System (GIS) Program, and the \$2 million Brownfield Cleanup Revolving Loan Fund (BCRLF). The CZM Program guides and determines acceptable activities and uses of resources for Hawaii's valuable land and water resources in the State's coastal zone.

The GIS Program collects, integrates, analyzes, maintains, and disseminates geospatial data and information to assist decision-makers and advance effective State planning, policy analysis, and formulation.

OP also administers the Land Use Division (LUD). LUD prepares the State's position on quasi-judicial proceedings before the State Land Use Commission (LUC). LUD coordinates with affected State agencies and the petitioner to assure that a petitioner's project proposal (1) is consistent with State regulatory requirements, and (2) commits to mitigation that addresses reasonably foreseeable impacts of a proposed project on State resources. The LUD ensures that the LUC's decision and orders include terms and conditions that protect the State's interest in the long-term, sustainable use of limited State resources, such as land, water, and State infrastructure facilities.

During 2011:

- OP developed a Hawaii Climate Change Adaptation Policy to be included as a Priority Guideline in the Hawaii State Planning Act for legislative consideration. OP drafted this bill in consultation with county, state, and federal agencies as well as business and community stakeholders.
- OP worked with the State Department of Agriculture to address food self-sufficiency through a \$100,000 grant award





from the U.S. Economic Development Administration (EDA).

- LUD supported Important Agricultural Lands (IAL) designations of 59,206.8 acres on the islands of Kauai, Oahu, and Hawaii.
- LUD supported land use projects proposed before the LUC that included a workforce-housing component. These projects included the Lanai affordable housing project, Kula Ridge Maui housing project, and the Ho'opili mixed-use residential project.
- GIS Program created GIS maps and analysis of areas with wave and renewable energy potential, in cooperation with the DBEDT Energy Office, which resulted in a web mapping application for renewable energy.
- OP worked with the UH Public Policy Center for the passage of Act 181 (2011), which made the Hawaii 2050 Sustainability Plan a Priority Guideline under the Hawaii State Planning Act.
- OP coordinated and facilitated the two-day workshop by the Governors' Institute on Community Design to allow Administration decision-makers to consider how to implement sustainability under the New Day agenda, Hawaii 2050 Sustainability Plan, and State Planning Act.
- LUD is working with petitioners before the LUC to prepare sustainability plans for their land use projects.
- CZM Program, in consultation with community stakeholders and county, state, and federal agencies, is currently updating the statewide Ocean Resources Management Plan.
- BCRLF loaned \$1.75 million to DHHL for cleanup of a redevelopment site in Kapolei.

Vision:

The vision of the State Office of Planning is to be a model planning office; to be composed of staff who provide superior planning and technical assistance to the State; to improve the quality of life for Hawaii's present and future population through the pursuit of desirable courses of action that effectively address current and emerging issues and opportunities; and to carry out our mission through close coordination with county, State, and federal governmental agencies, the University of Hawaii, and community stakeholders.

For further information, call: (808) 587-2846,
or visit: [Office of Planning](#)





Land Use Commission



The Land Use Commission (LUC) works with the State Legislature, County Planning Departments, interest groups and landowners to define constitutionally mandated standards and criteria for protecting important agricultural lands in the State of Hawaii. The Commission also engages the county planning departments in enhancing and clarifying the special permit process in the Agricultural Land Use District.

The program objectives of the Land Use Commission are to process, review, and act on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions seeking reclassification of lands in the Conservation District; review and act on applications for special permits in the Agricultural and Rural Districts which are over 15 acres; process motions and boundary interpretation requests; and maintain, update, and disseminate official State land use district maps and land use information.

The LUC operates by means of a nine-member voluntary Commission, assisted and supported by a staff of five employees.

There are currently 8 active boundary amendment petitions pending before the LUC involving approximately 4,620 acres. The LUC expects other petitions for similar uses to be filed over the next two years. In addition to district boundary amendments, the Commission staff also will process approximately 1,200 verbal and written requests for boundary interpretations involving lands statewide.

During FY10, the LUC approved petitions that will produce substantial amounts of affordable housing. The Kona Kamakana Village project alone, approved in November, 2010, will include a minimum of 1,188 affordable homes while also creating thousands of jobs in West Hawaii. The LUC's activities also involved the preservation of natural, historical, and cultural resources as well as the development of uses that diversified the State and local economy, created jobs, increased State and county revenues, and attracted new economic activity.



Vision:

The LUC will continue its active implementation of the State's Constitutional mandate to identify and protect Important Agricultural Land (IAL). To date, 89,859 acres of land in Hawaii have been designated as IAL by virtue of the LUC issuance of Declaratory Rulings.

The Commission will also seek ways to more quickly process land use boundary change petitions consistent with its legal mandate to determine the best uses of the land in the public interest through implementation of the State Land Use Law.

For further information, call: (808) 587-3822, or visit: [Land Use Commission](#)

Small Business Regulatory Review Board

The Small Business Regulatory Review Board is the watchdog for small business within the Hawaii state government. Based on comments from small businesses, the board recommends to the Hawaii state legislature and State agencies that they review and modify overly burdensome regulations. The board also evaluates State agencies' responsiveness to small business and reports these findings to the legislature.

For further information, please call (808) 586-2594.



Department of Business, Economic Development & Tourism

Statement of Operating Appropriations, Expenditures, and Encumbrances

For the Period July 1, 2010 - June 30, 2011

General Funds	Adjusted			Expenditures &	
	<u>Appropriations</u>	<u>Restrictions</u>		<u>Encumbrances</u>	<u>Balance</u>
<u>BED 100 Strategic Marketing & Support</u>					
Strategic Marketing and Support Division	727,475			723,906	3,569
<u>BED 103 Statewide Land Use Management</u>					
Land Use Commission	450,263			401,165	49,098
<u>BED 105 Creative Industries</u>					
Creative Industries Division	471,147			427,062	44,085
<u>BED 120 Strategic Industries</u>					
Strategic Industries Division	334,134			334,025	109
<u>BED 130 Economic Planning & Research</u>					
Research and Economic Analysis Division	765,328		40,000	670,980	54,348
<u>BED 142 General Support for Econ. Development</u>					
Office of the Director & Admin. Services Office	1,198,463		24,559	1,154,312	19,592
<u>BED 143 High Technology Development Corp.</u>					
High Technology Development Corporation	779,709			685,540	94,169
<u>BED 144 Statewide Planning & Coordination</u>					
Office of Planning	<u>1,060,383</u>		<u>50,000</u>	<u>976,256</u>	<u>34,127</u>
Total General Funds	<u>5,786,902</u>	<u>114,559</u>		<u>5,373,246</u>	<u>299,097</u> (1)



Special & Revolving Funds	Adjusted Appropriations	Restrictions	Expenditures & Encumbrances	Balance
<u>BED 107 Foreign Trade</u>				
Foreign Trade Zone Special Fund	1,958,644		1,656,352	302,292
<u>BED 113 Tourism</u>				
Tourism Special Fund	86,947,027		79,139,495	7,807,532
Convention Center Enterprise Special Fund	<u>53,992,526</u>	-	<u>49,751,257</u>	<u>4,241,269</u>
BED 113 Total	140,939,553	-	128,890,752	12,048,801
<u>BED 120 Strategic Industries</u>				
Energy Security Special Fund	5,735,300		1,146,664	4,588,636
Renewable Energy Facility Siting Special Fund	<u>1,750,000</u>	-	-	<u>1,750,000</u>
BED 120 Total	7,485,300	-	1,146,664	6,338,636
<u>BED 143 High Technology Development Corp.</u>				
High Technology Special Fund	3,752,803		588,318	3,164,485
<u>BED 145 Hawaii Strategic Development Corporation</u>				
Hawaii Strategic Development Revolving Fund	4,205,197		116,621	4,088,576
Hydrogen Investment Capital Special Fund	<u>2,608,516</u>	-	<u>3,811</u>	<u>2,604,705</u>
BED 145 Total	6,813,713	-	120,432	6,693,281
<u>BED 146 Natural Energy Laboratory of HI Authority</u>				
Natural Energy Laboratory of HI Authority Special Fund	7,576,051		3,812,223	3,763,828
<u>BED 150 Hawaii Community Development Authority</u>				
HI Community Development Authority Revolving Fund	669,539		544,300	125,239
Kalaeloa Community Dev. District Revolving Fund	<u>376,961</u>	-	<u>255,675</u>	<u>121,286</u>
BED 150 Total	1,046,500	-	799,975	246,525
Total Special & Revolving Funds	<u>169,572,564</u>	-	<u>137,014,716</u>	<u>32,557,848</u>
Total Funds (4)	<u>175,359,466</u>	<u>114,559</u>	<u>142,387,962</u>	<u>32,856,945</u>

Notes:

- (1) Represents the unrestricted general fund balances that lapsed at June 30.
- (2) Reflects the appropriated portion of the HCDA Revolving Funds.
- (3) Represents the special fund unexpended appropriation balance at June 30.
- (4) Statement does not include DBEDT's loan revolving funds, the High Technology Revolving Fund, the Brownfield Cleanup Revolving Fund, and the appropriations of the Hawaii Housing Finance & Development Corporation. Also excludes federal, trust, and capital improvement appropriations.

