



**Department of Business,
Economic Development & Tourism**
2015 Annual Report



Department of Business, Economic Development & Tourism

P.O. Box 2359 • Honolulu, Hawaii 96804 • 808-586-2355

dbedt.hawaii.gov

This report fulfils the reporting requirements in both Section 7, Act 100-99, SLH, and Section 201-10, HRS

Director's Statement

Grow jobs, raise income, cultivate innovation



DBEDT's mission is to support the development of a Hawaii economy that embraces innovation; an economy that is globally competitive, dynamic and productive; and provides opportunities for all Hawaii's citizens.

The 2015 data from DBEDT's economic research shows Hawaii's is on the right track. Unemployment and inflation are low. Tourism numbers are at peak levels. The real estate market is strong, and construction activity is booming.

Moving forward, we want to advance our overall growth strategy for the state, by investing in infrastructure, attracting capital and developing talent. Focusing on these foundational principles helps to position Hawaii to become an innovation and knowledge-based economy.

DBEDT's efforts to stimulate Hawaii's economy have been targeted and effective and we need to move into areas where we maintain a competitive advantage over other areas. DBEDT has sought to focus attention on sectors where investment and development potential is the highest and that promote the growth of a vibrant innovation sector.

Economic research and evidence from around the country have demonstrated that the innovation sector drives economic growth and job creation for the broader economy. Hawaii's high quality of life is a competitive advantage in attracting the entrepreneurial and creative talent that is a key factor for success.

DBEDT's divisions and attached agencies have organized and aligned their programs to support this mission under the banner of the "HI Growth Initiative." The HI Growth Initiative implements programs and investments that support the establishment new companies with rapid growth potential. These firms also have the potential to form strong industry clusters that will allow our state to participate in the global economy. In addition, through its attached agencies, DBEDT fosters planned community development, creating affordable workforce housing units in high-quality living environments.

One of the best ways to establish sustainable job growth and opportunity is to grow the research and innovation sectors within our state. A good example is Hawaii's clean energy mandate to reach 100 percent renewable energy by 2045, which is both eco-friendly and good for our economy. By growing our clean energy economy, we will increase energy efficiency and utilize new technologies, which will ensure energy security, environmental quality and long-term benefits to residents.

Innovation in Hawaii means setting the bar high to achieve significant positive changes. It means developing new agriculture technologies, new local fashions, new apps for your computers and phones. It means increasing the state's broadband capacity to speeds to meet the growing needs of the people who choose to live and work in Hawaii.

DBEDT is actively working to create an environment that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services in today's globally competitive economy. This will, in turn, increase the flow of people, products, services and ideas between Hawaii and the rest of the world.

The innovation sector is what Hawaii needs. It improves our quality of life, and provides high-wage job opportunities. Focusing on innovation, and how it impacts all industries, is the best opportunity to create a vibrant and sustainable economy for the next generation.

Luis P. Salaveria
Director



DBEDT Divisions and Branches

Business Development and Support Division (808) 587-2750

Business Development Branch
(808) 587-2759

Business Support Branch
(808) 587-2772

Creative Industries Division (808) 586-2590

Arts and Culture Development Branch
Phone: (808) 587-2717

Film Industry Branch
Phone: (808) 586-2570

Foreign-Trade Zone Division (808) 586-2507

Research & Economic Analysis Division (808) 586-2466

Economic Research Branch
(808) 586-2475

Statistics and Data Support Branch
(808) 586-5830

State Energy Office (808) 587-3807

Clean Energy Solutions Branch
(808) 586-2366

Energy Efficiency Branch
(808) 587-3810

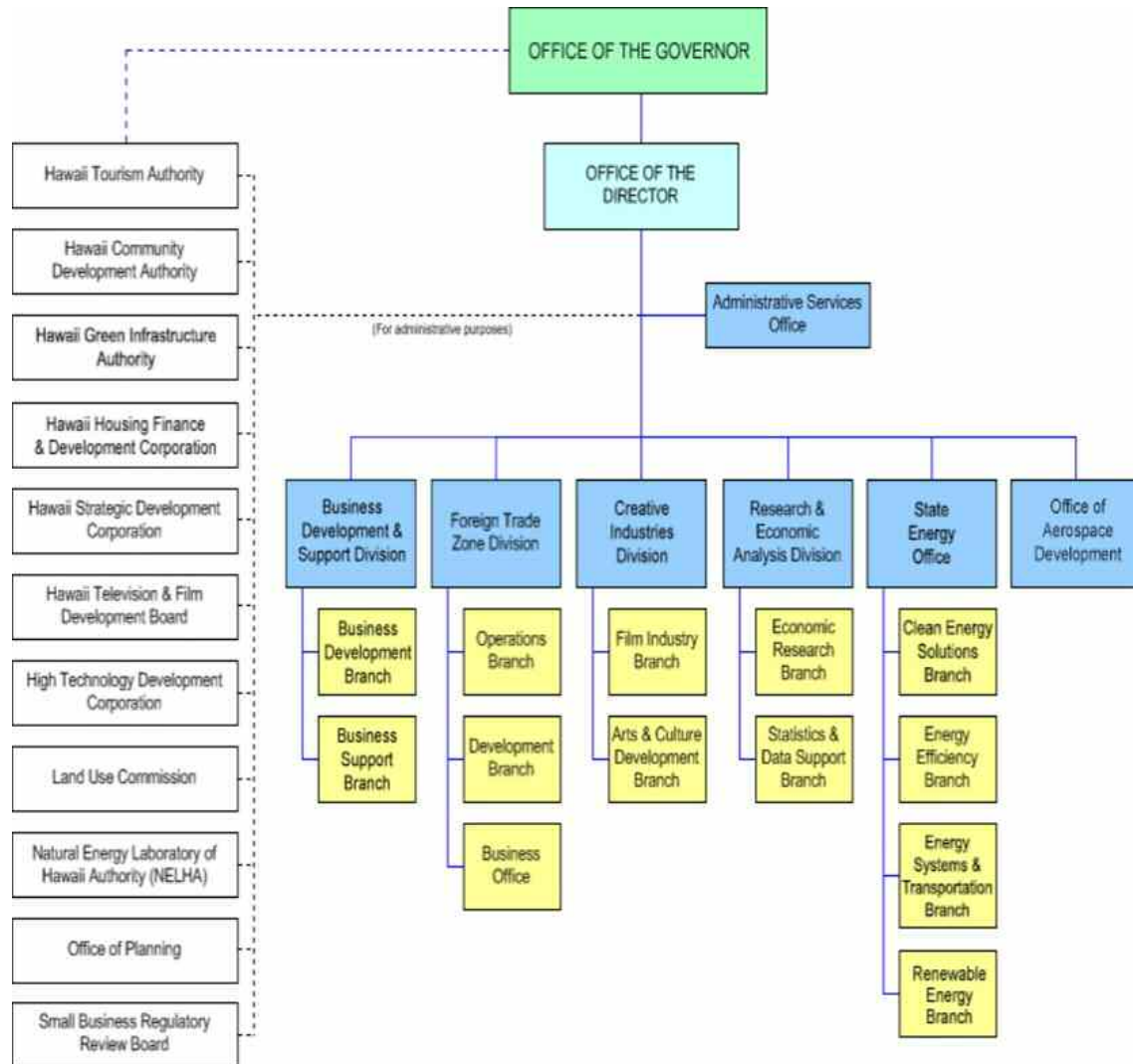
Energy Systems & Transportation Branch
(808) 587-3809

Renewable Energy Branch
(808) 587-3803

Office of Aerospace Development (808) 586-2399



DBEDT Divisions and Branches





Business Development & Support Division

invest.hawaii.gov



The Business Development & Support Division (BDSD) 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 by working to increase exports of Hawaii products and services.

BDSD's export promotion program targets growth companies to increase export revenues and capital. In the fourth year of this program, it has participated in 13 international trade shows. Almost 300 companies from industries ranging from fashion, food, gifts, education, to life sciences, were featured at various DBEDT-produced Hawaii Pavilions in Japan and in major cities on the U.S. mainland.

The division's efforts increased exports by \$30.5 million, which has an impact to Hawaii's economy of \$61 million. The Hawaii Pavilion at the Tokyo International Gift Show in 2015 itself had record participation with 55 companies representing the largest trade show delegation ever from Hawaii.

To continue this export program, the division won a competitive grant award of \$750,000 from the U.S. Small Business Administration (SBA). The division's proposal included a series of overseas and domestic trade shows, training and cost share program. The award was one of the two highest nationwide given out by the SBA.

The overseas offices in Taiwan and Beijing promote the traded sector through its programs to attract and increase international students at Hawaii's schools, colleges and universities. Leveraging the Hawaii Education Service Centers established at their offices, they work with the DBEDT organized Study Hawaii Education Consortium of 20 public and private schools. BDSD, in collaboration with Study Hawaii, led a delegation of 10 Hawaii schools to exhibit at the Oh Study! International Education Expo in Taiwan and 15 schools to the China Education Expo in Beijing. In addition, the division led education recruitment delegations to Okinawa and Guangzhou in the fall of 2015 to market Hawaii as a learning destination.



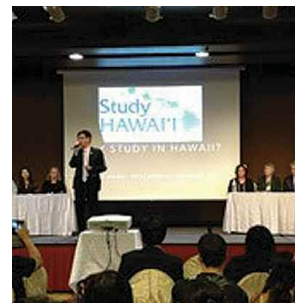
In line with the rise of incubators and accelerators, DBEDT sponsored the New Products Showcase at the Made in Hawaii Festival, featuring 15 new-to-exhibit companies selling items from the Food, Fashion, and Culture categories, as well as music and entertainment were also highlighted. BDSD also implemented the Business of Exporting -- an accelerator and mentoring program targeted towards high potential export firms. The division also established the Community Based Economic Development (CBED) Accelerator Program to assist with financial and technical assistance. Five community non-profits participated in this program.

The twice-yearly Hawaii Small Business Fair co-sponsored by DBEDT again achieved success with attendance of more than 250 entrepreneurs each at the winter and summer events.

The Enterprise Zones (EZ) Program continues to support more than 250 companies from diverse industries. By the end of 2014, EZ certified companies reported 1,753 jobs maintained and 558 new jobs created.

BDSD has supported the fashion industry through its leading role in developing and producing the Hawaii Fashion Month and Honolulu Fashion Week held in November, 2014, and assisted the bio-tech industry through its participation in the BIO International Convention and efforts to attract capital for existing Hawaii bio-tech firms.

The division also organized two missions to promote trade and investment in conjunction with the 30th Anniversary of sister state relations with Okinawa Prefecture, Japan and Guangdong Province. Participating businesses and organizations totaled more than 30 for the two missions. BDSD also, organized an exploratory mission for sister state relations with Hokkaido, and a legislative mission to Fukuoka.





Creative Industries

cid.hawaii.gov



Creative Industries Division (CID) is the State's lead agency to advocate, build the business capacity and increase global export for Hawaii's creative clusters and their creative products, services and innovations through initiatives, infrastructure and policy development, thereby strengthening Hawaii's creative and innovation economy.

CID is comprised of the Hawaii Film Office (HFO) and the Creative Industries Development Branch (CIDB) (formerly the Arts and Culture Development Branch). The division manages statutory responsibilities for the film industry and business development for Hawaii's creative sectors, designing programs which increase access to business opportunities, developing industry mentors, attracting investment, and increasing export/distribution of products and services - all key aspects of developing Hawaii's innovation ecosystem.

Hawaii's creative sectors in arts, culture, music, publishing, literary, design, film, interactive, new media and animation represent more than 49,000 entrepreneurs and small businesses, which have grown 14.2 percent from 2001 to 2014. The sectors collectively generated \$3.3 billion in gross domestic product (GDP), representing 4.3 percent of Hawaii's total state GDP in 2014.

In addition to managing the statutory functions of film permitting, tax incentive and film studio management, the division established strategic partnerships with national industry organizations in music, cultural arts and film to leverage the State's investment in developing business opportunities for Hawaii's creative entrepreneurs.



CID is maintaining and expanding Hawaii's role in the global film production landscape through marketing of the destination and its tax credit program, and Creative Lab, an immersive accelerator program designed to increase export of Hawaii's creative content and products, attract investment, and build the State's creative sector export capacity.

The state's film office generated estimated production expenditures of \$244 million in 2015 with an estimated economic impact of \$426 million.





Research & Economic Analysis

dbedt.hawaii.gov/economic

The Research & Economic Analysis Division (READ) works to enhance and contribute to the economic development of the State by providing data and 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 and the

University of Hawaii are the only agencies in Hawaii that conduct economic studies on a regular basis.

READ hosts the Hawaii State Data Center and the Federal-State Cooperative for Population Estimates 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. State Data Center sponsored nine workshops in 2015 and trained users of Hawaii data products and tools.

READ's website receives an average of 30,000 page views a month. Some of the data products and reports READ produced in 2015 include:

- Daily passenger count data
- Weekly unemployment claim data with analysis
- Weekly photovoltaic permits data with analysis
- The Quarterly Statistical and Economic Report with economic forecast
- The State of Hawaii Data Book
- Hawaii's Monthly Economic Indicators and highlights
- Monthly Energy Trend Data and Analysis
- Annual Updates on Emerging Industries in Hawaii
- Annual Updates on the Status of the Hawaii's Creative Industry
- Measuring housing demand in Hawaii
- The economic Impact of International Students in Hawaii
- The State of Hawaii Energy Data and Trends
- Hawaii Electricity Industry: 2014 Analysis and Recent Trends
- Analysis of Solar PV Activities in Honolulu County
- Commuting Patterns in Hawaii
- Real Estate and Rental and Leasing Sector in Hawaii
- Commuter Adjusted Daytime Population in Hawaii
- Hawaii's Cluster Economic Performance
- Hawaii Self-Sufficiency Income Standard
- Real Estate Investment Trust in Hawaii: Preliminary Data and Analysis
- Hawaii's Targeted & Emerging Industries – 2015 Update Report
- Residential Home Sales in Hawaii: Trends and Characteristics
- A Database for Hawaii Energy Industry Information Reporting Program (EIIRP), as established by Act 152, SLH 2010
- Database and Analysis on Tax Credit for Research Activities, as established by Act 270, SLH 2013

Statewide support from READ includes economic data and analysis for government agencies and business communities.



Foreign Trade Zone

ftz9.org



In the State of Hawaii, Foreign-Trade Zone No. 9 (FTZ9) was given a grant of authority by the Foreign-Trade Zones Board in Washington DC in 1966 to establish, operate, and maintain FTZs within the state for the purposes of encouraging international business and economic development.

The FTZ program is a federal program based on the simple idea of the removal of disincentives related to storing or manufacturing products in the U.S. This is accomplished by allowing U.S. based companies to defer, reduce, or eliminate customs duties on products admitted to the government-authorized zones as they could in a foreign location.

This tariff and tax relief is designed to lower the costs of U.S.-based operations engaged in international trade and thereby create and retain the employment and capital investment opportunities that result from those operations.

FTZ9, with the concurrence of U.S. Customs and the FTZ Board, authorizes designated areas in Hawaii as FTZs. Currently, there are 13 designated Foreign-Trade Zone locations in Hawaii of which six are active Zone sites.

FTZ9 is also an operator of a FTZ. The facility at Pier 2 has quickly become the “Hub of International Trade,” providing warehousing space for import/export merchandise, light manufacturing space, office facilities, consulting services, and import/export training and support.

The Pier 2 warehouse is an active FTZ site with more than 500,000 cubic feet of common-use storage space available to the public. Pier 2 currently services approximately 300 companies which in turn support more than 2,000 jobs throughout Hawaii. FTZ9 is one of the oldest Foreign-Trade Zones in the nation and considered by the industry as one of the most successful Zone projects in the U.S.



FTZ9 has further undertaken an initiative to support manufacturing efforts throughout Hawaii. FTZ9, working in partnership with High Technology Development Corporation's INNOVATE Hawaii and Manufacturing Extension Program, provides consulting services to manufacturers and also provides manufacturing and assembly incubation space at its Pier 2 facility. These incubation spaces are designed to help smaller companies develop their manufacturing business model and begin to create their products in a lower cost, lower risk environment. Co-working space is also available at the Pier 2 facility. These common-use spaces allow businesses to work independently to develop their business without long-term office leases.

As the Hub of International Trade, FTZ9 has attracted many key players in the international trade sector of Hawaii's economy to the Pier 2 facility. These companies include customs brokers, shipping agents, logistics providers, as well as governmental agencies such as U.S. Customs and Border Protection. The Honolulu office of the U.S. Commercial Service, a division of the Department of Commerce, is also located at the FTZ Pier 2 facility and is available to assist companies explore and identify foreign markets for exports.

FTZ9 recently opened the Homer A. Maxey International Trade Resource Center wing of the FTZ Pier 2 facility. Thirty-five thousand square feet of existing warehouse space was renovated to create 35 additional office and common work space, as well as a large conference center with accommodations for more than 100 event participants. This expansion has also allowed the FTZ to expand to offer its services to additional firms wanting to take part in the program, as well as have space available for key economic growth and innovation industries such as creative media developers who export digital content globally.

FTZ9 continues to help and support international trade training programs. The 2015 "The Business of Exporting" training seminar was highly successful in preparing companies to take their products to the international market. The FTZ also works with the local office of the Small Business Administration and the Small Business Development Center to sponsor export seminars where companies can get a one-on-one consultation with experts to help achieve their international trade goals.

The program has remained strong over the past several years. Calendar year of 2012 was the strongest year in FTZ9's history, surpassing all previous years with a record \$13.4 billion in merchandise handled by FTZs statewide. Exports from Hawaii FTZs over the past five years totaled \$3.6 billion.

In 2013, the National Association of Foreign-Trade Zones recognized Hawaii's FTZ9 program as the second in the nation for the number of firms the program services annually. It also ranked FTZ9 as 15th in the nation for its annual export volume. Hawaii's FTZ program was also ranked by Global Trade Magazine as one of the nation's top 25 FTZs for 2013.

2014 was another solid year for FTZ9, with \$11.9 Billion in merchandise handled by Hawaii's FTZs (3rd highest in FTZ9's history) with nearly \$3 billion of that being attributed to non-refinery activity. FTZ9 was recognized in 2014 as the 14th highest Foreign-Trade Zone in the nation for overall exports and 8th in the nation for exports from warehouse/distribution activity. Total added value-added and manufacturing activities for the FTZ Hawaii project was close to \$10 billion with capital improvement projects within FTZ totaling \$41 Million.





The State of Hawaii has a bold energy agenda to achieve 100 percent clean energy by the year 2045. Along with reducing our islands' dependency on fossil fuels and increasing efficiency measures, the clean energy plan is also contributing to the state's economic growth.

The Hawaii State Energy Office (HSEO) is leading the charge and has embarked on a strategic plan to position Hawaii as a proving ground for clean energy technologies and accelerate our transformation to a clean energy economy.

DBEDT is growing Hawaii's clean energy economy through the Hawaii Clean Energy Initiative (HCEI), the state's blueprint for energy transformation and independence. Established in 2008, HCEI is a groundbreaking partnership between the State of Hawaii, the U.S. Department of Energy, the military and the private sector. Through HCEI, the state is transitioning Hawaii's economy from import dependency to self-sufficiency in a single generation.

HCEI efforts will reduce the cost of doing business in Hawaii. Increasing renewable energy production and energy efficiency in Hawaii will create jobs and can foster the development of a clean energy innovation sector.

In recent years, the HSEO has made substantial progress, and Hawaii has become a national leader in a number of key categories, including PV penetration, energy efficiency and performance contracting. Job growth and increased construction expenditures are priorities of the energy ecosystem transformation.

As of 2014, the state's electric utilities generated 21.3 percent of their electricity sales from renewable resources, putting Hawaii ahead of its Renewable Portfolio Standards (RPS) target of 15 percent in 2015 and providing a jumpstart on reaching the interim 2020 RPS target of 30 percent.

HAWAII'S CLEAN ENERGY GOALS INCLUDE:

- Achieving a 100 percent renewable portfolio standard (RPS) in the electricity sector by 2045.
- Reducing energy consumption by more than 4,300 gigawatt-hours, or 30 percent by 2030 compared with 2009.
- Significantly reducing the use of petroleum in the transportation sector.



Hawaii is a nationally recognized leader in terms of energy efficiency and conservation measures. Hawaii has ranked first in the nation in energy savings performance contracting (ESPC) four years in a row. Through this and the Lead by Example initiative, in which the state is using efficiency measures in its own buildings, there has been much success in the efficiency sector. As of 2014, the state achieved a 16.8 percent reduction in energy consumption, more than half way to the Energy Efficiency Portfolio Standards (EEPS) goal of 30 percent by 2030.

To help drive this energy revolution, DBEDT works as a catalyst by fostering bold policy solutions and providing a suite of self-help tools and roadmaps to assist energy developers and attract international investment. The clean energy industry has become a significant driver in Hawaii's innovation sector. Entrepreneurs, driven by passion and powered by ingenuity, are helping to secure Hawaii's energy future by developing innovative technologies that can be deployed in communities statewide. This seedbed of innovation and creativity makes Hawaii a global leader in clean energy solutions for energy independence and economic growth.

In 2015, the State of Hawaii committed to the Hawaii Statewide Modern Grid-Workforce Training Deployment, a collaboration between the University of Hawaii, Honolulu Community College, Hawaii Natural Energy Institute, Hawaiian Electric Industries, and the Blue Planet Foundation. The three-year, \$300,000 commitment will build a coordinated statewide curriculum and training program for the next generation of skilled smart grid technicians, electrical engineers and managers. They will possess the technical skills the state needs to implement advanced metering infrastructure by 2020 and achieve Hawaii's clean energy goals.

HSEO selected California-based GreenBiz Group to bring its annual VERGE event series to Hawaii in June 2016. The conference will assemble the best minds in energy and identify and advance next-generation practices for sustainable energy solutions in Hawaii and beyond. Offering a real-world glimpse into the future as a more resilient world, the VERGE Hawaii: Asia Pacific Clean Energy Summit will gather influencers from the world's largest corporations, as well as entrepreneurs, utility executives, public officials and representatives of nonprofits and academia.





Office of Aerospace Development

aerospacehawaii.info/

The Hawaii Office of Aerospace Development (OAD) provides a focal point within State government to facilitate dialogue and coordination among Hawaii's government, private and academic sectors, and between State-based entities and overseas organizations, both public and private, to promote the growth and diversification of Hawaii's aerospace industry.

The States of Hawaii, Oregon, and Alaska have established a regional Pan Pacific Unmanned Aerial Systems (UAS) Test Range Complex (PPUTRC) as one of six national FAA ranges to test, validate, and safely integrate UAS technologies into the national air space. The PPUTRC will generate new revenue streams for each state (through fees paid by companies to test/certify their UAS technologies at each state-based test site), as well as opportunities to hire local residents to manage range operations. OAD funding will be used to hire a full-time Chief Operating Officer to oversee and coordinate operations for the Hawaii component of the tri-state test range.

In 2015, OAD conducted a site selection study that identified Kona International Airport as the best site in Hawaii to establish a commercial spaceport that will support launch and landing of "spaceplanes" carrying satellites, experimental payloads and tourists to space. An Environmental Assessment (supported through a matching grant from the FAA) is now being completed that will enable Hawaii to apply for a commercial spaceport license and bring space tourism to the islands.

To help expand Hawaii's visibility and engagement with the global space community, OAD allocates a portion of its operational budget to develop aerospace exhibits and other promotional materials to market Hawaii's aerospace interests and capabilities, represents Hawaii at key national/international aerospace conferences and exhibitions, and serves as staff support to the Hawaii Aerospace Advisory Committee and Dark Skies Protection Initiative.

OAD has also established Space Act Agreements with NASA and other aerospace agencies to help advance space exploration and development programs in Hawaii, including the development of the world's first laser communications ground station (through a future \$20 million investment by NASA) to communicate with both earth-orbiting satellites and interplanetary probes.

OAD has supported innovative aerospace education and training programs, such as Challenger Center Hawaii at Barbers Point Elementary School and the national Real World Design Challenge, which are enabling local students to be mentored by aerospace professionals in developing creative solutions to "real world" aerospace problems as well as to explore a variety of possible careers in this industry.

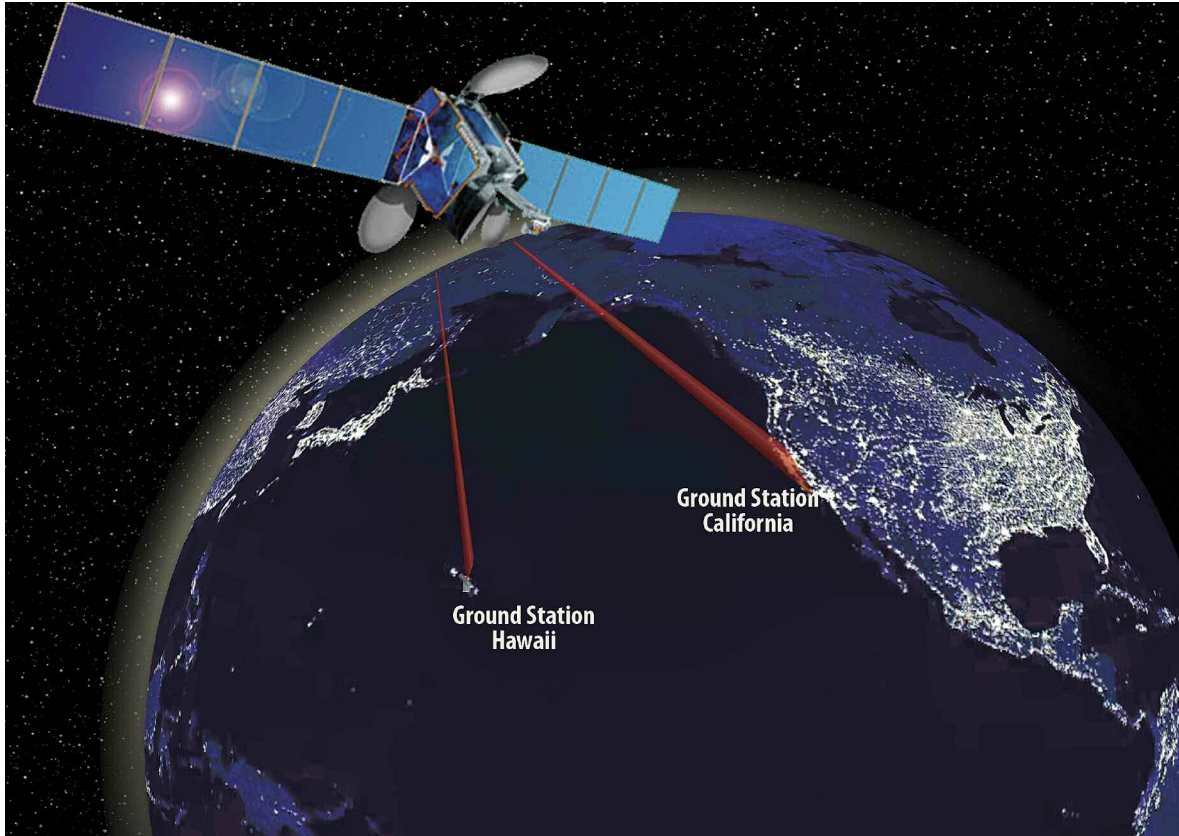


Pacific International Space Center for Exploration Systems

pisc.es.hawaii.org

The Pacific International Space Center for Exploration Systems, or PISCES, is a Hawaii State Government Aerospace Agency located in Hilo, Hawaii. PISCES is leveraging Hawaii's Moon/Mars-like terrain, resident aerospace expertise, and ties with NASA and other in-

ternational space agencies and research centers, to develop a research program that is testing advanced robotic, renewable energy, and other critical technologies essential to enable future missions to space.



Small Business Regulatory Review Board

dbedt.hawaii.gov/sbrrb

The Small Business Regulatory Review Board's mission is to provide an opportunity for small businesses to comment on proposed State and County rules which could impact their operations. Based on those comments, the board may recommend to the State

Legislature or relevant State agencies that they amend overly burdensome regulations. The board also evaluates State agencies' responsiveness to small business concerns and reports these findings to the legislature.



DBEDT Attached Agencies

Hawaii Tourism Authority

hawaiiitourismauthority.org

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. 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.

Natural Energy Laboratory of Hawaii Authority

nelha.hawaii.gov

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), based in Kailua-Kona, 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.



Hawaii Community Development Authority

dbedt.hawaii.gov/hcda

The Hawaii Community Development Authority oversees three community development districts on Oahu: Kakaako, Kalaeloa, and Heeia.

Seven new housing developments in the Kakaako Community Development District are now under construction, with an additional six already permitted by the Authority. These, coupled with a few recently completed residential projects, will add about 5,600 new units in Kakaako. More than 44 percent of these new units (2,477 units) will be reserved for qualified income households, ensuring lower priced homes that working professionals and young families can afford. State analysts say 5,200 new housing units are needed in Hawaii each year, and the HCDA is doing its part to meet that demand.

In the Kalaeloa district, the Authority continues to work with state and federal agencies in improving utility infrastructure and helping Hawaii meet its clean energy goals. The Authority is now seeking additional sources of funding for the Kalaeloa Enterprise Energy Corridor Project. More funds are needed, as the HCDA received bids for the construction of the Enterprise Energy Corridor ranging from \$8.1 million to \$24.9 million. Given the importance of enabling more reliable electrical service for the Kalaeloa business district, these additional funds are a necessary expense to allow development of Kalaeloa to proceed.

Wetlands restoration continues in the Heeia district, under the guidance of our non-profit lessee, Kakoo Oiwi. This group is working with the HCDA and the community to return more than 400 acres of land to diversified agricultural uses, while educating our keiki on the need to develop a more sustainable lifestyle.



Hawaii Housing Finance and Development Corporation

dbedt.hawaii.gov/hhfdc

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. Since 2006, HHFDC has facilitated the development or preservation of 6,807 affordable rental and for-sale units statewide, and has a production plan in place to add approximately 6,000 more units by Fiscal Year 2020.

HHFDC enters into public-private collaborations to construct or preserve workforce/affordable housing to help stimulate the economy without reliance on general funds. To facilitate and expedite the development of rental and for-sale housing, HHFDC offers a variety of financing and development tools including Low Income Housing Tax Credit, Rental Housing Revolving Fund, Hula Mae Multi Family bond, Dwelling Unit Revolving Fund programs and land, along with expedited processing under Chapter 201H, and exemptions from general excise taxes.

Moving forward, the HHFDC is focusing on leveraging state funds and reducing regulatory barriers within the state's control in order to increase the inventory of affordable housing. HHFDC is also helping to identify state lands near rail transit stations to participate in mixed-use transit-oriented development.

HHFDC is committed to exploring new ways to work more strategically and efficiently with the resources entrusted to us. A 2015 Housing Planning Study is collecting statewide data to help plan what and where we build in the future to construct homes that people can afford and create new jobs, which in turn, generate economic development.

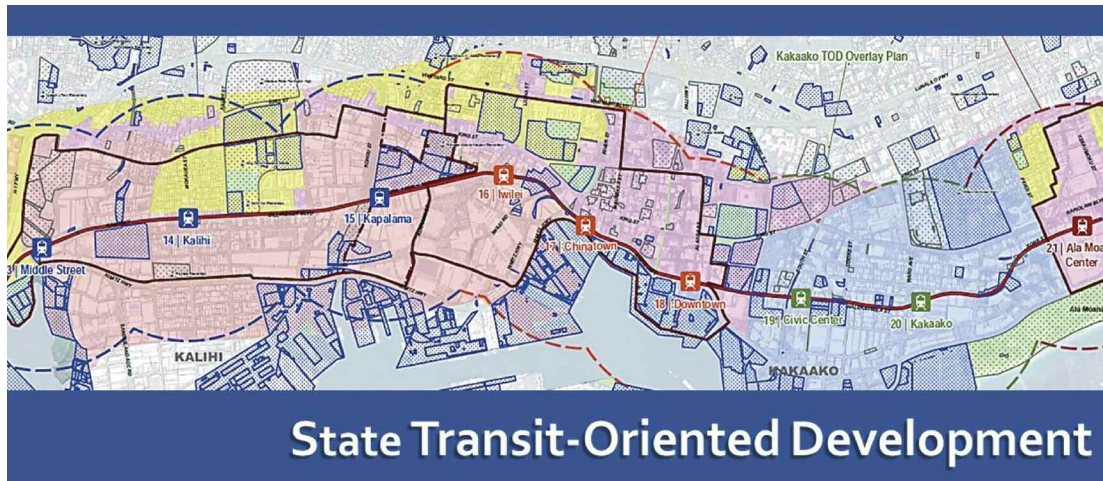
HHFDC's consumer-oriented single family programs such as the Mortgage Credit Certificate (MCC) provide first-time homebuyers with tax credits against their federal income tax liability. The amount of the credit is equivalent to 20 percent of the annual interest paid on a mortgage. As of Fiscal Year 2015, the MCC program has assisted 3,855 families in purchasing their first home. In Fiscal Year 2016, the MCC program anticipates helping another 759 families.





Office of Planning

planning.hawaii.gov



Office of Planning's (OP) 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 consists of two divisions: the Land Use Division (LUD) and the Planning Division. The Planning Division includes the Hawaii Coastal Zone Management (CZM) Program, Geographic Information System (GIS) Program, and the Special Plans Branch. LUD prepares the State's position on quasi-judicial proceedings before the State Land Use Commission (LUC), coordinating 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 the 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, and promotes sustainable use of limited State resources, such as land, water, and State infrastructure facilities.

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 supports and coordinates GIS efforts across state agencies in addition to conducting spatial analysis and mapping for projects and initiatives in OP, the Department of Business, Economic, Development and Tourism (DBEDT), and other State agencies.

The Special Plans Branch carries out the statewide planning functions of OP as established by the Hawaii State Planning Act, HRS Chapter 226; conducts statewide planning and policy studies to assist government decision makers, including the Comprehensive Economic Development Strategy (CEDS); and administers the \$2 million Brownfield Cleanup Revolving Loan Fund (HBCRLF).

OP is also the lead agency to coordinate Transit Oriented Development (TOD) on State-owned lands around the proposed Honolulu Area Rapid Transit rail stations. In this role, OP coordinates with a number of State agencies, as well as the City and County of Honolulu in ensuring TOD on State-owned lands are planned correctly and developed to address a number of State goals.



Hawaii Green Infrastructure Authority

gems.hawaii.gov

HGIA was constituted in 2014 to administer Hawaii's Green Energy Market Securitization (GEMS) Program, an innovative financing vehicle that makes clean energy improvements affordable and accessible for a broader cross-section of Hawaii consumers. GEMS was created with the recognition that while the State has seen early success in clean energy development, existing financing programs might not serve the entire spectrum of Hawaii's communities.

GEMS uses a market-based financing mechanism to make \$150 million low-cost capital available for clean energy loans that might not otherwise be provided by traditional lenders. The ability of GEMS to tap a huge pool of institutional bond investors allows the program to reduce financing costs for clean energy installations by minimizing overhead expenses and taking advantage of economies of scale. Consumers who borrow from GEMS to make clean energy investments will see electricity bill savings on day one, with no money down.

High Technology Development Corporation

www.htdc.org

The High Technology Development Corporation (HTDC) is leading the State of Hawaii's effort to grow the technology industry sector with the objectives of diversifying the economy and creating high-wage job opportunities for the people of the State.

HTDC launched the 80/80 initiative. A goal for Hawaii is to create 80,000 new tech and innovation jobs earning more than \$80,000/year by 2030. The Neighbor Island Innovation Initiative (NI3) was created to facilitate this goal statewide. The NI3 program provides mentoring to tech and innovation companies and entrepreneurs on the neighbor islands.

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 provides startup business mentoring assistance at technology innovation centers statewide, including the Manoa Innovation Center and the Maui Research & Technology Center. These sites serve as high technology company business incubation facilities to ease the transition from startup ventures to full-fledged, independent commercial enterprises. The tech incubation program also focuses on building partnerships with the private sector essential for growing the technology based economy.

HTDC's incubation facilities and coordinated programs provide a wide range of support to grow technology companies. The coordinated programs include business training workshops; review with experienced mentors; access to a vetted group of service providers; and networking opportunities with like-minded CEOs. HTDC also utilizes federally funded programs synergistically.



HTDC's INNOVATE Hawaii program has received an increase in federal funding by the U.S. National Institutes of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) to improve the capabilities of Hawaii manufacturers. HTDC accelerates product development by awarding Hawaii Small Business Innovation Research (HSBIR) grants to small businesses. The grants provide critical matching funds to bolster the research and development phase of a company's product life cycle (companies that create high-paying jobs). INNOVATE Hawaii also provides technical assistance to get the new products to market.

HTDC's Hawaii Center for Advanced Transportation Technologies (HCATT) continues to be recognized as a leader in developing and demonstrating market readiness for alternative energy transportation technologies. With a new \$20 million federal contract with Air Force Research Laboratory, HCATT leverages federal dollars to address the goals of the Hawaii Clean Energy Initiative while creating business opportunities for the growth of clean energy technology companies in Hawaii.

To promote Hawaii's technology assets, HTDC works with the Hawaii Strategic Development Corporation (HSDC), DBEDT's Creative Industries Division and the FTZ9 to provide a comprehensive program from startup to manufacturing.

HTDC provides additional support for the industry by strengthening industry communication through a software development networking group, WetWareWednesdays.





Hawaii Strategic Development Corporation

hsrc.hawaii.gov

The Hawaii Strategic Development Corporation (HSDC) is an agency of the State of Hawaii established in 1990 to promote economic development and economic diversification in Hawaii through a return-driven investment program in partnership with private capital. HSDC is governed by HRS 211F and Chapter 127 of the Hawaii Administrative Rules.

HSDC manages a comprehensive investment program that represents a bold new approach to re-invigorate State efforts to fuel an innovation economy. This program engages with the private sector to startup and grow creative and innovative businesses that can create high-wage jobs for our people.

HSDC's priority is to invest in the critical building blocks of an innovation ecosystem: entrepreneur development, research commercialization, and the mobilization of startup investment capital. For further information, call: (808) 587-3830 or visit: hsrc.hawaii.gov



H↑GROWTH

**DBEDT****Statement of Operating Appropriations, Expenditures, and Encumbrances
For the Period July 1, 2014 - June 30, 2015**

General Funds	Adjusted Appropriations	Expenditures & Encumbrances	Balance
BED 100 Business Development & Support Business Development & Support Division	1,541,002	1,432,927	108,075
BED 103 Statewide Land Use Management Land Use Commission	574,948	528,057	46,891
BED 105 Creative Industries Creative Industries Division	1,240,577	1,145,586	94,991
BED 128 Office of Aerospace Office of Aerospace	1,000,614	860,306	140,308
BED 130 Economic Planning & Research Research and Economic Analysis Division	1,120,097	1,039,520	80,577
BED 142 General Support for Econ. Development Office of Director & Admin. Services Office	1,809,295	1,789,691	19,604
BED 143 High Technology Development Corp. High Technology Development Corporation	1,087,256	993,326	93,930
BED 144 Statewide Planning & Coordination Office of Planning	1,211,693	968,078	243,615
Total General Funds (1)	9,585,482	8,757,492	827,990

**DBEDT****Statement of Operating Appropriations, Expenditures, and Encumbrances
For the Period July 1, 2014 - June 30, 2015**

Special & Revenue Funds	Adjusted Appropriations	Expenditures & Encumbrances	Balance
BED 107 Foreign Trade Foreign Trade Zone Special Fund	2,117,150	1,897,421	219,729
BED 113 Tourism Tourism Special Fund	87,219,478	77,007,796	10,211,682
Convention Center Enterprise Special Fund	54,020,809	48,174,183	5,846,626
BED 113 Total	141,240,287	125,181,979	16,058,308
BED 120 Environmental & Energy Development Energy Security Special Fund	6,057,492	5,582,379	475,113
Renewable Energy Facility Siting Special Fund	750,000	-	750,000
BED 120 Total	6,807,492	5,582,379	1,225,113
BED 143 High Technology Development Corp. High Technology Special Fund	3,783,676	1,218,510	2,565,166
BED 145 Hawaii Strategic Development Corporation Hawaii Strategic Development Revolving Fund	4,305,156	1,189,490	3,115,666
Hydrogen Investment Capital Special Fund	2,608,516	18,648	2,589,868
BED 145 Total	6,913,672	1,208,138	5,705,534
BED 146 Natural Energy Laboratory of Hi Authority Natural Energy Laboratory of Hi Auth. Special Fund	7,753,899	5,514,245	2,239,654
BED 150 Hawaii Community Development Authority (2) Hi Community Development Auth. Revolving Fund	707,315	582,983	124,332
Kalaeloa Community Dev. District Revolving Fund	402,467	283,865	118,602
BED 150 Total	1,109,782	866,849	242,933
Total Special & Revolving Funds (3)	169,725,958	141,469,521	28,256,437

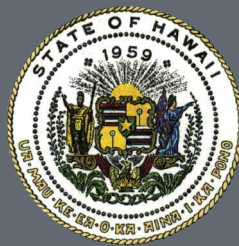
(1) Represents the general fund balances that lapsed at June 30

(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 Hight Technology Revolving Fund, the Brownfield Cleanup Revolving Fund, the Hawaii Green Infrastructure Special Fund, the Hawaii Green Infrastructure Bond Fund, and the appropriations of the Hawaii Housing Finance & Development Corporation. Also excludes federal, trust, and capital improvement appropriations.





Department of Business, Economic Development & Tourism

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