



**Department of Business,
Economic Development & Tourism**
2016 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



DBEDT's primary objectives are to create broad policy determinations with respect to economic development in the State of Hawaii, and to stimulate opportunities that offer the most immediate promise of expanding Hawaii's economy. The department encourages initiative and creative thinking in harmony with objectives that are in line with our overall growth strategy.

The department is focused on supporting the development of a local economy that encourages innovation and entrepreneurship. We are positioning the state to remain competitive in today's global economy, by providing opportunities for all Hawaii's citizens that will lead to increased standards of living.

In 2016, we saw Hawaii reach record levels of tourism and job creation. Hawaii's unemployment continues to decrease and is ranked as one of the lowest unemployment rates in the nation. Construction and real estate continues its robust activity and the professional services, education and health industries are providing good paying jobs.

Going forward we want to capitalize on this trend and continue on a growth strategy that will position Hawaii economy to become more diversified and resilient. We have been focusing our attention on efforts that will build infrastructure, increase both internal and external capital, and develop and attract talent that will be our workforce of the future. Therefore, the department's efforts have been targeted to stimulate economic activity in areas of competitive advantage and economic potential. Areas such as clean and renewable energy, global broadband, creative media, and the innovation industry offer the promise of creating a knowledge-based economy that can thrive and grow in our state. In addition, advancements in agriculture, aerospace, and foreign trade can further position the state's economy and create new jobs and opportunities for Hawaii's residents.

DBEDT's divisions and attached agencies have been actively working on initiatives that support this mission of building infrastructure, attracting capital, and developing talent. Transit-oriented development, state-sponsored and supported broadband infrastructure, Kakaako Innovation Block, the 80/80 initiative, Creative Media/Film Studio Cluster, Start-Up Paradise, Kalaheo Microgrid, Pixar-in-a-Box, and the First Responder Tech Hub are a few examples of the efforts being undertaken by the department.

The time is now to begin developing the industries that will transform Hawaii's economy.

Luis P. Salaveria
Director



DBEDT Divisions and Branches

Business Development and Support Division (808) 587-2750

Business Development Branch
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Business Support Branch
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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

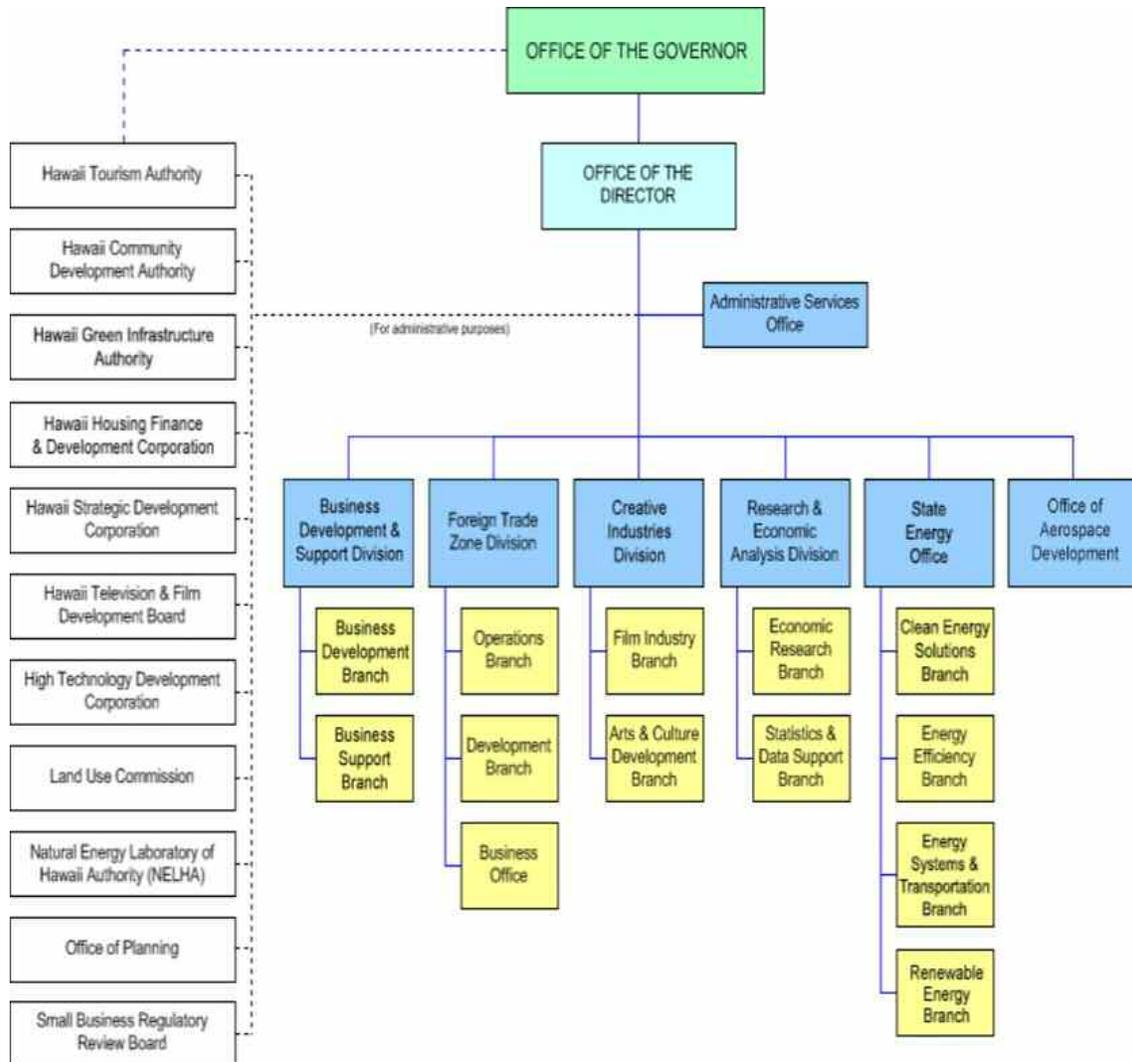
Energy Systems & Transportation Branch
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Renewable Energy Branch
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Office of Aerospace Development (808) 586-2399



DBEDT Divisions and Branches





Business Development & Support Division

invest.hawaii.gov



The Business Development & Support Division (BDSD) promotes business development and diversification in Hawaii by supporting existing and emerging businesses; 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 growing companies to increase export revenues and capital. In the fifth year of this program, it has participated in 20 international and domestic trade shows, and retail promotions. More than 400 Hawaii companies from industries ranging from fashion, food, gifts, education, to life sciences, were featured at various DBEDT-produced Hawaii Pavilions in Japan, Taiwan, China and major U.S. Cities such as Orlando, Salt Lake City, San Francisco, and Las Vegas.

In 2016, the division's efforts increased exports by \$15.2 million, which has positively impacted Hawaii's economy by \$30.4 million. The Hawaii Pavilion at the Tokyo International Gift Show in 2016 itself had record participation with 60 companies representing the largest product trade show delegation ever from Hawaii.

To continue this export program, the division won a competitive grant award of \$700,000 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 programs. The award was one of the highest nationwide given out by the SBA. In total, during the five years that this program has been in operation, DBEDT has won \$2.5 million in grant monies.

Hawaii's overseas offices in Taiwan and Beijing promote programs to attract and increase international students at Hawaii's schools, colleges and universities. The Hawaii Education Service Centers work with the DBEDT-organized Study Hawaii Education Consortium of 20 public and private schools. BDSD, in collaboration with Study Hawaii, led delegations of Hawaii schools to Tokyo, Hiroshima, Fukuoka, Hong Kong, Guangzhou, Seoul and Busan to exhibit at education expos, conduct seminars and workshops, hold mini-fairs, and visit targeted schools. This has resulted in more than 1,000 students and teachers in school group visitations, exchanges, and short and long term study enrollment.



The Enterprise Zones (EZ) Program continues to support more than 250 companies from diverse industries. By the end of 2015, EZ certified companies reported 1,764 jobs created or maintained.

In the promotion of international relations, the division secured commitments for sister state relationships with Hokkaido, Japan and Goa, India, both which will be signed in 2017.

BDSB continued its 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.





Creative Industries

cid.hawaii.gov



Creative Industries Division (CID) is the state’s lead agency for advocating and building the business capacity of Hawaii’s creative clusters, services and innovations through initiatives, infrastructure and policy development.

Notable 2016 productions and releases include the CBS re-boot of Hawaii Five-0 (now in its seventh season), Kong Skull Island, Godzilla, Jurassic World and the Disney animated film MOANA.

Hawaii’s creative sectors in film, performing and visual arts, culture, music, publishing, design, architecture, animation and interactive media include 49,597 entrepreneurs and small businesses, which have grown at a rate of 8.9 percent since 2004. The sectors collectively generated an average of \$3.3 billion in gross domestic product (GDP), representing 4.2 percent of Hawaii’s total state GDP.

ACDB handles business and workforce development for Hawaii’s creative entrepreneurs, focusing initiatives in the areas of talent/workforce development, infrastructure, investment and policy, to establish a continuum of job and business opportunities from education to workforce, which enables increased export of creative Intellectual Property (IP) products and services -- all key aspects of developing Hawaii’s innovation ecosystem.

CID launched Creative Lab Hawaii (CLH) program in 2012; a year-round integrated Accelerator offering Immersive/Mentorship, Ideation Workshops, and Public Programs in the media, design/fashion, music and animation sectors. In 2016, CLH has expanded to the neighbor islands, and has added animation as a new focus area for the program. A total of 162 entrepreneurs are engaged in the CLH community, which is funded by the Hawaii State Legislature and the U.S. Department of Commerce, Economic Development Administration.

The division and its branches are shaping the vision to develop a new creative media/film studio complex to support the development of emerging media, traditional film and television industries.

CID is comprised of the Hawaii Film Office (HFO) and the Arts and Culture Development Branch (ACDB). HFO supports Hawaii’s film and digital media industry, a cornerstone of Hawaii’s creative economy. HFO is expanding Hawaii’s role in global film production through marketing of the destination and the state’s tax credit program. Hawaii’s film and media industries generate an estimated \$250 million annually in production expenditures, which translates to an estimated \$438 million in economic activity, generating an average of 2600 jobs for the state.

The State of Hawaii has garnered national recognition for being an early adopter of a creative economy strategy. CID represents the State of Hawaii on the National Creativity Network (NCN) and actively engages in the national dialogue on the value of America’s creative economy. CID continues to forge 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.





Research & Economic Analysis

dbedt.hawaii.gov/economic

The Research & Economic Analysis Division (READ) works to enhance the economic development of the State by providing data, 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 2016 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 2016 include:

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- 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
- Hawaii consumer spending patterns for all counties in the state
- The Economic Impact of International Students in Hawaii
- The State of Hawaii Energy Data and Trends
- Hawaii Electricity Industry: 2015 Analysis and Recent Trends
- Hawaii's Cluster Economic Performance
- Real Estate Investment Trust in Hawaii: Analysis and Survey Data
- Residential Home Sales in Hawaii: Trends and Characteristics
- The Non-English Speaking Population in Hawaii
- Health Care and Social Assistance Sector in Hawaii
- 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



The Foreign-Trade Zone Division administers the federal grant issued to the State of Hawaii in 1965 by the Foreign-Trade Zones Board in Washington, D.C. Hawaii has a large and diversified Zone program with its nine authorized general-purpose sites and four sub-zones. Its strategic Pier 2 location, excellent support facilities, and experienced professional staff make it one of the oldest and most respected Foreign-Trade Zones in the nation. Foreign-Trade Zone 9 (FTZ) has just completed its 50th year in operation.

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 federal Foreign-Trade Zones 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.

Based on value, the Hawaii Foreign-Trade Zone activity in all activated FTZ sites throughout Hawaii was nearly \$8.5 billion.

FTZ9 is also an operator of the Foreign-Trade Zone. The facility at Pier 2, which has expanded by providing warehousing space for import/export merchandise, light manufacturing space, office facilities, consulting services, and import/export training and support.

The Pier 2 warehouse has more than 500,000 cubic feet of common-use storage space available to the public. Pier 2 currently services the highest number of companies in the nation at over 360, which in turn supports 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 a model of a successful Zone project.



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, along with the Hawaii Chamber of Commerce, provides consulting services and resources for manufacturers and also provides manufacturing and assembly incubation space at its Pier 2 facility. 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 key 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’s initiative is to develop and grow the state’s economy and to create local jobs through international trade and the trade related activity. Through this initiative, 411 companies used Hawaii’s FTZs in the past reporting year, which is a record number and a nearly 18 percent increase over the previous year. A majority of these companies can be identified as small or medium sized businesses who use the program primarily to reduce the cost of doing business in a very expensive marketplace. The program is also responsible for increasing jobs. During the past reporting year, a total of 3,272 jobs were connected to FTZ9 activity in the state. The total dollar value added to merchandise forwarded through Hawaii’s Foreign-Trade Zone project was nearly \$5 billion.

Additionally, over the past year, FTZ9 continued to foster its relationship with private and public entities in order to leverage expertise and reduce costs. FTZ9 has been working closely with Hawaii’s District Export Council to develop initiatives and programs such as “Export University” and “The Business of Exporting” to educate companies and advocate exports from the state. These two programs are designed to help companies prepare and position themselves to conduct business in the global marketplace. FTZ9 has also worked with the U.S. Department of Commerce, the U.S. Small Business Administration, and the EXIM Bank to promote and bring Hawaii products to an international market.





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 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 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.

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.



As of 2015, renewable energy production in Hawaii equaled 23.4 percent of utility electricity sales, 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 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 testbed of innovation makes Hawaii a global leader in clean energy solutions for energy independence and economic growth.

HSEO is gearing up for the VERGE Hawaii 2017: Asia Pacific Clean Energy Summit to be held in June. The conference, presented in partnership with the California-based GreenBiz Group, brings together the best minds in energy to identify and advance next-generation practices for sustainable energy solutions in Hawaii and beyond. The inaugural VERGE Hawaii event last year was a resounding success, attracting more than 750 participants. Offering a real-world glimpse into the future as a more resilient world, the VERGE Hawaii: Asia Pacific Clean Energy Summit gathers 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) facilitates 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 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 seven 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 test sites), as well as opportunities to hire local residents as range operators. OAD has established a Memorandum of Agreement with the University of Hawaii's Applied Research Laboratory (UH-ARL) to manage Hawaii's test range.

In 2015, OAD conducted a site selection study that identified Kona International Airport (KOA) as the best site in Hawaii to establish a commercial spaceport that will support launch and landing of "spaceplanes" (horizontal launch and land vehicles) carrying satellites, experimental payloads, and tourists to space. An Environmental Assessment (supported through a matching grant from the Federal Aviation Administration) is now being completed that will enable Hawaii to apply for a commercial spaceport license and initiate space launch operations from KOA by 2018.

OAD is negotiating a Space Act Agreement with NASA that will enable Hawaii and NASA to leverage each other's complementary resources and capabilities toward establishing public-private partnerships with the potential of expanding/diversifying Hawaii's aerospace sector. Emphasis will be on the development and application of innovative technologies to support both planetary sustainability initiatives (addressing atmospheric pollution, climate change, and other natural and man-made phenomena impacting our planet) and space exploration missions (engaging both robots and humans in missions to the Moon, Mars, and other solar system bodies).

OAD is supporting 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 providing professional mentors to assist over 5,000 local students in developing creative solutions to "real world" aerospace problems, as well as to explore a variety of possible careers in this industry.

To expand Hawaii's visibility and engagement with the global space community, OAD also 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 for the Hawaii Aerospace Advisory Committee.

Small Business Regulatory Review Board

dbedt.hawaii.gov/sbrrb

The Small Business Regulatory Review Board's mission is to review any proposed new or amended rule that impacts small business and to consider any request from small business owners for review of any rule adopted by a state agency and/or to make rec-

ommendations to the agency or the legislature regarding the need for a rule change or legislation. For requests regarding county ordinances, the board may make recommendations to the county council or the mayor for appropriate action.



Pacific International Space Center for Exploration Systems

pisces.hawaii.gov



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 international 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.

Some highlights for 2016 included a team of scientists finishing a high profile engineering project in basalt construction using robotics. More than 15 publications throughout the U.S. followed the story about the project, including five local media outlets and multiple news sites around the U.S.

PISCES made significant advancements in the area of planetary surface systems research and development, by updating and refining the 726-pound Ontario Drive Gear (ODG) planetary rover from Canada. Software functionality and mechanical systems enhancements were made to enable the robotic construction of the basalt landing pad. These mechanical systems additions included a compression roller, maneuverable front blade for grading and levelling, and a remote manipulator arm for deployment of the basalt pavers.

PISCES worked on two major basalt concrete research projects this year, a lunar sidewalk and a lunar landing pad. Both projects were partially funded with a grant from Hawaii County Research and Development.

PISCES continued to lead a remarkable research project between NASA Kennedy Space Center (KSC) and two Hawaii high schools to develop and test critical dust removal technologies for surface systems on the Moon and Mars during a lunar surface experiment planned for late 2017.

In addition, PISCES signed an agreement extension with NASA Kennedy Space Center for two Space Act Agreements (SAA).





DBEDT Attached Agencies

Hawaii Tourism Authority

hawaiiauthority.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.

The HTA five-year strategic plan was drafted in 2016 with the purpose of guiding the organization to move the industry forward. These strategies were identified with the goals of working and collaborating with partners and stakeholders to increase economic activity, sustain positive new benefits of tourism, grow visitor spending and being an effective organization. The four key goals to achieve the strategies are to improve the integrity of the destination, ensure stable economic benefits, elevate Hawaii's value perception and strengthen the HTA's reputation.

The strategic plan also presents a collective ambition, which consists of a strong set of principles and a vision as to how tourism should be cultivated. The seven principles include: a healthy economy, environmental sustainability, cultural authenticity, market knowledge, host and guest satisfaction, collaboration, and accountability.

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 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. 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. 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. Recent accomplishments include the opening of a 15,000 sq. ft. business incubator to help entrepreneurs in the area marine science and clean energy start and grow their businesses; ground breaking for a new \$9 million access road to HOST Park; and receiving a Presidential Award for export service.



Hawaii Community Development Authority

dbedt.hawaii.gov/hcda

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

Since 2016, five housing developments in the Kakaako Community Development District have been completed and seven more are under construction. These projects will add 7,343 new units in Kakaako. More than 40 percent of the units are reserved housing units that working professionals and young families can afford.



In Kalaeloa, the Authority has partnered with the Hawaii State Energy Office, U.S. Department of Energy and Sandia Laboratories to plan, analyze and design a micro-grid to provide reliable energy throughout the 3,700-acre district and help Hawaii meet its clean energy goals. Meanwhile, the Authority is seeking additional funding for the Kalaeloa Enterprise Energy Corridor Project. Current funding is insufficient to extend the corridor to the airport, and provide reliable electrical power to the Department of Transportation and Department of Defense. Extending the corridor would also facilitate the redevelopment of Kalaeloa.

Wetlands restoration continues in the Heeia district under the guidance of our non-profit lessee, Kakoo Oihi, which is working with HCDA and the community to return more land to diversified agricultural uses. Kakoo Oihi converted 12 acres of wetland to loi (taro patches) and organic farms and 1.3 miles of historic roads have been restored. It is working on converting another 20 acres to loi, which would double the capacity of wetland taro being grown on Oahu, all while educating our keiki and helping the state reach its food security goals.



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 7,486 affordable rental and for-sale units statewide, and has a production plan in place to add approximately 6,701 more units by Fiscal Year 2020.

HHFDC enters into public-private collaborations to construct or preserve workforce/affordable housing to help stimulate the economy. 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.

Over the next several years, the HHFDC is focusing on reducing targeted regulatory barriers, strengthening financial tools, streamlining procedures and reorienting policies towards production.

Transit-Oriented Development is one of the biggest opportunities to sensibly direct growth and HHFDC is working closely with The State Office of Planning to identify state lands near transit stations. A higher density of mixed-use housing on state or county land can provide increased opportunities to live in vibrant communities, close to the public transit system.

HHFDC is exploring new ways to work more strategically and efficiently with the resources entrusted to us. A recent Housing Planning Study collected 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.





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 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 a co-lead agency to coordinate Transit Oriented Development (TOD) (with the Hawaii Housing Finance and Development Corporation) 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 and other counties to ensure TOD on State-owned lands are planned correctly and developed to address a number of State goals.

OP is also the lead agency for the Special Action Team on Affordable Rental Housing pursuant to Act 127, Session Laws of Hawaii 2016. In this role, OP leads and coordinates with housing departments within the State and counties to achieve goals that will deliver additional affordable rental housing throughout the State.



Hawaii Green Infrastructure Authority

gems.hawaii.gov

HGIA was constituted in 2014 to administer Hawaii's Green Energy Market Securitization (GEMS) Financing Program designed to make clean energy improvements affordable and accessible for a broader cross-section of Hawaii's ratepayers. 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. During the 2016 calendar year, HGIA began funding residential PV loans and approved a newly created commercial PV loan product. To date, the program has deployed some \$1.7 million in GEMS financing.

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 to create 80,000 new tech and innovation jobs earning more than \$80,000/year by 2030. This is accomplished by working with other agencies and the private sector in building the infrastructure, providing capital and developing the talent needed.

In FY2016, HTDC started 4 new programs and continued the progress with the Entrepreneurs Sandbox project:

- The Neighbor Island Innovation Initiative (NI3) program fills a void providing mentoring to tech and innovation companies and entrepreneurs on the neighbor islands.
- The Manufacturing Assistance Program (MAP) provides grants up to \$100k to help manufacturers expand their business through equipment, training, or energy efficiency.
- The Hawaii Small Business Innovation Research (HSBIR) program was expanded with grants up to \$500k to move companies past the research phase into product development.
- The Hawaii program for the U.S. Office of Naval Research (HONR) alternative energy project provides grants up to \$500k supporting innovation and moving Hawaii closer to achieving its clean energy goal.
- The Entrepreneurs Sandbox in Kakaako will be a one stop resource for tech and creative entrepreneurs to prototype their business ideas.

In addition, HTDC continues its existing programs, which 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 at technology innovation centers statewide, including the Manoa Innovation Center and the Maui Research & Technology Center. Technology business incubators support the transition from startup ventures to sustained businesses. The program also focuses on building partnerships with the private sector and entrepreneurial education. These 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 is federally funded by the U.S. National Institutes of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) to improve the capabilities of Hawaii manufacturers. HTDC's Hawaii Center for Advanced Transportation Technologies (HCATT) is recognized as a national leader in developing and demonstrating market readiness for alternative energy transportation technologies. With a \$20 million federal contract with Air Force Research Laboratory, HCATT leverages federal dollars to address the goals of the Hawaii Clean Energy Initiative through projects like the Pacific Energy Assurance Research Laboratory (PEARL).

To promote Hawaii's technology assets, HTDC works with the Hawaii Strategic Development Corporation (HSDC), DBEDT's Creative Industries Division and the FTZ9 (Foreign Trade Zone 9) to provide a comprehensive program from startup to manufacturing.

HTDC provides additional support to the innovation and technology industries by strengthening communication through its monthly networking event, WetWare Wednesdays.





Hawaii Strategic Development Corporation

hfdc.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, accelerators and investments. To date, HSDC's HI Growth Initiative has resulted in the launch of 55 companies from four award-winning accelerators and \$59 million in follow-on capital raised from investors. For further information, call: (808) 587-3830 or visit: hfdc.hawaii.gov





DBEDT
Statement of Operating Appropriations, Expenditures, and Encumbrances
For the Period July 1, 2015 - June 30, 2016

General Funds	Adjusted Appropriations	Expenditures & Encumbrances	Balance
BED 100 Business Development & Support Business Development & Support Division	1,785,521	1,785,449	72
BED 103 Statewide Land Use Management Land Use Commission	539,929	537,398	2,531
BED 105 Creative Industries Creative Industries Division	1,323,625	1,319,578	4,047
BED 120 State Energy Office	222,974	211,825	11,149
BED 128 Office of Aerospace Office of Aerospace	854,347	791,886	62,461
BED 130 Economic Planning & Research Research and Economic Analysis Division	1,104,126	1,099,621	4,505
BED 142 General Support for Econ. Development Office of Director & Admin. Services Office	1,873,373	1,847,100	26,273
BED 143 High Technology Development Corp. High Technology Development Corporation	1,085,141	1,080,868	4,273
BED 144 Statewide Planning & Coordination Office of Planning	1,299,758	1,277,615	22,143
Total General Funds (1)	8,789,036	8,673,725	115,311



DBEDT
Statement of Operating Appropriations, Expenditures, and Encumbrances
For the Period July 1, 2015 - June 30, 2016

Special & Revenue Funds	Adjusted Appropriations	Expenditures & Encumbrances	Balance
BED 107 Foreign Trade Foreign Trade Zone Special Fund	2,142,502	1,994,495	148,007
BED 113 Tourism Tourism Special Fund	93,232,691	83,601,467	9,631,224
Convention Center Enterprise Special Fund	15,629,628	13,759,902	1,869,726
BED 113 Total	108,862,319	97,361,369	11,500,950
BED 120 Environmental & Energy Development Energy Security Special Fund	4,794,148	4,484,641	309,507
Renewable Energy Facility Siting Special Fund	750,000	-	750,000
BED 120 Total	5,544,148	4,484,641	1,059,507
BED 143 High Technology Development Corp. High Technology Special Fund	3,791,430	1,829,910	1,961,520
BED 145 Hawaii Strategic Development Corporation Hawaii Strategic Development Revolving Fund	4,307,923	1,937,076	2,370,847
Hydrogen Investment Capital Special Fund	2,608,516	122,012	2,486,504
BED 145 Total	6,916,439	2,059,088	4,857,351
BED 146 Natural Energy Laboratory of Hi Authority Natural Energy Laboratory of Hi Auth. Special Fund	7,776,309	4,149,301	3,627,008
BED 150 Hawaii Community Development Authority (2) Hi Community Development Auth. Revolving Fund	766,945	463,439	303,506
Kalaeloa Community Dev. District Revolving Fund	425,797	277,175	148,622
BED 150 Total	1,192,742	740,614	452,128
Total Special & Revolving Funds (3)	136,225,889	112,619,418	23,606,471

(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.



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Department of Business, Economic Development & Tourism

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