



# ANNUAL REPORT 2024

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**TO THE HAWAI'I STATE  
LEGISLATURE**

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Prepared pursuant to Hawai'i Revised Statutes §201-10

**DBEDT**

STATE OF HAWAI'I • DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM

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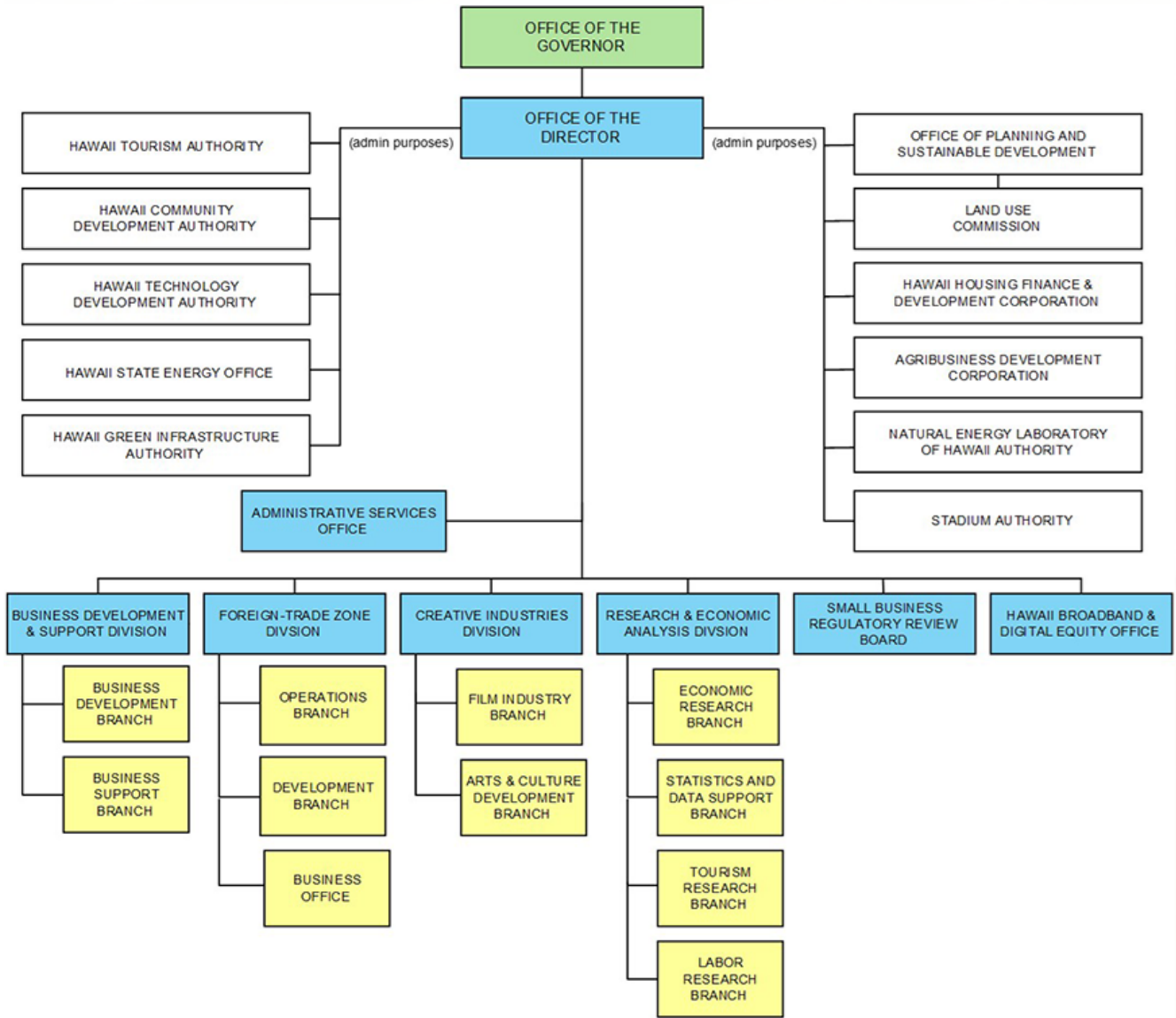
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# DBEDT Overview

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





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# Economic Framework & Strategic Vision

*The overall vision for the department is to expand the economy, reverse the brain drain, and grow the tax base. To create an economically sustainable Hawai'i, we remain focused on diversifying the economy by continuing to work on economic cluster strategies and supporting targeted and emerging industries. This work is also dependent on ensuring that the industries have the necessary infrastructure in place and that the associated workforce pipelines are developed.*

The Department of Business, Economic Development and Tourism (DBEDT) remains steadfast in its mission to create a resilient, diversified and sustainable economy for Hawai'i. Guided by the Governor's priorities and legislative mandates, DBEDT's strategic vision focuses on expanding key industries, addressing workforce needs and building the infrastructure necessary to support long-term economic growth.

Hawai'i's economy continues to evolve, driven by a comprehensive strategy that integrates **workforce development, infrastructure investment, regulatory streamlining, and capital formation**. Together, these pillars strengthen Hawai'i's economic foundation, enabling innovation and fostering opportunities for local businesses and residents.

## Workforce Development and Career Pathways

A thriving economy starts with a well-prepared workforce. DBEDT's strategic approach focuses on building cradle-to-career pathways in partnership with the Hawai'i Department of Education (DOE) and the University of Hawai'i (UH) system. Key initiatives include:

- Aligning curriculum with industry needs and integrating internship and apprenticeship programs in fields such as **energy, healthcare, creative media, and advanced manufacturing**.

## Infrastructure and Facilities

Supporting economic growth requires robust infrastructure. DBEDT has prioritized the development of **innovation hubs, advanced manufacturing facilities, and the Food and Product Innovation Network** to reduce startup risks and accelerate business growth.

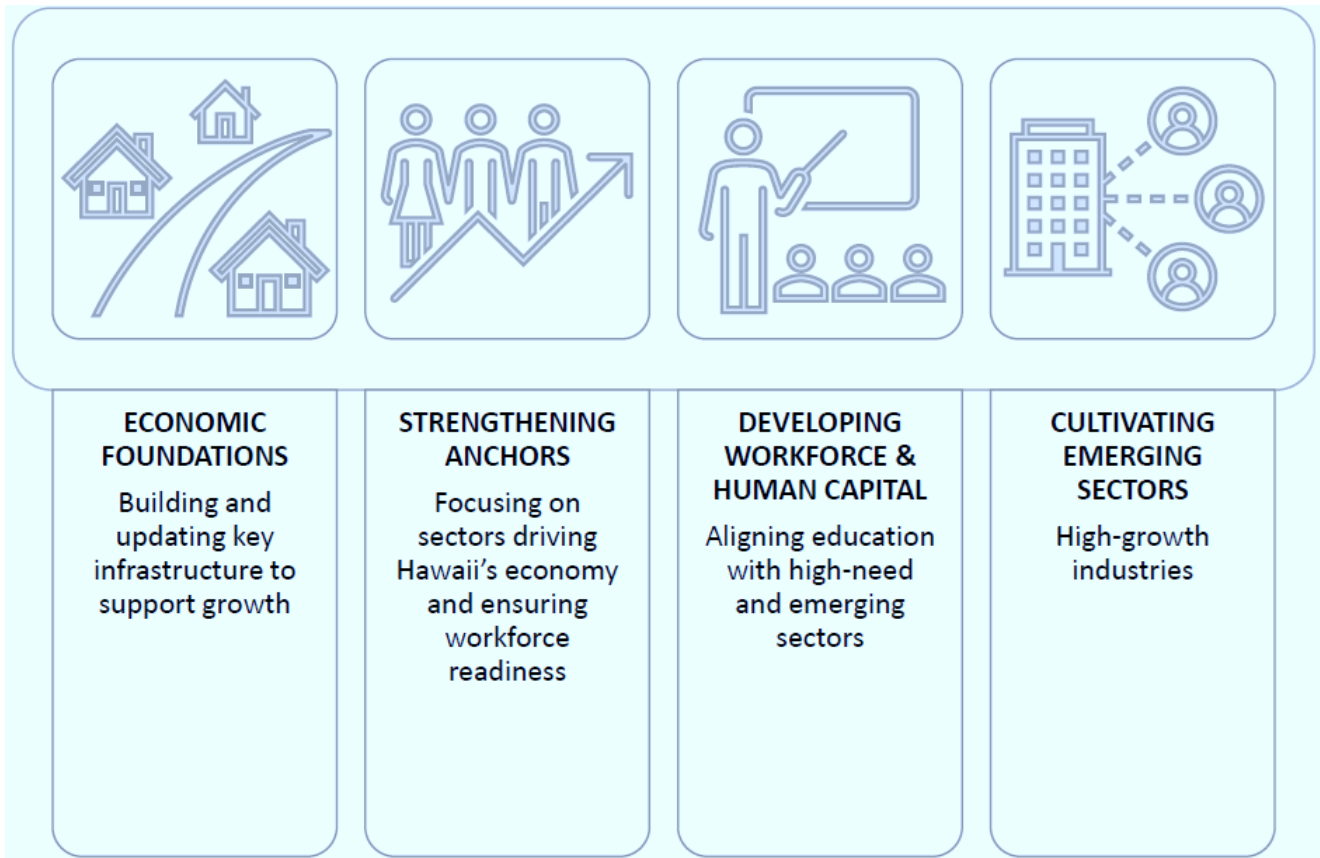
- These spaces enable companies to **commercialize ideas, scale production, and enhance export potential**, promoting Hawai'i's unique resources and the **Made in Hawai'i** brand.
- Efforts are underway to expand infrastructure for the creative industries, with planned investments in film studios, recording spaces and animation hubs to boost Hawai'i's creative economy.



## Policy and Incentives for Business Growth

Creating a supportive business environment is essential for entrepreneurship and innovation. DBEDT collaborates with its agencies and other partners to streamline regulations and layer incentives that drive growth.

- Programs like the **Enterprise Zones Program** and **Manufacturing Assistance Program (MAP)** support business expansion in targeted areas.



## A Dynamic and Diversified Future

Looking ahead, DBEDT will continue to focus on **diversifying the economy through key industries** such as **advanced manufacturing, creative media, technology, and agriculture**, while remaining responsive to emerging opportunities. By fostering public-private partnerships, investing in infrastructure, and expanding access to capital, DBEDT aims to create an inclusive and sustainable economy that benefits all residents of Hawai'i.

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# Hawai'i's Economy

Hawai'i's economy continued to recover in 2024. According to estimates by the U.S. Bureau of Economic Analysis, Hawai'i's real gross domestic product (GDP) during the first three quarters of 2024 reached \$90 billion as measured in 2017 dollars, 1.5 percent higher than the 2019 level of \$88.7 billion for the same period. While the non-tourism sector has fully recovered at 103.4 percent of its 2019 level, the tourism sector GDP remained at 95.5 percent of its 2019 level. By comparison, the U.S. economy has been fully recovered relative to pre-pandemic levels since the first quarter of 2021. During the first three quarters of 2024, U.S. real GDP was 12.6 percent higher than the same period in 2019.

According to data available as of January 30, 2025, the Hawai'i retail tax base was at \$36.4 billion year-to-date through September 2024, about flat versus the same period in 2023, the lowest growth rate during the past four years. Part of the slower growth was due to decreased visitor spending during the first nine months of 2024, which was down 1.7 percent compared with the same period in 2023. Related declines were seen in visitor arrivals (-1.7 percent), hotel rental tax base (-6.4 percent) and theaters and amusement services tax base (-11.8 percent) during the first nine months of 2024. As a comprehensive indicator of Hawai'i economic activities, the state general excise tax (GET) collections increased only 0.5 percent in calendar year 2024, a rate lower than the inflation rate and the lowest growth rate in the past four years.

In terms of total non-agriculture payroll jobs (not seasonally adjusted), the state added 5,550 jobs in calendar year 2024, 3.2 percent lower than the same period in 2019. The job count recovery rate for Maui County was at 88.3 percent in calendar year 2024 as compared with 2019, the lowest recovery rate among all counties. Honolulu County registered a recovery rate of 98 percent and Kaua'i County at 95.2 percent, while Hawai'i County fully recovered. In 2024, the state's 2.9 percent unemployment rate was lower than the national average of 4.1 percent. The total number of people employed either as payroll employees or self-employed was 651,300 (not seasonally adjusted) in 2024, representing a 97.4 percent recovery compared to 2019. The number of people who were unemployed and still looking for jobs dropped to 19,800 in 2024, a 1.0 percent drop from a year ago.

Statewide average weekly initial unemployment claims were down to 1,069 in 2024, lower than the average weekly unemployment claims of 1,176 in 2019.

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Total visitor arrivals, including arrivals by cruise ships, reached 9.7 million in 2024, an increase of 0.3 percent from 2023 and a recovery rate of 93.3 percent from 2019. These visitors spent \$20.7 billion, a 0.2 percent decrease from 2023 but 16.7 percent higher than 2019. Visitors from the continental U.S. accounted for 77 percent of total air visitors in 2024. U.S. visitor arrivals were 4.5 percent higher than 2019. International visitor recovery was at 64.9 percent with the Canadian market recovery at 80.2 percent and the Japanese market at 45.7 percent.

Hawai'i's construction industry has been growing continuously over the past decade and the total value of construction, as measured by the contracting tax base, is expected estimated to have reached \$13 billion in 2024. Construction payroll jobs reached 41,600 (not seasonally adjusted) in 2024, a record high in Hawai'i's history. The value of private building permits increased by 35.6 percent in 2024. The \$9.8 billion in government contracts awarded in calendar years 2022 and 2023 will have an impact for several years. During the first nine months of 2024, government contracts awarded totaled \$3.0 billion. All this data indicates the construction industry will perform well in 2025 and drive the economic growth of the state.

After declining 26 percent in 2023, Hawai'i home sales as recorded at the Bureau of Conveyance increased 18 percent during the first nine months of 2024 as compared with the same period in 2023. Sales of single-family homes increased 14.6 percent and sales of condominium homes increased 21.2 percent. The average sale price of single-family homes was \$1,104,784 during the first nine months of 2024, representing an 8.9 percent increase from the same period in 2023. The average sale price for condominiums was \$750,938, an increase of 2.4 percent from the same period a year ago.

The total number of bankruptcy filings was 1,191 in 2024, a 13.5 percent increase from 2023.

These economic recovery and growth trends were reflected in DBEDT's fourth quarter 2024 forecast, released on December 4, 2024. The forecast predicts that Hawai'i's real GDP growth will be 1.6 percent for 2024 and 2.0 percent for 2025. DBEDT expects visitor arrivals will recover to 92.7 percent and 97.8 percent of the 2019 level in 2025 and 2026, respectively. Full tourism recovery won't occur until 2027.



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# A Message from the Director

Aloha kākou,

2024 has been a year of resilience, growth and collaboration as we worked to strengthen Hawai'i's economy and support our communities through challenges and opportunities. The Maui Economic Recovery Commission (ERC) exemplified the strength of our community in times of need. In the aftermath of the devastating Maui wildfires, the Maui ERC developed economic recovery projects that are community-identified and -led collaborations, which complement and amplify many of the County's long-term recovery initiatives. The Maui ERC's dedication has laid the groundwork for recovery and renewal, embodying the resilience that defines Hawai'i.

The DBEDT Business Revitalization Task Force, established by Senate Bill 2974 from the 2024 legislative session and which consists of various government, industry and community leaders, has been working together to improve the economic landscape in Hawai'i – identifying methods to mitigate regulatory and tax burdens and other barriers to doing business in the state. The task force will report on its findings and recommendations to the Legislature prior to the 2026 session.

DBEDT's comprehensive strategic framework aims to facilitate curriculum-to-career pathways while addressing infrastructure needs. The department has remained steadfast in supporting strategic projects, policies and infrastructure that advance Hawai'i's renewable energy goals and prioritize innovation, fostering growth in technology-driven enterprises and startups that diversify our economy and inspire entrepreneurship. Hawai'i's rich cultural heritage remained a cornerstone of our work. Through various programs, we have supported initiatives like the workforce development partnerships with the culinary and healthcare sectors, to ensure they thrive for generations to come.

In previous years, this report included DBEDT's Act 100 updates. However, these updates are now presented as a stand-alone report to provide a more detailed overview of the department's goals and strategic framework, while the Annual Report focuses on the outcomes of those objectives.

At DBEDT, we remain committed to building a resilient, sustainable and inclusive economy that benefits all residents of Hawai'i. Thank you for your support and collaboration in these endeavors.

Mahalo nui loa,



James Kunane Tokioka  
Director  
Department of Business, Economic Development and Tourism

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# **DBEDT Core Divisions**

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# Business Development & Support Division (BDSD)



## Program Overview

The Business Development and Support Division (BDSD) of DBEDT encourages industry growth and economic diversification by supporting existing and emerging industries in Hawai'i. The division facilitates new investment and business opportunities within the state, prioritizes workforce development in strategic sectors, and promotes international business development and relations to position Hawai'i as a competitive global player.

## 2024 Highlights

### Hawai'i State Trade Expansion Program (HiSTEP)

Funded in part through a grant from the Small Business Administration (SBA), HiSTEP is a comprehensive export development program designed to help Hawai'i companies expand by selling their Made in Hawai'i products and services worldwide. Two key projects include:

- **Hankyu Hawai'i Fair at Hankyu Department Store**
  - In July 2024, DBEDT and 60 Hawai'i companies celebrated the **10<sup>th</sup> Anniversary** of the Hankyu Hawai'i Fair at the Hankyu Umeda Department Store in Osaka, Japan. The twelve (12) day consumer/department store fair featured a wide range of food and authentic Hawai'i-made products.
  - This year's Fair generated a **record \$2.4 million in total revenue**, attracting **more than 200,000 Japanese customers** who traveled from as far away as Hokkaido and Kyushu to meet the Hawai'i company owners, artists and restaurant owners.
  - To increase the return on investment from the Hawai'i Fair, DEBEDT introduced the **Hawai'i Life e-commerce and external fairs platform**, enabling businesses to reach customers beyond Osaka and expand their market presence.



## HiSTEP Program: Total vs Average Comparison

Total (2012 - 2023)		Average Per Year
6.9	SBA Grants Received	0.6
<b>Over 1,600 Hawai'i Companies assisted through Trade and Consumer Shows, Training and Financial Assistance</b>		
75	Trade and Consumer Shows	6
100	Export Training Sessions	10
1.5	Financial Assistance	0.125
<b>Economic Impact (total over 12 years), since implementation of the program</b>		
156	New Export Sales Generated	13
258	Economic Impact	21.5
10.8	State Taxes Generated	0.9

- ### • Tokyo International Gift Show (TIGS)

- Tokyo International Gift Show (TIGS) is one of DBEDT's flagship export initiatives, serving as a B2B trade fair featuring about 3,000 exhibitors and attracting over 230,000 visitors to the show.
  - In September 2024, the State of Hawai'i hosted its 13<sup>th</sup> Hawai'i Pavilion, showcasing products from more than 45 Hawai'i-based.
  - Since 2012, this collaboration has generated more than \$72 million in actual and projected sales from 2012 to 2023, with recent shows averaging more than \$7 million per year.



## Business Conferences and Fairs

- **Made in Hawai'i E-Commerce Conference (February 21, 2024)**
  - **Nearly 400 attendees** participated in DBEDT's inaugural "Made in Hawai'i Presents: Your Future in E-Commerce" conference on February 21.
  - The event featured various sessions and panels, including industry leaders from Amazon and Shopify who shared tips and insights on how Hawai'i manufacturers and retailers can succeed in the e-commerce world.

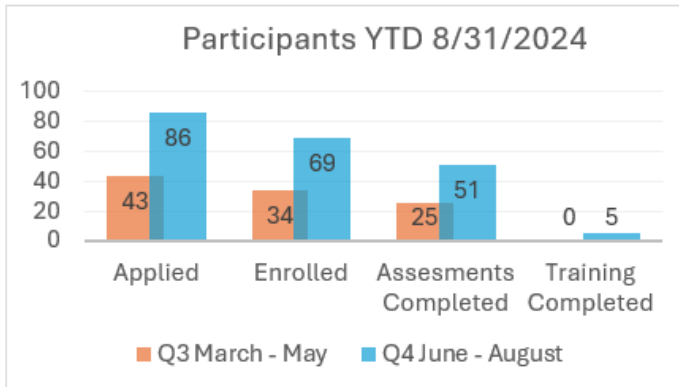


- **The 2024 Hawai'i AI & Cloud Innovation Summit (August 21, 2024)**
  - The inaugural Hawai'i AI & Cloud Innovation Summit, presented by DBEDT and its partners at the City and County of Honolulu, Office of Hawaiian Affairs and the Chamber of Commerce Hawai'i, was held on August 21, 2024, at the Hawai'i Convention Center. The sold-out event drew more than 650 registrants.
  - The conference focused on AI and cloud challenges and opportunities, enhancing productivity, customer experiences, workforce development, and addressing ethical issues related to AI in business.

- **Hawai'i Small Business Fair (September 28, 2024)**
  - This annual DBEDT-organized event was held at Leeward Community College, attracting more than **300 entrepreneurs** throughout the day.
  - **Over 20 classes** expert-led classes covered a wide range of topics, including how to start a business, organizing and strengthening finances, and expanding markets beyond Hawai'i.
  - There were also **32 exhibitors** offering a range of programs and services to support small business growth, including bank loans, financing options, technical assistance and business development. In just one Saturday morning, business owners and entrepreneurs gained access to a wealth of business resources and training.



## Cyber Safe Hawai'i Program



Funded by a **\$936,500 grant from the Small Business Administration (SBA)**, BDSB established Cyber Safe Hawai'i to offer Hawai'i companies cybersecurity awareness training, technical assessments of IT systems to identify vulnerabilities, penetration testing to validate security, and resources for those interested in implementing security measures. This program is aimed at all Hawai'i businesses and

non-profits with 50 or fewer employees. **To date, 70 companies have enrolled, and more than 50 have completed their IT assessments** and started their online training.

## Community Based Economic Development (CBED) Program

The **CBED program currently has 16 active loans using Economic Development Administration (EDA) funds to support small businesses and approximately 200 jobs in economically challenged areas across Hawai'i.** The program leverages EDA and state matching funds to enable co-lending opportunities with mission-aligned organizations. CBED has Memorandums of Agreement (MOAs) and co-lending loans with the Hawai'i Department of Agriculture (HDOA), Hawai'i Community Reinvestment Corporation (HCRC), Feed the Hunger Fund (FTHF) and the Wai'anae Economic Development Council's (WEDC) Pakini Loan Fund. As of March 2024, the CBED-EDA Revolving Loan Fund (RLF) had completed its \$1 million draw-down of EDA funds, matched with \$250,000 in CBED funds for a total of \$1.25 million; this amount was further matched by more than \$1 million in loan funds from co-lending partners. CBED focuses on lending to Hawai'i manufacturers, wholesalers, and agricultural and value-add agricultural production businesses. Fourteen of the CBED borrower companies are located in State Enterprise Zones: eight (8) in located in rural areas of the state; seven (7) are woman-owned; four (4) are Native Hawaiian-owned; and one is veteran-owned.



## Enterprise Zones (EZ) Program

- The Hawai'i Enterprise Zones (EZ) Program, established within DBEDT by the Hawai'i State Legislature, is designed to help stimulate specific types of business activity and increase



employment in targeted areas of the state. The EZ Program is a significant economic development tool bringing business and employment opportunities to the residents of economically challenged areas of Hawai'i. Eligible businesses that meet EZ hiring requirements are exempt from the Hawai'i General Excise Tax (GET) on eligible revenues and may claim partial personal or corporate non-refundable income tax and state unemployment premium credits for up to seven consecutive years. Eligible businesses also qualify for a GET exemption on work done at their site by a Hawai'i state-licensed general contractor and licensed subcontractors.

- In 2022, EZ companies reported 855 new or retained jobs statewide. The business activities that reported the greatest number of jobs in the EZ Program were, in order, 1) Agricultural Production or Processing, 2) Manufacturing, and 3) Wholesaling. An important metric for the program is the number of jobs maintained or created in exchange for the foregone state tax revenue. This varies from year to year but usually ranges between \$1,000 and \$2,000 per job.



## **Workforce Development**

BDSD is managing the Culinary Workforce Development program while finalizing contract execution of the Healthcare Workforce Development program. The division is also establishing an Entrepreneurship Workforce Development program to foster economic growth and innovation in Hawai'i.

- **Culinary Workforce Development**



- BDSD received \$2,000,000 in state funds to implement a workforce development program. Beginning in Fall 2024, the Culinary Institute of the Pacific (CIP) and Kapi'olani Community College collaborated with the Culinary Institute of America (CIA) to launch a professional development program for chefs and aspiring culinary professionals. Programming includes courses emphasizing cuisines from Asia, the Pacific Rim, and Latin America.

- The **first two cohorts successfully completed their weeklong courses** focusing on ‘āina-based Mediterranean cuisine and plant-based Hawaiian themes. Future classes are scheduled for Spring, Summer and Fall 2025.
- **Cohort 1 included 16 participants** from a variety of food service establishments such as hotels, restaurants, and the military. **Cohort 2 enrolled 15 participants** from similar demographics with instructors from Windward Community College and Hawai‘i Community College.
- **Healthcare Workforce Development**
  - To address the statewide healthcare staffing shortage, BDSB received \$1.45 million in state funds through Act 089, SLH 2024. These funds are being used to partner with the Healthcare Association of Hawai‘i to implement two healthcare workforce development programs:
    1. **Public High School Healthcare Workforce Certificate Program** addresses the entry-level healthcare workforce shortage by certifying high school students in high-demand health professions with transition-to-employment support. These professions include certified nurse aides, medical assistants, phlebotomists, and patient service representatives.
    2. **CNA-to-LPN Glidepath Program** is an earn-and-learn pathway that supports employers by enabling current certified nurse aids (CNAs) to pursue education to become licensed practical nurses (LPNs) while remaining employed. With current LPN programs producing only 30 graduates per year, this program addresses the critical need for LPNs statewide.

**Office of International Affairs (OIA)**

The OIA supported several international initiatives during the Fiscal Year 2024 period:

- **Conferences and Seminars**
  - **Hawai‘i-Philippines Sister Province Symposium.** DBEDT, in partnership with the Filipino Chamber of Commerce of Hawai‘i (FCCCH) and supported by the Philippine Consulate General of Honolulu and Hawai‘i-Philippines Business Economic Council, hosted the



Hawai‘i-Philippines Sister Province Symposium on March 13, 2024 at the Hawai‘i Convention Center. The goal was to strengthen and maximize opportunities created by sister province relationships between Hawai‘i and the Philippines. Leaders from government, business, culture, community and educational sectors participated in panels and discussions covering an array of topics, including workforce development, import-export opportunities, sustainability, energy and infrastructure, and tourism.

- ***Hawai'i Business Roundtable.*** In conjunction with the U.S.-Japan Council's (USJC) Annual Conference in Tokyo, Japan, from October 30 – November 1, 2024, DBEDT hosted a Hawai'i Business Roundtable. The event attracted more than 70 participants representing government, business, and non-profit sectors from Japan, the continental U.S. and Hawai'i, while the overall conference attracted 700 attendees.

- DBEDT also successfully secured the 2025 conference in Honolulu from October 14-17, 2025. The event is expected to attract nearly 1,000 attendees from Japan, the continental U.S. and Hawai'i.



- DBEDT hosting the Hawai'i Business Roundtable in Tokyo was a strategic decision to generate ideas, excitement and momentum as a precursor to the 2025 conference in Hawai'i. The roundtable encouraged dialogue between Hawai'i and Japan business executives and government officials, focusing on how Japanese companies can expand their interests in Hawai'i. Both Japan and Hawai'i can overcome economic, social and political challenges and there should be synergies between the two jurisdictions to succeed.



- **Missions and Events**

- ***Supported the Innovative Transportation Safety Solutions in New York City (NYC) and Europe Study Tour in collaboration with the State Department of Health.*** Participants gained a comprehensive understanding of transportation and land use policies central to Vision Zero initiatives, emphasizing integrating safety into planning and development. The tour also showcased exemplary practices and leaders in the built environment, inspiring local action and policy adaptation.



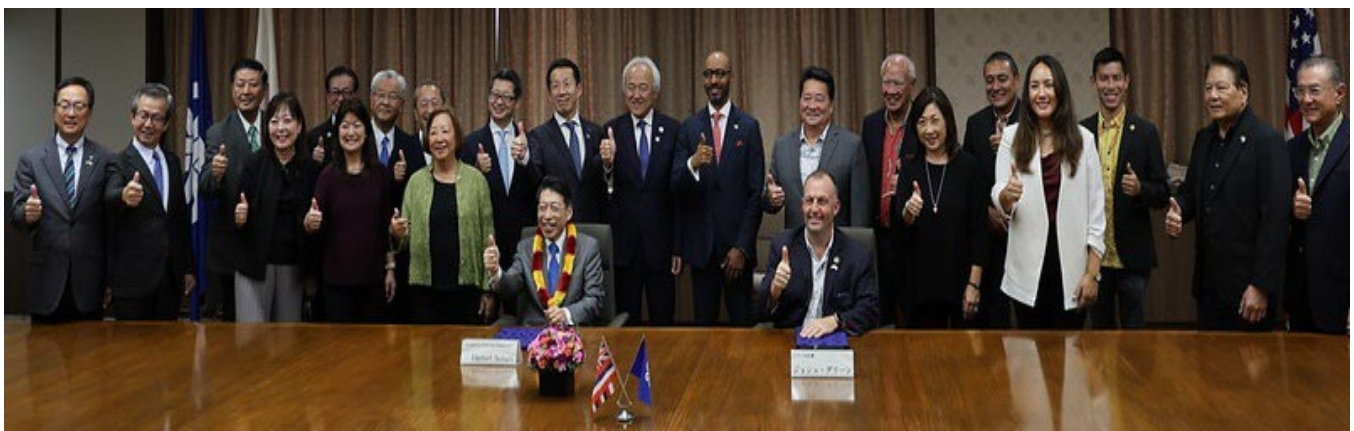
- **Planned and organized a delegation from Hawai'i to support the premier of Peace on Your Wings**, a musical presentation that debuted in Hawai'i and on the continental U.S. and showcased in Hiroshima, Japan. This cultural presentation by talented Hawai'i students portrayed messages of peace, hope and resilience with inspiration from Sadako, whose story is depicted in this production.
- **Governor Josh Green and First Lady Jaime Kanani Green led a delegation for the Hawai'i Export Promotion and Sister-State Mission to Japan, September 2 - 11, 2024.** On September 5, 2024, U.S. Ambassador Rahm Emanuel hosted a Hawai'i Export Promotion reception at his residence, where approximately 200 business representatives from Hawai'i and Japan networked and connected for trade and investment with Japan.
- **Another BDSB major initiative is promoting Sister-State relationships.** These relationships were established from mutual objectives promoting people-to-people relationships through education, cultural, sports, diplomatic and economic exchange opportunities. Hawai'i's first sister relationship with Fukuoka, Japan, has set the tone for continued engagement with other regions
  - DBEDT is mandated to manage and facilitate opportunities through cultural organizations, academic institutions, sports-related programs and government-to-government initiatives that promote peace, sustainable development and building globally astute citizens through the sister-state program.
- **Strengthening the Hawai'i-Hiroshima Relationship.** Governor Hidehiko Yuzaki welcomed the Hawai'i delegation during a traditional reception with a unique cultural performance. He also welcomed the delegation to the prefectural government offices along with representatives from the Hiroshima Prefectural Assembly members.



- **Strengthening the Hawai'i-Ehime Relationship.** The Hawai'i-Ehime sister-state relationship began as a result of the tragic accident of the Ehime Maru in Honolulu waters. Although it was an unfortunate situation with the loss of young lives, the Ehime Prefectural Government believes that it is a time of healing through the sister-state relationship. Governor Green visited Matsuyama South High School and learned about the opportunities for educational exchanges with students in Hawai'i.



- **Strengthening the Hawai'i-Fukuoka Relationship.** Established as Hawai'i's first sister-state relationship, Fukuoka and Hawai'i have engaged in educational exchanges, high school sports programs, and culinary arts collaborations over the past 40 years. During the visit to Fukuoka, Governor Green and Governor Seitaro Hattori signed a Memorandum of Understanding under the One Health Initiative, focusing on human and animal health, climate change, ocean pollution, and the desire to take a holistic approach to address these challenges.





- **State of Hawai'i Overseas Offices**

- The State of Hawai'i operates two overseas offices in Beijing (SHOB) and Taipei (SHOT), strategically located to enhance Hawai'i's international presence and foster diplomatic, economic, and cultural relations in Greater China. These offices play a critical role in advancing Hawai'i's interests abroad, focusing on sectors such as trade, education, and international cooperation. Throughout the year, the offices have worked to strengthen partnerships with Asia markets, promote Hawai'i-made products, attract investment and business opportunities, and introduce Hawai'i as a study destination for international students.

- In 2024, SHOB partnered with HTA to organize a **trade mission to Shanghai and Beijing**,



aimed at fostering economic ties and expanding business opportunities between Hawai'i and China. The delegation led by Senator DeCoite, Representative Quinlan and Representative Holt, engaged with key industry leaders and explored potential partnerships in both cities. SHOB is also actively working with Hainan Airlines and Hawaiian Airline/Alaska Airlines to resume and secure a direct flight from Beijing to Hawai'i.

- SHOT is also working actively with China Airlines and Starlux Airlines to reestablish a direct



flight from Taipei to Hawai'i. SHOT supported the Hawai'i Coffee Association at the 2024 Taiwan International Coffee Show, assisted 362 Taiwan delegates in attending the 13<sup>th</sup>



**Festival of Pacific Arts**

and Culture in Hawai'i, and facilitated a **school visit and student**

**exchange program between St. Louis High School and Nanshan High School.**

- In a concerted effort to strengthen and link the offices' initiatives with market opportunities, both overseas offices established an advisory group to provide strategic guidance and support in advancing key diplomatic, economic, and education goals.



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# Creative Industries Division (CID)



*On the set of Rescue: HI-Surf, shot on the north shore of O’ahu (Photo credit: Patrick Ecclesine/FOX)  
L-R: Alex Aiono, local actor Kekoa Kekumano (center) and Adam Demos on FOX. ©2024 Fox Media LLC.  
Rescue: HI-Surf has completed its first season of 19 episodes, hiring more than 3,863 Hawai’i residents  
and generating an estimated Hawai’i expenditure of \$48.29 million.*

## Program Overview

The Creative Industries Division (CID) in DBEDT is focused on the development and growth of Hawai’i’s creative economy through four initiative areas: workforce and skills development pathways; ecosystem expansion through regional facilities and infrastructure; access to investment capital for local creative entrepreneurs to thrive; and policy development to spur creative sector economic development. Hawai’i’s creative economy is anchored by its film and television production industry as well as performing and visual arts, cultural arts, music, publishing, design, animation, interactive and immersive media. Comprised of the Hawai’i Film Office (HFO), which was established in 1978, and the Arts and Culture Development Branch (ACDB) established in 2003, the two branches support the CID vision to increase the business-to-business, entrepreneurial capacity, and growth of the state’s creative clusters, while strengthening Hawai’i’s position as a hub for creative, cultural and media development.

In calendar year 2023, the Hawai’i film industry generated \$211.32 million in production expenditures. This total includes both productions that qualified for the state film tax credit and those that did not. Using an input-output model, the industry’s total economic impact was approximately \$365.58 million in direct or induced activity and about \$22.82 million in tax revenues generated by the initial production spend in the islands. The estimated total spend and economic impact for calendar year 2024 is currently in review and will be provided in 3<sup>rd</sup> quarter of FY25 once all data from qualified and non-qualified production spending has been collected.

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### **Hawai'i Film Tax Credit (HRS 235-17)**

As an internationally recognized production destination, Hawai'i is strategically positioned to be a U.S. leader in the global creative digital economy. The state's unique multicultural identity supports creative arts as a key factor in economic diversification and revitalization, demonstrated by the growth of locally produced content for export. CID is committed to strengthening Hawai'i's film credit program to maintain global competitiveness, attract new business to the state, develop the local workforce and increase demand for infrastructure development.

### **2024-25 Outlook: Effects of Film Industry Strike & Pandemic**

In 2023, entertainment industry labor union strikes impacted local film industry workers, particularly those involved in television and streaming productions. The Alliance of Motion Picture and Television Producers (AMPTP), Writers Guild of America (WGA) and Screen Actors Guild-AFTRA reached agreements in late fall 2023, allowing productions to resume in December. However, the economic fallout continues to affect film markets worldwide, including Hawai'i. The Hollywood studio system is experiencing deep structural economic challenges that impact all production hubs, including Hawai'i. This downturn is reflected in lower production activity and a decrease in tax credit applicants. Hawai'i's film industry also experienced the heartbreaking exit of CBS's hit show *NCIS Hawai'i*, which had become an integral part of the Hawai'i production community. However, the industry also saw new opportunities with the launch of John Wells' *Rescue: HI-Surf* on FOX. The series has created hundreds of new jobs and generated nearly \$32 million in wages for local residents, contributing more than \$114 million in overall economic activity for the state. The Hawai'i Film Office will also continue to support many smaller projects and independent feature films, ensuring a diverse range of productions that sustain and grow the local film industry.

## 2024 Highlights

### **Creative Economy Statistics**

According to the 2024 Creative Industries Report by the Research & Economic Analysis Division (READ), Hawai'i's creative economy comprises 55,619 jobs, representing 6.3% of the state's total civilian jobs. These industries generated \$5.6 billion in gross domestic product (GDP), accounting for 5.3% of the state's total GDP. Based on the North American Industrial Classification System (NAICS) codes, the film, TV, video production/distribution creative sectors are among the highest-performing areas, showing job growth with average annual wages of \$95,551.

### **Creative Skills and Workforce Development: UH Good Jobs Hawai'i Initiative**

- CID is leading the creative sector component of Good Jobs Hawai'i (GJH), a federally funded initiative to strengthen the state's creative economy. As a sub-awardee of the Economic Development Administration (EDA) grant awarded to the University of Hawai'i, CID

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established the Creative Industries Sector Partnership (CISP) in 2023. This industry-led collaboration brings together creative sector leaders, educators—including the Hawai‘i Department of Education (HIDOE) Career and Technical Education (CTE) program, the University of Hawai‘i Community Colleges (UHCC), and UH Mānoa—and community partners to address workforce challenges in fields such as film, television, digital media, design, UX/UI and esports. Following the establishment of the Steering Committee in September 2023 and the full Sector Partnership in November 2023, CID launched creative sector training and certification programs through UHCC in spring/summer 2024. CID is actively facilitating internships and on-the-job training (OJT) opportunities to connect program graduates with career pathways in Hawai‘i’s creative industries.

- By the program’s end, the initiative aims to solidify Hawai‘i’s capacity to respond to creative industry workforce needs through strategic collaborations with educators, employers, and organizations, such as the Chamber of Commerce Hawai‘i, AE Consulting, and the Maui Economic Development Board. The establishment of the Creative Industries Sector Partnership has been a foundational success, enabling industry-led guidance to shape workforce development efforts. Additionally, the program has gained valuable experience in collaborating with the UHCC system to implement third-party training programs directly informed by industry needs—pioneering an approach that aligns education with real-world opportunities in the creative economy.
- CID is collaborating with industry employers, labor unions, and workforce organizations to develop sustainable career pathways in the creative sector. With improved access to high-quality training and OJT opportunities, the program aims to increase economic mobility for Hawai‘i residents while positioning the creative industries as a cornerstone of the state’s diversified economy.

### **Creative Lab Hawai‘i Music Licensing Program**

- Creative Lab Hawai‘i (CLH) was founded to develop the business acumen of our local filmmakers and expand the export of creative content and products, providing Hawai‘i’s creative entrepreneurs a foundation for success. Each year, CLH offers mentorship from industry leaders through workshops and intensives in media, including the Creative Lab Music Immersive (CLMI) program, held annually on Hawai‘i island, where participants gain direct access to decision-makers in music licensing for film, television and advertising.

*Creative Lab Music Immersive (CLMI) Fellows Jenny Yim (L) and Stephen Henderson (R) co-writing and recording an original song to pitch for sync licensing for film, television, and global advertising during the 2024 Creative Lab Hawai‘i Music Immersive, Hawai‘i Island. (Photo credit: Sarah Anderson)*





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- CLMI, a component of CID’s Creative Lab Hawai’i CLH program, engages Hawai’i’s singer-songwriters in generating new and lucrative revenue streams for their music, exporting their creative IP, and understanding the business of music licensing. Participants collaborate with leading music industry professionals and explore opportunities for sync licensing for film, streaming, television and advertising.
  - Since its launch 2016, the CLMI has created a library of more than 80 original songs and secured over 85 music placements in major film, television, streaming and advertising opportunities. Sync licensing placements include ABC’s Grey’s Anatomy and The Rookie, NFL on Fox, Samsung, Netflix’s Selling Sunset and The Last Summer, Freeform Network, NHL Network, and more. *(Note: The CLMI was on a hiatus from 2020 – 2022 due to the COVID-19 pandemic and was affected by the actors and writers strikes in 2023.)*
  - Throughout 2024, CID and CLH provided mentorship support to organizations across the creative sector. Industry leaders from acting, writing, producing and animation shared expertise to help participants navigate the business of the global media, film and music industries. Collaborative partners in 2024/FY25 included Pacific Islanders in Communications, ‘Ohina Labs and Showcase, Hawai’i Women in Filmmaking (HWIF), International Culture and Arts Network (ICAN), Hawai’i Filmmakers Collective (HFC), Hawai’i International Film Festival (HIFF), Sundance x Hawai’i Indigenous Lab, and X in a Box: Story Xperiential. To further empower growth, CID provided nearly 150 hours of in-kind CreativeSpace usage to non-profit organizations and film students from UH, totaling nearly \$47,000 in in-kind sponsorship.

### **Infrastructure and Facilities Development**

As outlined in HCR 184, DBEDT and CID were tasked with leading a Creative Innovation Working Group, bringing together education and industry leaders to explore and assess the challenges and opportunities in growing Hawai’i’s fashion and music industry sectors. The working group’s focus areas include education and career pathways, investments in infrastructure, facilities and equipment, workforce development and training, access to funding and capital, export assistance, incentives and policies, and strategic partnership organizations to align curriculum with career opportunities. The Creative and Innovation Working Group report, submitted to the Legislature, details the progress, findings, and recommendations to strengthen Hawai’i’s creative economy by fostering a more robust network of creative entrepreneurs in these emerging sectors.

### **CreativeSpace/Creative Hub Initiative**

- In partnership with the Hawai’i Technology Development Corporation (HTDC) and the Foreign Trade Zone (FTZ) division, CID launched two creative co-working spaces to provide local startups with dedicated spaces for their ventures. The Homer Maxey Center’s second floor and Entrepreneurs Sandbox CreativeSpace Studio and Collaboration Space offer production and networking spaces to support Hawai’i creatives in growing their businesses and producing content.
- CID is also partnering with the counties with projects planned on Kaua’i, Hawai’i Island, Maui, and the Leeward coast of O’ahu, including developing the potential creative facilities. Projects to date include the Kaua’i Creative Technology Center (KCTC) and exploring HTDC’s options at the Maui Research and Tech Center (MRTC) and the Leeward Coast initiative on O’ahu. These



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facilities address key findings from the Act 184 report, providing short-term and long-term opportunities to develop a statewide network of creative and innovation hubs that drive economic growth and industry development.

### **Kalaeloa Stages**

In addition to the Hawai'i Film Studio facility at Lē'ahi (Diamond Head), DBEDT manages the Kalaeloa Stages under a license agreement with the U.S. Navy. The 13-acre property located at Midway and Enterprise Avenue has provided essential production infrastructure since 2017. The facility includes over 100,000 square feet of stage space, 80,000 square feet of prop, wardrobe, and related storage, as well as an onsite mill that supports multiple streaming, television and feature film productions. Until a purpose-built facility is established in West O'ahu, Kalaeloa Stages remains essential for sustaining Hawai'i's film and television production industry, providing space for major productions while supporting local workforce employment and industry growth.

### **Hawai'i Film and Creative Industries Development Fund (HRS 201-113)**

The Hawai'i Film and Creative Industries Development Fund was enacted by the Legislature in SLH 2021 and expanded in SLH 2022 to allow the deposit of rental income from DBEDT-managed media facilities. The fund provides much-needed capital for productions in film, media, game development and interactive media from early development through completion. By increasing access to local capital resources, HRS 201-113 aims to grow the state's locally originated content industry and support the development of intellectual property (IP) for digital export. Through a Request for Proposal (RFP) process, the Phase I Call for Submissions was issued in December 2024 to provide seed funding for short films, feature films, development, post-production and finishing funds for locally produced creative projects. A total of \$400,000 has been committed in this first phase to strengthen and expand Hawai'i's creative content industry.

### **Digital Transformation of CID Systems**

- The DBEDT tax credit hub/registration system was completed in Q2, FY23, with the reporting module launched in Q3, FY23. Transitioning from a paper-based system to a web-based platform has improved communication with productions, streamlined the application submission and review process, and enhanced report generation. Due to the success of the Hawai'i film tax credit hub, the same digital framework will be implemented for the Hawai'i Film Office Permitting and Research & Development Tax Credit programs.
- CID also established a dedicated Tax Credit Unit to manage the day-to-day operations of the department's film tax credits. The unit consists of an Accountant V and a Film Development Specialist V, responsible for intake, review, online system improvements, data reporting and tax credit certification under HRS 235-17, the Motion Picture, Digital Media and Film Production Tax Credit Program. The team also supports HTDC in administering the Hawai'i Research and Development Tax Credit. The CID administrator oversees the unit and the team collaborates with DBEDT's Research and Economic Analysis Division (READ) and DOTAX.

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# Foreign Trade Zone (FTZ)

## Program Overview

The mission of the Foreign-Trade Zone Division (FTZ) of DBEDT is to encourage value-added and international trading activities to create new investment and job opportunities in Hawai'i through a statewide Foreign-Trade Zone program that reduces the barriers and costs associated with international trade.



FTZ administers the federal grant of authority, issued in 1965 to the State of Hawai'i, for the Foreign Trade Zone No. 9 (FTZ9). In 2018, under provisions by the federal Foreign-Trade Zones Board regulations, FTZ9 restructured and received authorization to operate under the Alternative Site Framework (ASF). This reorganization eliminated the requirement to establish FTZ sites solely within industrial or technology parks, granting the program greater flexibility to identify and work with any eligible company within the authorized Zone Project area to obtain FTZ authorization and to operate as an FTZ regardless of location. Additionally, as the designated grantee, the FTZ ensures compliance with U.S. Customs and Foreign-Trade Zones Board regulations at all activated sites across the state. The division also serves as the liaison with the Foreign-Trade Zones Board in Washington, D.C., and U.S. Customs and Border Protection (CBP).

## 2024 Highlights

### FTZ9 Operations

The FTZ Division markets the FTZ program and provides technical advice and direction to potential users. In addition, the division also operates a general-purpose zone at the Pier 2 facility, offering businesses that import and export merchandise to access FTZ benefits at the shared-use facility. This prime waterfront location is adjacent to the state's main international container cargo terminal, the vibrant Kaka'ako district, the Prince Jonah Kūhiō Kalaniana'ole Federal Building, O'ahu's main passenger cruise ship terminal facility and the downtown Honolulu business district. This seven-acre site provides over 500,000 cubic feet of warehouse storage with a full range of warehouse services.

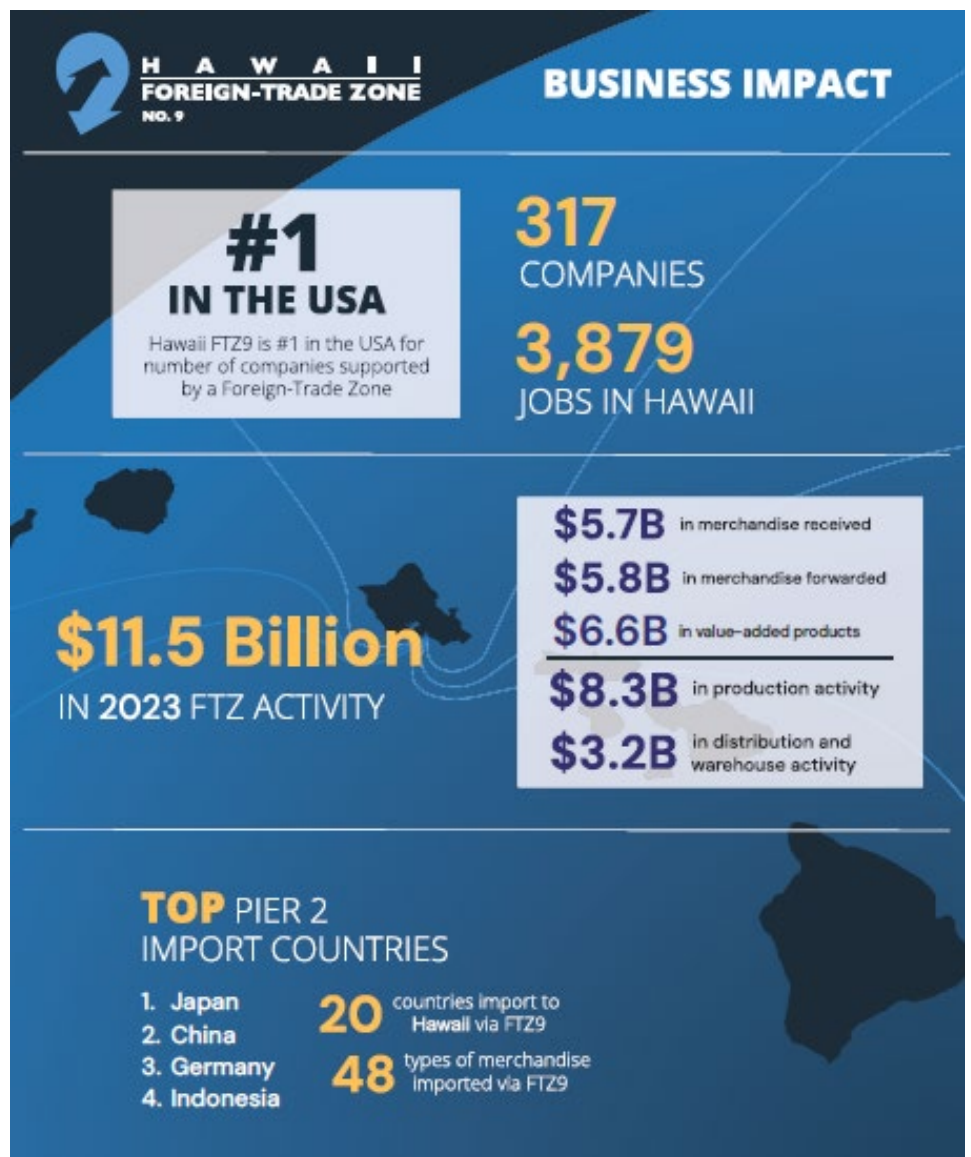
### Incubator Space

The Pier 2 facility also offers incubator office space for companies that import, export, or offer international trade support services. FTZ9 operates over 48,000 square feet of office space at this location, housing businesses such as customs brokerage houses, logistics providers, shipping agents, and small business start-ups that lack the capital for sufficient warehousing and container logistics. By concentrating international trade-related resources in a single location, FTZ9 aims to facilitate business formation, improve coordination in Hawai'i's international trade community, and drive growth in international trade activity in Hawai'i.

### FTZ9 Impacts

The FTZ program plays a critical role in all levels of international trade in Hawai'i, allowing local companies to leverage its benefits to compete successfully in national and international markets.

According to the more recent Foreign-Trade Zone Board Annual Report to Congress, 317 firms used FTZ9 in Hawai'i, handling nearly \$11.5 billion in merchandise through FTZ procedures and creating nearly \$6.6 billion in value-add products for distribution both domestically and internationally. Companies using the FTZ program reported 3,878 jobs associated with FTZ activity in Hawai'i. Exports from activated FTZ9 sites totaled over \$518 million, and capital improvement expenditures within the state's FTZs were over \$103 million.



### **FTZ9 Pier 2 Facility**

The FTZ9 Pier 2 General Purpose Warehouse plays an important role in supporting the local economy by providing essential resources for smaller operations that rely on the shared-use facility to operate. Many of these companies lack the capacity or financial resources to lease private warehouse space, hire personnel to pack and unpack shipping containers, or manage multi-SKU product inventory. By managing warehouse operations at Pier 2, FTZ9 allows these businesses to focus on growth. The FTZ9 Pier 2 facility handled nearly \$46 million in cargo, a 32% increase from the previous reporting year. A total of 48 different product categories were imported from 20 different countries, with the top commodities originating from Japan, China, Germany and Indonesia. These imports included vehicles, consumer products, plastics, equipment and footwear. FTZ9 reported that 313 companies utilized the Pier 2 facility, supporting 3,027 across the state.

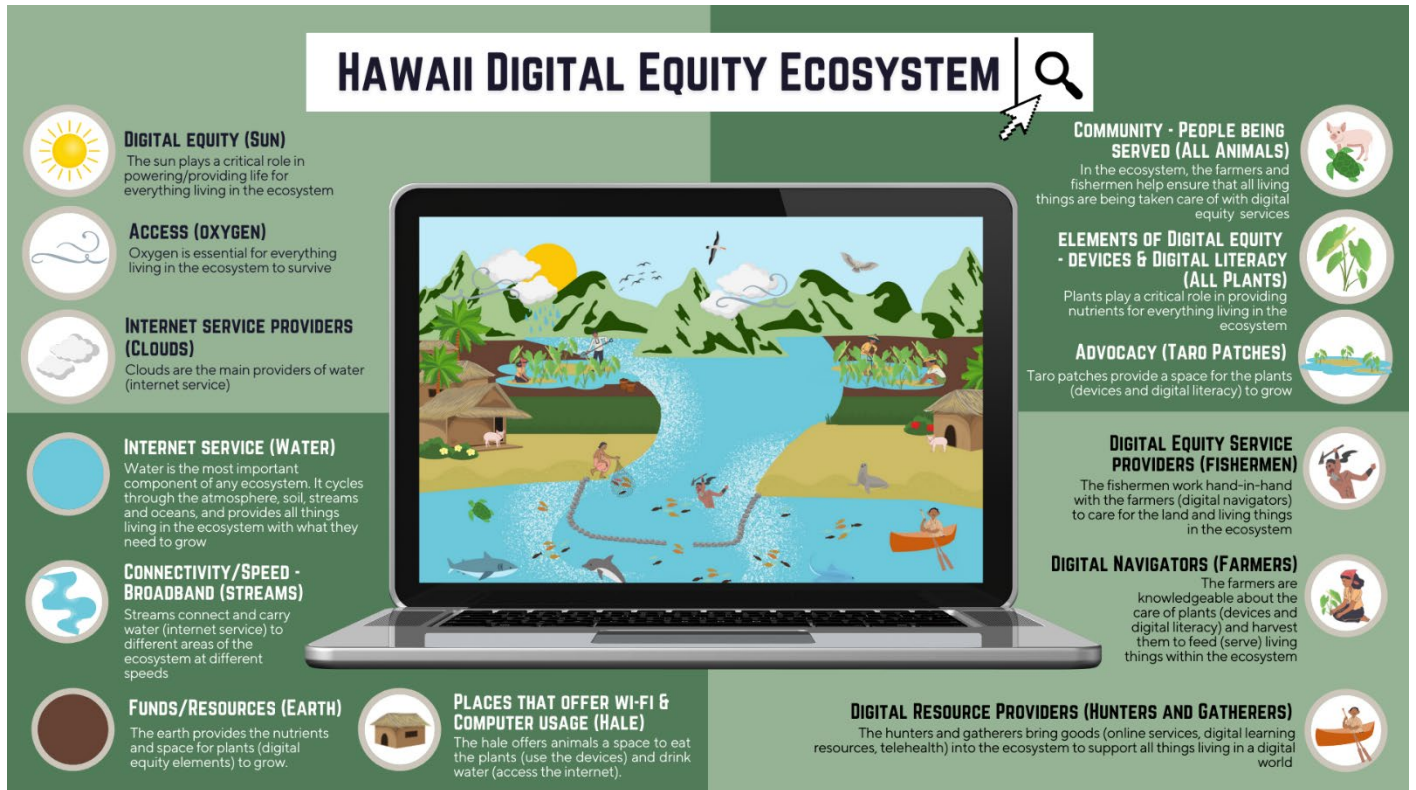
### **Tropical AgTech Center**

In 2024, FTZ9 leveraged its Hilo property to support and expand agricultural innovation and technologies and promote farm profitability through the development of a Tropical AgTech Center. The center's primary goal is to advance data sharing, analysis and applied learning mechanisms to enhance agricultural productivity and created skilled agricultural jobs on Hawai'i Island. The facility will host workshops, seminars and other digital dissemination of information focused on emerging agricultural technologies focused on enhancing the value chain efficiency and enhancing collaboration with industry partners. By fostering systemic improvements in agriculture production, the center will play a key role in enhancing farm profitability and driving long-term industry growth across the state. A federal earmark of over \$6 million from Representative Jill Tokuda and Senator Mazie Hirono, with support from Representative Ed Case and Senator Brian Schatz, will fund the development of the facility, which is expected to be operational by 2027.





# Hawai'i Broadband & Digital Equity Office (HBDEO)



## Program Overview

The Hawai'i Broadband and Digital Equity Office (HBDEO) was established in 2021 to advance equitable access to high-speed internet across

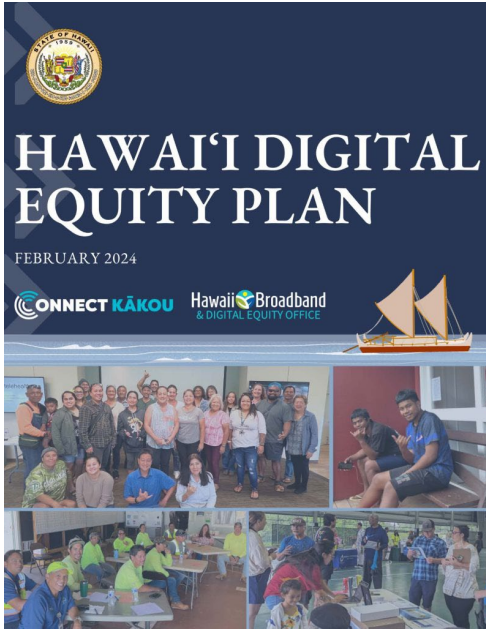
Hawai'i. Its mission is to ensure that all Hawai'i residents have fair access to digital tools and infrastructure, ultimately strengthening the state's digital competitiveness and fostering digital literacy. Created in response to the COVID-19 pandemic, which underscored the essential need for broadband access in areas like healthcare, education, and business, HBDEO collaborates with public and private partners to advise on broadband policy, secure funding, and support initiatives that expand infrastructure and digital equity. HBDEO also maintains broadband mapping data, focusing on telehealth, remote work, and internet access to inform policy and infrastructure decisions.





# 2024 Highlights

## Hawai'i Digital Equity Plan Published



In March 2024, HBDEO published the Hawai'i Digital Equity Plan, a major milestone outlining actionable strategies to address digital equity challenges across the state. Developed through extensive community engagement over a year, the plan incorporated surveys, interviews, and focus groups across Hawai'i. Supported by a grant from the National Telecommunications and Information Administration (NTIA), the plan provides a roadmap for a digitally inclusive future and is available at [broadband.hawaii.gov](https://broadband.hawaii.gov).

## NTIA Capacity Grant Application Submitted

In May 2024, HBDEO submitted an application for the NTIA Capacity Grant, seeking \$6 million over five years to meet the Hawai'i Digital Equity Plan's Key Performance Indicators (KPIs). The funding aims to increase internet access, provide devices,

and deliver essential digital literacy training to underserved groups, including low-income households, seniors, veterans, individuals with disabilities, and rural residents.

## Hawai'i Digital Work Skills Grant Subaward

Also in May, HBDEO partnered with the State of Hawai'i Department of Labor and Industrial Relations (DLIR) to support the Hawai'i Digital Work Skills Grant, awarded to DLIR to enhance digital literacy and promote workforce skills. This initiative is designed to improve access to digital resources, economic opportunities, and public services, particularly in disadvantaged communities. HBDEO is providing outreach services for digital literacy classes hosted at state libraries and Community Schools for Adults.



## Hawai'i Digital Economy Survey

To assess how local companies utilize digital and broadband technology for their business operations, HBDEO conducted the Hawai'i digital economy survey, engaging over 1,000 businesses statewide. The study, led by HBDEO in collaboration with the DBEDT Research and Economic Analysis Division (READ), aimed to 1) collect data regarding the practice of the digital economy by Hawai'i businesses,

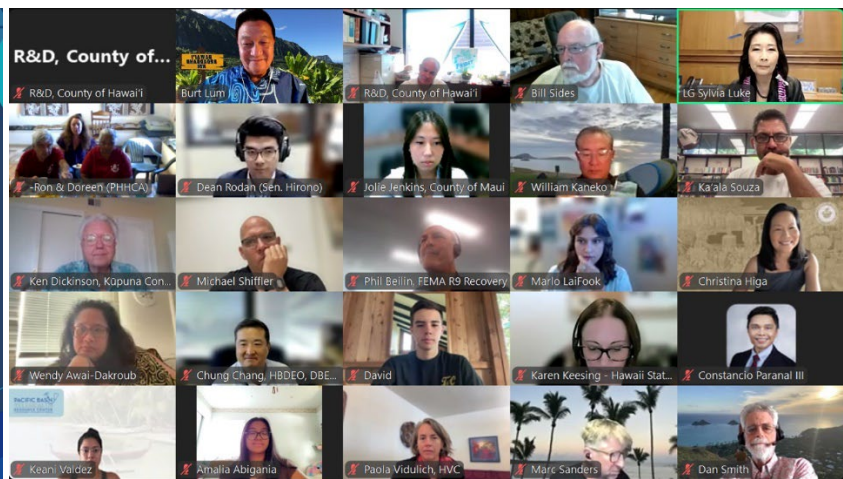
including data to estimate the size of the state’s digital economy and 2) analyze business participation in digital activities, including workforce characteristics and capital investment in the digital sector. To learn more about the digital economy survey results, please visit [broadband.hawaii.gov/digital-economy-study](https://broadband.hawaii.gov/digital-economy-study).

### **State Broadband Leaders Network (SBLN)**

HBDEO participated in two sessions of the State Broadband Leaders Network (SBLN) in February and September, organized by the NTIA. These sessions provide a platform for broadband leaders to share best practices and policy insights on national broadband initiatives. Participation in SBLN strengthens HBDEO’s role as Hawai’i’s leading resource for broadband data, policy, and community partnerships.



**State Broadband Leaders Network**



### **Inaugural Digital Equity Awards**

HBDEO co-hosted the inaugural Digital Equity Awards during Digital Inclusion Week in October, recognizing community organizations and partners dedicated to bridging the digital divide in Hawai’i. The event, held over the Broadband Hui virtual call, honored contributions to digital equity and inclusion and was also televised on various public stations to reach a broader audience.

### **NTIA Capacity Grant to be Awarded**

By the end of 2024, HBDEO is expected to be awarded the NTIA Capacity Grant, securing an initial \$6 million to support the implementation of Hawai’i Digital Equity Plan initiatives starting in 2025. Additional funding is anticipated over the next two years to further advance broadband accessibility and digital literacy across the state.



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# Military and Community Relations Office (MACRO)



## Program Overview

The Military and Community Relations Office (MACRO) was established on April 1, 2024, under DBEDT, through a grant from the Office of Local Defense Community Cooperation.

### Mission

To promote positive relationships between Hawai'i's military and civilian sectors by fostering mutual respect and understanding through collaboration on issues important to both the United States Department of Defense and the State of Hawai'i. Through engagement, education, and transparent communication with the military, MACRO is committed to promoting and preserving the cultural, economic and environmental foundations of Hawai'i.

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## **Vision**

To strengthen the bonds between the United States Department of Defense (DoD) and the State of Hawai'i through cooperation and mutual benefit that ensures a more sustainable future for all of Hawai'i.

On April 1, 2024, both the executive director and deputy director were hired, initiating efforts to define the strategic direction of the office. As a newly established office responsible for addressing critical issues, initial priorities focused on contracting support to develop an operational design and action plan, as well as a comprehensive community engagement and outreach strategy.

In addition to the core MACRO team, support through funding and established MOUs will enable the hiring of additional staff within the Office of Planning and Sustainable Development, who will focus on stakeholder engagement to identify areas of mutual benefit in and around military installations. Additional staff will be hired within the Hawai'i Department of Education (DOE) to assist with the execution of the Public Schools on Military Installations (PSMI) program, which allocates significant DoD funding to the state to rebuild or extensively renovate DOE schools that serve both DoD dependents and non-DoD dependents.

## **MACRO will award contracts to support the following efforts:**

- **Civil Defense Planning:** In partnership with the State Department of Homeland Security, MACRO will provide contractual support to begin civil defense planning to ensure continued operations of critical infrastructure in the event of a cyber or kinetic attack. Future contracts may focus on exercise development and execution, engaging numerous federal, state, and county agencies.
- **Economic Impact Studies:** Building on existing information that identifies direct military spending within the state, this study will analyze the second- and third-order economic effects of that spending, focusing on the military's impact on specific geographic areas.
- **Hawai'i Defense Alliance (HDA):** Established in 2021 through a grant from the Office of Local Defense Community Cooperation, the HDA continues to operate with current legislative funding for its administration. The Alliance promotes business and workforce development within Hawai'i's defense sector, strengthening the local economy and fostering opportunities in this critical industry.



## 2024 Highlights

### **Initial Engagements Locally and in Washington, D.C. – May 2024**

- Both the executive director and deputy director traveled to Washington, D.C., to meet with various DoD officials and Hawai'i's Congressional delegation, with the purpose of establishing ongoing communication and engagement and identifying areas of mutual benefit for both the U.S. Department of Defense and the State of Hawai'i.
- MACRO engaged with Navy Region Hawai'i and the Hawai'i Community Development Authority (HCDA) on the Inter-Governmental Support Agreement focused on upgrading the electrical distribution system in Kalaeloa. This collaborative effort resulted in the Navy transferring \$18 million to HCDA, allowing them to begin contractual work on upgrading the electrical grid and ultimately transferring ownership to Hawaiian Electric Company.
- The office assisted the Creative Industries Division (CID) within DBEDT with discussions involving Navy Engineering and Facilities Command Hawai'i (NAVFACHI) regarding long-term lease arrangements for film studios in Kalaeloa. With additional support provided from HCDA, CID and NAVFACHI are currently in negotiations on a long-term lease beneficial to the state.
- MACRO met with representatives from the Wai'anae Moku Kupuna Council to address community concerns involving the Army and Navy, including land use measures related to access to emergency egress routes during natural disasters, such as wildfires. Additional discussions focused on access to installations for cultural practice and watershed/reforestation projects in the Wai'anae area.



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### **Hawai'i on the Hill, Hawai'i Executive Collaborative, and More Introductions – June 2024**

- The MACRO deputy director attended the Chamber of Commerce's annual "Hawai'i on the Hill" event in Washington, D.C. Activities included meetings with Congressional staff and local business leaders.
- MACRO met with various state legislators to introduce the office and discuss areas of concern and potential collaboration.
- MACRO engaged with the Hawai'i Executive Collaborative to gain greater awareness of military issues affecting the Native Hawaiian community. Both the executive director and deputy director joined the hui focused on military relations and land use.
- The MACRO executive director joined the Joint Venture Education Forum (JVEF), which promotes positive integration and support for military dependents in Hawai'i public schools.
- MACRO met with local military commanders to introduce the office and discuss future areas of mutual benefit between installations and surrounding communities.

### **Department of Homeland Security & Continued Engagement with Stakeholders – July 2024**

- MACRO met with the Commander and Deputy of the 15<sup>th</sup> Space Surveillance Command to discuss issues related to AMOS STAR and military/contractor housing on Maui.
- MACRO attended the Hawai'i Executive Collaborative Conference at the Hawai'i Convention Center. The two-day event addressed various issues important to the Native Hawaiian community, highlighting military impacts on the state and fostering greater collaboration moving forward.
- There was engagement with the state Department of Homeland Security to chart a way forward in updating State civil defense plans to include cyber, critical infrastructure and kinetic attack preparedness.
- There was continued engagement with DoD and state/county representatives including INDOPACOM, the Department of Land and Natural Resources (DLNR) and elected officials from the state Legislature and the City and County of Honolulu Council.

### **Charting the Course for Capacity Building and Collaboration – August 2024**

- The Operational Design and Action Plan contract was awarded to INDO-PAC Consulting LLC. This contract will set the strategic direction for MACRO, provide a timeline for actionable engagement and recommend capacity-building requirements for a more efficient team.
- MACRO met with the Adjutant General of the Hawai'i National Guard and his staff to introduce the MACRO and explore collaboration opportunities.
- MACRO continued engagement with DoD and elected officials, including the U.S. Coast Guard District Commander, Commander of Kāne'ōhe Marine Corps Base and the Deputy Assistant Secretary of Defense for Military Community and Family Policy.

## **Continued Relationship Building and Proactive Engagement – September 2024 and Beyond**

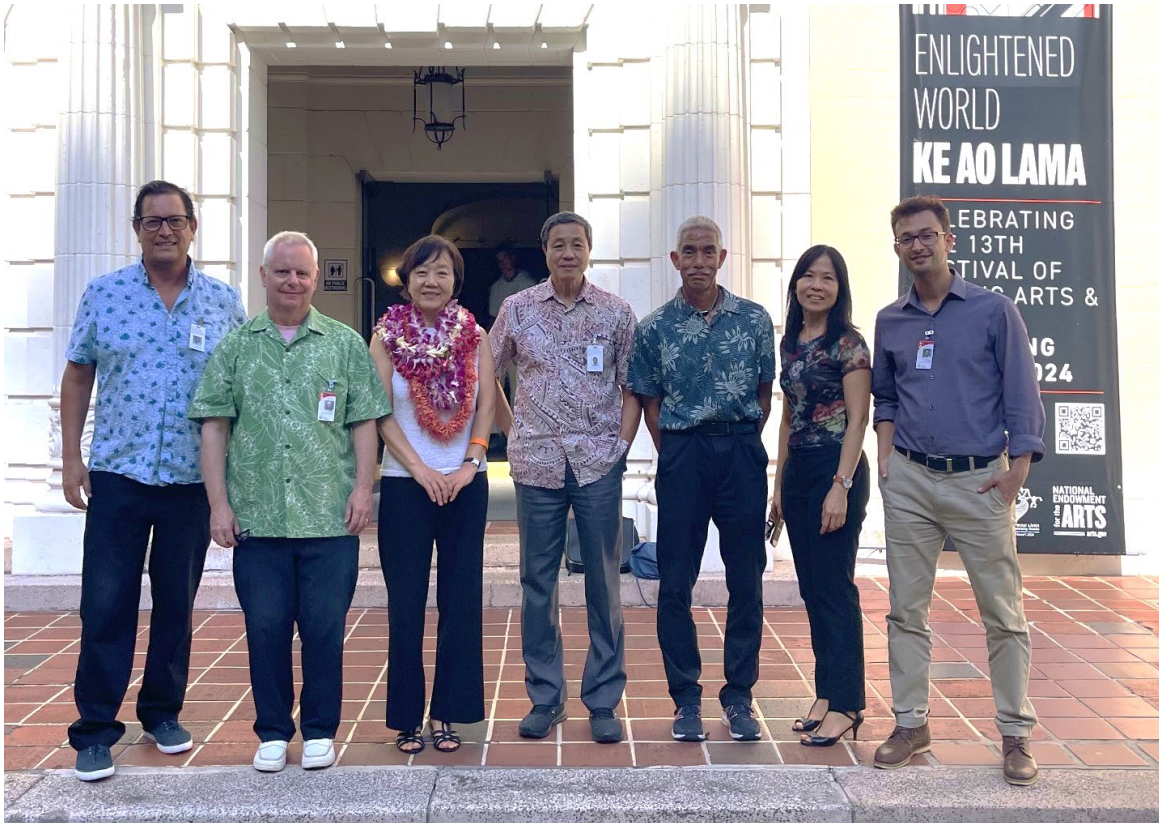
- The Public Relations, Communications and Outreach Services contract was awarded to Becker Communications, Inc. This contract aims to develop a comprehensive engagement plan with the community and local military officials, including multimedia campaigns to broaden the scope of messaging, increase audience reach, and promote mutual cooperation awareness.
- MACRO continued building relationships with top DoD officials in Hawai'i, establishing regular meetings with the Commander of the U.S. Pacific Fleet and Commander of U.S. INDOPACOM to increase engagement with subordinate military commands.
- MACRO met with City and County of Honolulu mayor and managing director to introduce the office and discuss future collaboration efforts.
- There was engagement with representatives from Mālama Moku, Wai'anae Kūpuna Council, U.S. Army Pacific and U.S. Army Garrison Hawai'i to identify mutual benefit opportunities.
- MACRO attended a conference in Huntsville, AL, to learn more about DoD cybersecurity requirements affecting the local defense industrial base and explore ways to help local small businesses comply with these requirements. Additionally, staff traveled to Washington, D.C., to continue engagement with the Hawai'i Congressional delegation and senior military officials.

*MACRO is dedicated to enhancing Hawai'i's ability to assess, communicate and address the state's needs for a sustainable future while simultaneously supporting the long-term sustainability of Department of Defense activities in the state.*



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# Research & Economic Analysis Division (READ)



*READ staff congratulate Dr. Yang-Seon Kim on her receipt of the DBEDT Manager of the Year award*

## Program Overview

The Research & Economic Analysis Division (READ) interprets, supports, and enhances Hawai'i's economic development by providing data and analyses of economic issues and developing short- and long-range forecasts for Hawai'i's economy. READ conducts research into various elements of Hawai'i's economy, including collecting, compiling, and publishing data and statistics on many aspects of business activity, the economy, and demographic characteristics of the State. It also maintains a statewide statistical reporting program available online through the State of Hawai'i Data Book, economic dashboards and data warehouses.

READ products include data on tourism, labor, population, energy, and construction, as well as other research and reports to help government agencies, lawmakers, businesses, educators, and the public gain a better understanding of the State's economy.



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## 2024 Highlights

READ produced more than 70 regularly scheduled statistical and economic products in 2024, including those highlighted below.

### **Cost-Benefit and Fiscal Impact Analysis of Hawai'i's Film Tax Credit in 2022 (February 2024)**

In 2022, \$333.7 million in qualified film production expenditures increased Hawai'i's gross domestic product by an estimated \$161.5 to \$259.8 million, increased earnings by \$99.9 to \$159.2 million, and generated \$24.7 to \$35.2 million in state tax revenues.

### **The Impacts of the Film Industry on 2022 Tourism in Hawai'i (February 2024)**

Approximately 12.7% of all visitors to the state in 2022 were at least partially motivated to visit due to television programs and movies filmed in Hawai'i or participated in a television program and movie filming location tour. Visitor spending associated with television and movie filming in Hawai'i amounted to \$1 billion, generating \$1,163 billion in gross domestic product, \$543.6 million in earnings, and \$121.6 million in state tax revenues.

### **Defining and Measuring Housing Affordability in the State of Hawai'i (February 2024)**

This report summarizes the literature on the definition and measures of housing affordability, quantifies Hawai'i housing affordability trends during the past decade, analyzes key factors influencing housing affordability, and addresses issues affecting housing affordability in Hawai'i.

### **Hawai'i Housing Demand: 2025-2035 (March 2024)**

Under current market conditions, projected increases in Hawai'i's population will necessitate 2,482 to 4,112 housing units, or an average of 3,297 housing units annually between 2025 and 2035. This project excludes "pent-up" demand from households currently unable to afford new housing.

### **The Economic Impact of Domestic Out-of-State Students in Hawai'i (March 2024)**

This report analyzes the economic impact of annual spending by out-of-state students studying in Hawai'i, including effects on economic output, tax revenue, household income, and employment.

### **Hawai'i's Quality of Life (QOL) Indicators (March 2024)**

This report analyzes Hawai'i's quality of life indicators, including economic, education, health, housing, social, and other metrics. Data is compared at the national, state, and county levels.

### **Marine Cargo and Waterborne Commerce in Hawai'i's Economy: Update Report (March 2024)**

This report analyzes the volume of marine cargo shipped to and from Hawai'i categorized by commodity and examines the interisland marine cargo flows within the state.

### **Hawai'i's Creative Industries: Update Report (March 2024)**

This report analyzes the economic performance of the creative industries sector for the state and counties and covers associated industries listed by the NAICS code and job growth for each industry.



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### **Population and Economic Projections for the State of Hawai'i to 2050 (April 2024)**

DBEDT published the 10th installment of its long-range population and economic projections, part of a series released every five years. This report provides comprehensive forecasts for the State of Hawai'i and each of the four counties through 2050.

### **Consumer Spending Analysis and the Cost of Living in Honolulu: 1986-2022 (April 2024)**

The U.S. Bureau of Labor Statistics (BLS) tracks annual consumer expenditures, income, and demographics nationwide. Among the 22 Metropolitan Statistical Areas (MSAs) featured in the BLS report, Honolulu stands out for its slower growth in consumer expenditures relative to income. Notably, Honolulu ranks lowest in consumer spending as a percentage of pre-tax income, indicating that higher tax payments may be limiting broader economic expansion.

### **Hawai'i Consumer Debt Report: 2003-2023 (April 2024)**

This report examines consumer debt trends in Hawai'i and the U.S. from 2003 to 2023, covering categories such as auto loans, mortgages, student loans, and credit card debt. Key insights include total debt, debt per capita, and delinquency rates.

### **Urban and Rural Areas in the State of Hawai'i, 2020 (April 2024)**

Based on the Census Bureau's 2020 classification, this report analyzes urban and rural areas across Hawai'i's counties, examining land area, population, and housing units, supported by detailed maps and charts.

### **Commuter-Adjusted Population in Hawai'i (May 2024)**

This report estimates the commuter-adjusted populations, which reflect the number of people typically present in an area during business hours. This metric is essential for community planning, helping to identify customer bases, understand traffic patterns, and allocate disaster relief resources. Estimates are provided for various locations in Hawai'i.

### **Demographic, Social, and Economic Characteristics of Hawai'i's Race Groups: 2017-2021 (May 2024)**

Based on U.S. Census Bureau data from 2017 to 2021, this report examines the social, household, and economic characteristics of Hawai'i's major race groups. These include White, Filipino, Japanese, Native Hawaiian, Chinese, Korean, Black/African American, Samoan, Micronesian, American Indian & Alaska Native, Vietnamese, Tongan, and Okinawan residents.

### **Overcrowding in Hawai'i Housing Report (June 2024)**

This report highlights overcrowding in Hawai'i, revealing significant differences between homeowners and renters. Hawai'i ranks seventh nationally in rental housing dependence, with overcrowding rates for renters well above the national average. In 2022, over 115,000 residents lived in overcrowded conditions, including more than 47,000 in severely overcrowded housing.

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### **Resident Sentiment Survey (July 2024)**

This is the 23<sup>rd</sup> survey since 1999 to track resident attitudes toward tourism in Hawai'i. The survey results show that Hawai'i resident sentiment toward tourism improved slightly in spring 2024, although remained below historic levels. Across all major indicators, resident sentiment ticked upwards during this period, especially in the important area of 'tourism bringing more benefits than problems'.

### **Report on Hawai'i Tax Credit for Research Activities for Tax Year 2023 (August 2024)**

A total of 26 Qualified High Technology Businesses (QHTBs) applied for tax credits for research activities. The QHTBs reported \$59.4 million in research expenditures and employed more than 1,000 people.

### **2023 State of Hawai'i Databook (August 2024)**

The State of Hawai'i Data Book is the most comprehensive statistical compilation of data about Hawai'i. The 56<sup>th</sup> edition in this series includes 24 sections and 845 data tables.

### **2023 Annual Visitor Research Report (August 2024)**

This report provides final 2023 statistics on Hawai'i's visitor industry, with comparisons to 2022 data. It includes characteristics of visitors who traveled to Hawai'i by air or by cruise ship. Visitor statistics are categorized by Hawai'i's Major Market Areas (MMA), select countries, purpose of trip, accommodation type, and island. This report also contains visitor room inventory, hotel occupancy, room rates, and air seat capacity statistics.

### **Occupational Employment and Wages in Hawai'i (September 2024)**

Produced in cooperation with the U.S. Department of Labor and the Bureau of Labor Statistics, this annual report is based on semi-annual surveys of 6,000 establishments throughout the state.

### **Visitors to the North Shore (September 2024)**

This report provides information on the demographic characteristics of visitors O'ahu's North Shore, their activities in the area, and resident sentiment on tourism.

### **2023 Employment and Payrolls in Hawai'i (October 2024)**

This annual publication details employment and wage data by industry for the state and individual counties of Hawai'i. The report is published each October and covers the preceding year.

### **2023 Visitor Satisfaction and Activity Report (October 2024)**

This extensive study is based on surveys completed by more than 20,000 visitors from seven different markets. Visitors to all four counties were surveyed. The report details what activities visitors pursued while in Hawai'i, their levels of satisfaction, their desire to return, and areas they believed needed improvement.

### Cost-Benefit Analysis for Film Tax Credit 2023 (November 2024)

In 2023, \$168.7 million in qualified film production expenditures increased Hawai'i's GDP by an estimated \$93.1 to \$148.9 million, increased earnings by \$59.8 to \$94 million, and generated state tax revenues of \$13.2 to \$18.6 million.

### Hawai'i's Targeted & Emerging Industries, 2023 Update Report (November 2024)

This report provides a performance review of Hawai'i's targeted and emerging industry portfolio for the period of 2013-2023.

### The Economic Impact of International Students in Hawai'i (December 2024)

This report analyzes the economic impact of annual spending by international students studying in Hawai'i. It includes the impact of out-of-state student spending on economic output, tax revenue, household income and employment.

### 2024 Visitor Plant Inventory (December 2024)

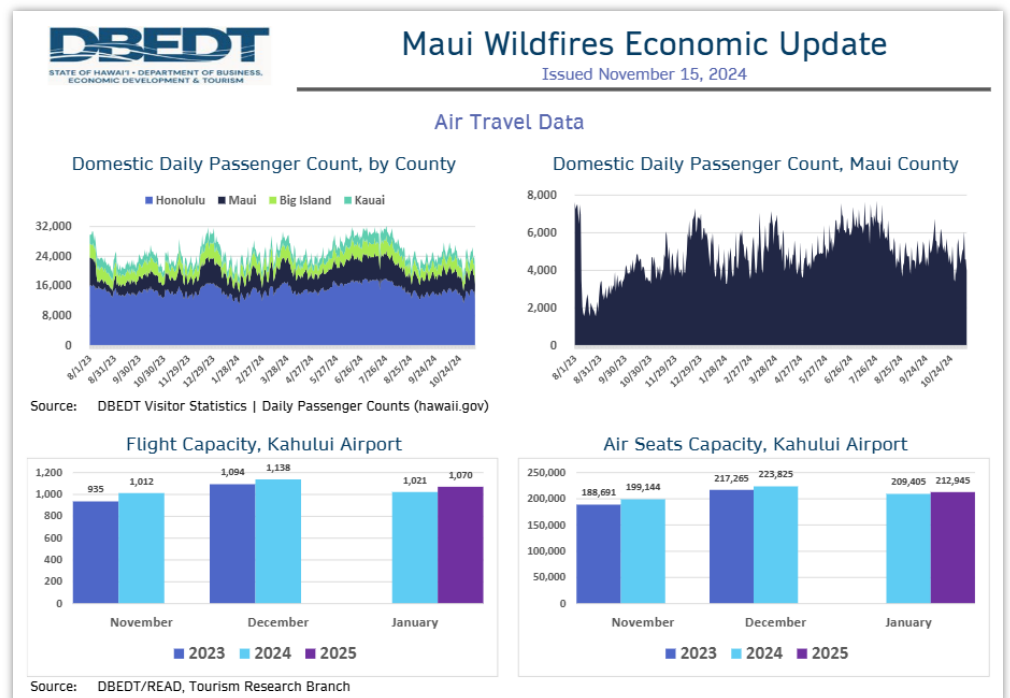
This annual report provides detailed counts of visitor units by type and location across the state. The newest data reveals that between 2019 and 2024 the total number of visitor units had increased by 2,500.

### Dashboards

READ created and maintained 15 dashboards. Their subjects included economic overviews, population, tourism markets, daily passenger counts, labor market, housing markets, migration, language use, the energy and agriculture sectors, Hawai'i rankings, area profiles, Hawai'i's generational economy, and genuine progress indicators.

### Maui Wildfires Economic Updates

In September 2023, READ staff launched a Maui Wildfires Economic Updates dashboard. It provides timely data on the economic impacts of the wildfires and their aftermath. Updated on a weekly basis, the dashboard tracks Maui's path toward recovery by charting trends in flight availability, visitor activity and spending, unemployment claims, building permits and other pertinent data.



# Small Business Regulatory Review Board (SBRRB)



## Program Overview

The Small Business Regulatory Review Board (SBRRB) was established in 1998 to assist small businesses with overburdensome rules and regulations. SBRRB is aligned with DBEDT’s mission to support businesses in achieving economic success and growth while complying with state and county rules and regulations governing their industries.

The SBRRB’s operates under the Small Business Regulatory Flexibility Act (RFA) as outlined in Chapter 201M, HRS, and also is governed by the Governor’s Administrative

Directive 18-02. The board consists of 11 members, who meet monthly to review administrative rules with impacts on small businesses, both before and after public hearings, as submitted by state and county agencies. To date, the SBRRB has reviewed well over 1,000 administrative rules.

For the RFA program to reach its full potential, Hawai’i’s small business community must understand how the SBRRB can assist them with regulatory concerns. Over the past year, the board has focused on building visibility through increased outreach efforts to raise awareness and improve its in assisting small businesses (see program highlights/accomplishments below).

The SBRRB’s short-term objective is to increase awareness of its existence and expand communication with federal, state and county governments. Its long-term objective is to enhance the board’s strengths and influence to better support small businesses. The desired short-term outcome is an informed community that understands the benefits the SBRRB can provide, while the long-term outcome is to build the board’s visibility, encouraging more small businesses to approach the SBRRB with regulatory issues and concerns.



# 2024 Highlights

## Administrative Rule Review

- In 2024, the SBRRB members reviewed approximately 30 Administrative Rules, both pre- and post-public hearing, with seven of these rules from the Counties. Since its inception, the board has reviewed nearly 1,100 rules.
- Over time, state and county agencies have increasingly submitted proposed new and amended rules to the SBRRB, even when these rules fall outside of its purview. While such rules are not included on the monthly agendas, this trend is viewed positively as it reflects the growing momentum and trust in the board’s expertise and processes. Agencies appear to be motivated to ensure that no rule bypasses the review process, particularly if it may have an underlying impact on small businesses. In cases where a rule is bypassed, the SBRRB administrator communicates directly with the agency, outlining the reasons for the board’s decision not to conduct a review. This practice ensures transparency and clarity, while reinforcing the board’s commitment to its mission of supporting small businesses.

## Improved Awareness

The SBRRB has made significant strides in raising awareness through a variety of outreach efforts, including:

- Weekly social media coverage on Facebook, Instagram and Twitter postings, coupled with letters to industry associations, attendance at association meetings and the distribution of new SBRRB brochures.





- **Participation in numerous business events, expos, conferences and meetings**, including the Chamber of Commerce Hawai'i, Kaua'i Chamber of Commerce, Maui Wedding & Event Organization Meeting, PBN Kaua'i Business Panel, Hawai'i Small Business Fair at Leeward Community College, PBN Women Winning in Business, and the Hawai'i Farm Bureau Conference and Expo.
- **Ongoing presentations and meetings with industry associations and federal, state and county agencies**, including Small Business Development Center, Small Business Administration, Better Business Bureau, Department of Commerce and Consumer Affairs—Business Action Center, Tourism Day at the Capitol, and Big Island Japanese Chamber of Commerce.



**Improved Effectiveness**

The SBRRB has also improved its effectiveness in supporting small businesses through key initiatives:

- Act 67 (SLH 2024, Relating to the Small Business Regulatory Review Board): This clarifies that the SBRRB has the authority to review legislation affecting small businesses in response to requests from small business owners, enhancing its capacity to advocate for the community.
- Efforts to achieve full board membership, including the Governor’s appointment of two (2) new members, representing Kaua’i and Maui counties.

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# **DBEDT Attached Agencies**

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# Agribusiness Development Corporation (ADC)



## Program Overview

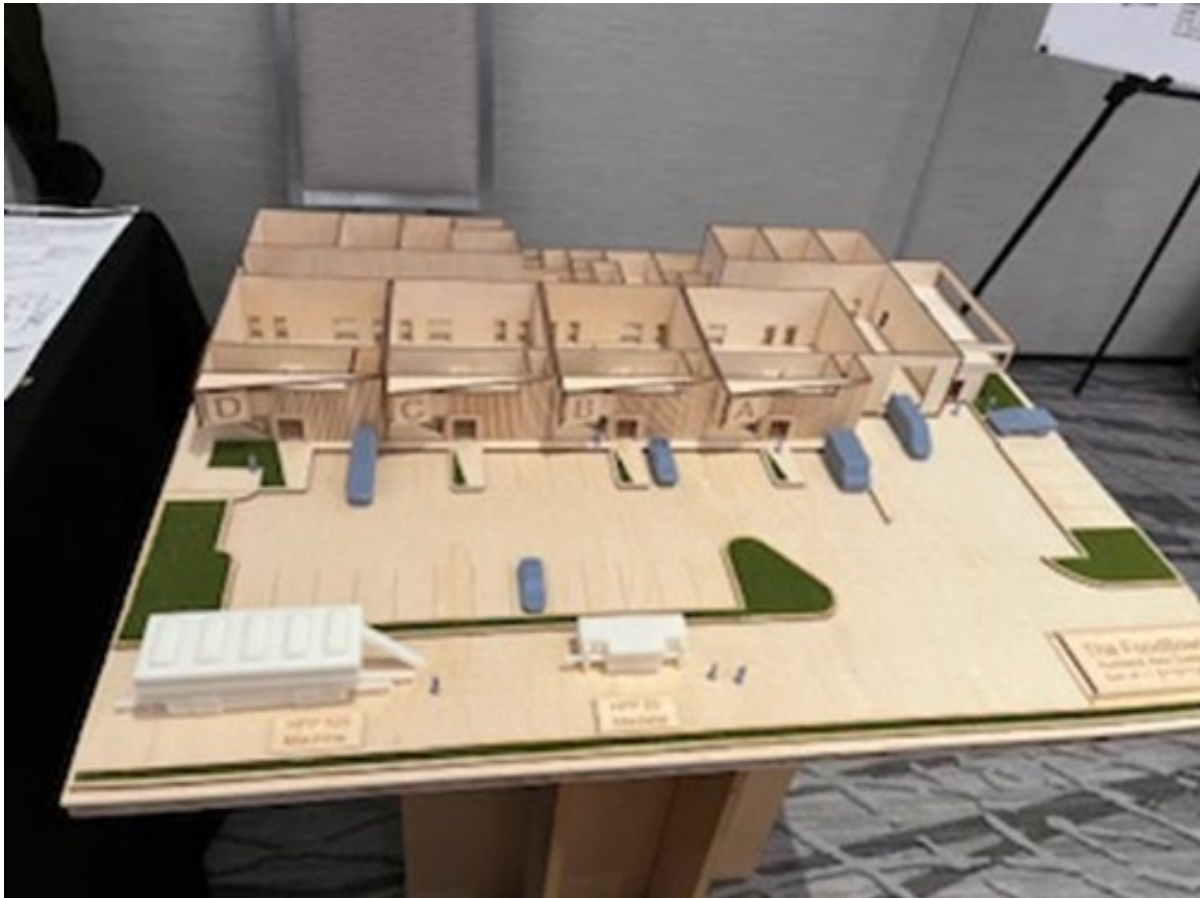
The Agribusiness Development Corporation (ADC) protects the future of agriculture in Hawai'i by facilitating its transformation from a dual-crop economy of sugar and pineapple to a multi-crop industry. ADC's responsibilities include transitioning former plantation lands and water systems to diversified long-term agricultural use, initiating and developing diversified agriculture facilities, and finding innovative solutions for issues facing the agricultural industry today.

ADC's unique position enables it to coordinate federal, state and private resources to maximize agribusiness opportunities. Exemptions from Hawai'i Revised Statutes Chapter 171 regarding land use, as well as Public Utilities Commission regulations and civil service laws, and the ability to issue bonds and form subsidiaries, allow ADC greater flexibility in managing its programs. ADC fosters the growth of agricultural enterprises across the state by providing affordable irrigation and long-term licenses or leases to tenants, which stimulates investment in agribusiness and enhances the viability of agriculture in Hawai'i.



**ADC achieves these important goals through diverse efforts, such as:**

- Acquiring and managing select high-value agricultural lands, water systems and infrastructure.
- Acquiring agricultural conservation easements to protect certain valuable agricultural lands.
- Organizing farmers and users into cooperatives that benefit from the participants' common interests and collective efforts.
- Forming subsidiaries to create private and public partnerships.
- Assisting in the acquisition or construction of processing and treatment facilities to enhance producers' abilities to access export or value-added opportunities.
- Informing, educating and training farmers on industry practices such as food safety, production techniques and land uses.
- Coordinating with other government agencies, educational institutions and private organizations to advance agriculture in Hawai'i.
- Conducting research and demonstrative projects to facilitate the transfer of knowledge and the adoption of technology.
- Conducting economic and feasibility studies relating to agriculture.



*The Entrepreneurial Product Innovation Center is planned for the future Phase 1 O'ahu and rollout statewide*

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# 2024 Highlights

## Licensing of Land to New Tenants

- More than 50 applications and Expressions of Interest were submitted from across the state of Hawai'i.
- ADC Board of Directors Land Application Permitted Interaction Group reviewed, scored and conducted site visits to more than 30 farm operations.
- On November 1, 2024, awarded licenses for the first since the onset of the COVID-19 pandemic.
- ADC is striving to include 'Small Disadvantaged Farmers', a group added to the organization's statute in 2022



*ADC Board of Directors Land Application Permitted Interaction Group met with several applicants at their farms to see production firsthand*

## Full Statewide Representation on the ADC Board of Directors

- Honolulu City & County Board Member Jesse Cooke was appointed and confirmed by the Hawai'i State Senate.
- Hawai'i County is represented by Governor-appointed Nathan Trump.
- Kaua'i County is represented by Lyle Tabata, ADC board chair.
- Maui County is represented by Jayson Watts.
- At-Large Members include Jason Okuhama (ADC vice chair), Glenn Hong, Karen Seddon and Governor-appointed Dean Okimoto.

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### **Active Planning & Participation**

- Standing committees of the ADC Board of Directors, including the Administration Committee, Technical Assistance Committee and Marketing/Communications Committee, have been appointed and are actively meeting to provide recommendations.
- Permitted interaction groups for Land, Distribution Management and Value-Added Products, and Land Application and Capital Improvement Planning were established and have provided reports and recommendations to the full board.
- For the first time in its history, ADC drafted a 5-year Strategic Capital Improvement Plan, creating an evergreen document to guide future planning and development.

### **Implementing Technology for Increased Efficiency and Personnel Safety**

- Drones were purchased and staff trained to maintain hard-to-reach areas of the Waiāhole Water System and for measuring, monitoring and inspecting ADC lands.
- ADC is working to implement new land management software for tenant billing, tracking, management, monitoring and reconciliation of tenant accounts.
- GIS technology is being developed and utilized to monitor, measure and visually represent ADC lands and assets.

### **Increased Accountability**

- ADC implemented a new property management system and a new accounting system.
- Weekly reports are generated and posted weekly to the ADC board of directors.
- All staff vacancies have been filled.
- ADC has addressed and implemented recommendations from the 2019 Audit.



*Mark Takemoto, ADC, and Kimi Makaiau, University of Hawai'i Community Design Center, check on land clearing for future tenants*



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# Hawai‘i Community Development Authority (HCDA)



## Program Overview

The Hawai‘i Community Development Authority (HCDA) was established in 1976 as the state’s redevelopment agency to plan and implement initiatives that increase economic, social, cultural and environmental value in community development districts as established by the Legislature. HCDA plans and implements capital improvement projects to upgrade infrastructure and develop public facilities within and outside its community development districts.

### Mission

For each community development district and transit-oriented development infrastructure improvement district, HCDA will collaborate with private enterprises, public agencies and community stakeholders to build better communities through planning, collaboration, regulation and infrastructure development.



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## 2024 Highlights

Addressing Hawai'i's housing crisis remained a top priority in 2024, with the lack of sufficient infrastructure identified as the greatest challenge to affordable housing development. In 2023, significant funding was appropriated to HCDA by the Hawai'i State Legislature for transit-oriented related development (TOD Projects). Many of these TOD infrastructure projects will create economic opportunities in designated TOD zones and will support and promote mixed-use and new housing development.

### Transit-Oriented Related Development Projects

- **University of Hawai'i West O'ahu Road and Improvements: \$35,000,000**
  - In 2024, the HCDA entered an MOA with the University of Hawai'i (UH) and the Hawai'i Housing Finance & Development Corporation (HHFDC) to develop the road and infrastructure on UH land to promote the development of new mixed-use housing. An RFP was issued and awarded, and \$35 million was encumbered for the infrastructure project next to the UH West O'ahu Campus.
- **'Iwilei-Kapālama Electrical Infrastructure Work: \$25,000,000**
  - In 2024, the HCDA staff awarded a design-build contract to plan, design, and construct electrical improvements in the 'Iwilei and Kapālama neighborhoods. The project's primary initiative is to install underground electrical duct lines and facilities to support 25kV electrical circuits along Kuwili Street, 'Iwilei Road, and North King Street, connecting and benefiting state-owned properties and private housing development project, including: Liliha Civic Center, Mayor Wright Homes Redevelopment, and Kamehameha Schools, Kapālama Kai Master Plan, Phase I.

### Alternative Housing Projects

- **Plan, Design, and Acquire Sites for Supportive Housing: \$5,000,000**
  - In 2024, the Legislature appropriated \$5 million for HCDA to plan and design a supportive housing project. Proven successful in other states, supportive housing combines affordable housing with on-site support services for people experiencing or at risk of homelessness.
- **For Sale 99-Year Leasehold Pilot Program**
  - In 2024, HCDA selected a developer to complete pre-development due diligence for a project as described in Act 97 (2023), which established a 99-year leasehold pilot program to develop low-cost residential units on state-owned, non-ceded land.

### Pūlehunui Community Development District

In 2024, HCDA held its first Pūlehunui Board meetings and awarded a \$60 million contract for the planning, design and construction of infrastructure improvements in the Pūlehunui Community Development District. A companion \$4 million contract was awarded to provide contract compliance. A Planning Assessment Report is expected to be finalized in early 2025.

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## Kalaeloa Community Development District

- **Saratoga Avenue Electrical Infrastructure Improvements: \$12,125,000**
  - In 2024, the Legislature appropriated \$12.125 million in CIP funds for HCDA to improve critical electrical and communications infrastructure. HCDA is collaborating with stakeholders, Hawaiian Electric Company (HECO), and elected officials, with the next step being the procurement of services.
- **Navy Provided \$18 Million to Begin Electrical Upgrades**
  - In 2024, the U.S. Navy and HCDA partnered and transferred \$18 million to HCDA to initiate upgrades of the electrical infrastructure in Kalaeloa. This phase will transfer existing non-Navy customers from the Navy's electrical distribution system to the HECO distribution system.

## He'eia Community Development District



- **He'eia Stream Access Road, He'eia: \$1,000,000**
  - In 2024, the Legislature appropriated \$1 million for the construction of a road in the He'eia Community Development District for access from the southern portion of the district near Alaloa Street Bridge. The project aims to support the remediation of debris, non-native vegetation, and other deleterious materials to mitigate flooding and erosion, as well as facilitate habitat restoration and management of the native system.



## Kaka'ako Community Development District

- **Planning for Street Improvements for Central Kaka'ako**
  - HCDA has awarded a contract and is in the planning phase for improvements to Ilaniwai Street, incorporating city standards, which include car, bus, bicycle and pedestrian enhancements and drainage improvements.
- **New Community Facility in the Kaka'ako Community Development District: \$5,000,000**
  - In 2024, the Legislature appropriated \$5 million for HCDA to engage in planning, designing and the construction of a community facility that will provide benefits to the community.
- **Historic Ala Moana Pump Station Improvements: \$2,000,000**
  - In 2024, the Legislature appropriated \$2 million for HCDA to make roof and other repairs to the Historic Ala Moana Pump Station building.
- **Kaka'ako Permanent Crosswalk Improvements near Kolowalu Park: \$1,000,000**
  - The permanent crosswalk improvements include concrete pedestrian refuge islands in the center of Queen Street, flashing beacons, signage and a painted crosswalk.
- **Kolowalu Park Improvements: \$2,000,000 in CIP Funds**
  - Enhancements to Kolowalu Park include a state-of-the-art inclusive children's playground and new adult fitness equipment, new benches and picnic tables on the makai side of the park installed in 2024, and a large and small dog park on the mauka side that is expected to be completed in early 2025.












# Hawai'i Green Infrastructure Authority (HGIA)



Hawaii Green Infrastructure Authority

As of September 30, 2024

 <p><b>\$15.9 Million</b> Cumulative Excess Revenue over Expenses prior to \$20.8 million transferred to PUC</p>	<p><b>\$341.5 Million</b> <b>Economic Multiplier Impact</b></p> 	<p><b>1,069,338,924</b> <b>kWh</b></p>  <p>Estimated kWh Produced/Reduced over Lifetime</p>
<p><b>\$19.7 Million</b></p>  <p>Hawaii State Tax Revenue Generated</p>		
 <p><b>321,663</b> <b>Estimated Metric Tons of CO2</b></p> <p>Total Greenhouse Gas Avoided over Lifetime</p>	<p><b>656,607</b> <b>Barrels</b></p>  <p>Estimated Total Petroleum Displaced Over Lifetime</p>	
 <p><b>1,617</b> <b>Jobs Created or Retained</b></p>	 <p><b>88%</b> <b>Underserved Residential Households Served</b></p>	
 <p><b>SSBCI HI-CAP Collateral Support &amp; Loans Programs</b></p> <p>\$4.1 million in Federal SSBCI Funds have caused <b>\$20.0 million in loans</b> and credit facilities for eligible small businesses and nonprofits.</p>		



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## Program Overview

The Hawai'i Green Infrastructure Authority (HGIA), administratively attached to the Department of Business, Economic Development and Tourism, was established by Act 211, Session Laws of Hawai'i, 2013 (Chapters 196-61 through 69, HRS) to provide alternative means of financing for clean energy technologies to Hawai'i ratepayers not able to obtain such technologies at reasonable rates and terms. In addition, the Authority's objectives also include stimulating and attracting private investments, leveraging innovative financing tools to mitigate risks and reach new markets. HGIA's goals align with the State's 100% renewable energy generation by 2045.

Act 121, SLH 2018 created a \$50 million energy efficiency revolving loan fund for state departments and agencies to lower their energy costs and set an example for sustainable energy practices.

The passage of Act 107, SLH 2021, established the Clean Energy and Energy Efficiency Loan fund, enabling HGIA to source additional loan funds from federal, state, local and non-governmental resources. It also provided HGIA the ability to implement financing programs on behalf of sister agencies and departments through MOAs. On November 30, 2022, HGIA and Hawai'i Technology Development Corporation (HTDC) executed a MOA to design, implement and administer three credit-related programs utilizing \$40.0 million in federal funds under the State Small Business Credit Initiative. The programs, HI-CAP Collateral, CDFI and Loans, expand access to capital to eligible small businesses and nonprofits statewide.

Act 40, SLH 2024 established a Solar Hui Investment program administered by HGIA, allowing multifamily property owners, including condominium owners, to co-invest in solar + storage systems installed on ALICE (Asset Limited, Income Constrained, Employed) rooftops through an energy services agreement.

Act 41, SLH 2024, modified Act 183, SLH 2022, elevating the Commercial Property Assessed Clean Energy and Resiliency (C-PACER) program to a state-level initiative. HGIA was granted the authority to assess, collect and enforce financing assessments for C-PACER projects statewide. The HI C-PACER Financing Program launched on July 1, 2024.

HGIA's financing programs contribute significantly to reducing the energy burden for Hawai'i's most vulnerable ratepayers, advancing the state's clean energy goals and facilitating private capital to support small businesses. These initiatives also create jobs, generate state tax revenue and deliver other economic development benefits.

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## 2024 Highlights

### Green Energy Money Saver On-Bill Program

As a clean energy financing authority, HGIA originates, underwrites, processes, documents, funds and services residential and commercial loans for underserved ratepayers. Leveraging its Green Energy Money Saver (GEM\$) On-Bill Program, HGIA offers inclusive financing for underserved ratepayers (through loans and power purchase agreements for residential and commercial ratepayers) by applying non-traditional underwriting to expand access to ratepayers who might not qualify for conventional bank or credit union financing, while mitigating lender risk. HGIA currently has more than 1,600 applications in process from low- and moderate-income homeowners and renters.

### Water Re-Use Workshop

On April 10, 2024, the Coalition for Green Capital announced that HGIA, along with five other Green Banks in Connecticut, D.C., Arizona, Missouri and Florida, were selected to receive \$1.3 million in awards and technical assistance to finance equitable clean water infrastructure. As part of this initiative, HGIA hosted a Water Re-Use Workshop on December 12, 2024, highlighting two new housing developments projected to save an estimated 19 million gallons of water annually. The workshop also served as a platform to gather feedback from attendees on a proposed financing product with the goal of co-creating a program to support water conservation in new developments throughout Hawai'i.

### Solar For All

On Earth Day, April 22, 2024, the EPA announced a \$62.45 million Solar for All award to HGIA. The Authority is finalizing its Solar for All – Hawai'i (SFA-HI) workplan and budget to contract with the EPA. Funding is expected in January 2025.



*On May 30, 2024, Governor Josh Green signed Acts 40 and 41, SLH 2024 into law.*

*From left to right: Andy Kawano (City Budget Director); Karen Lee (City Corporation Counsel); Demaney Kihe (HGIA); Gwen Yamamoto Lau (HGIA); Rocky Mould (HSEA); Speaker of the House Scott Saiki; Councilmember Matt Weyer; Murray Clay (Ulupono Initiative); Governor Josh Green; Josh Wisch (Holomua Collective); Senator Jarrett Keohokalole; Damien Kim (IBEW 1186); Nonie Toledo (Toledo & Associates); Chris Benjamin (Climate Hawai'i)*

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### **HI C-PACER Financing Program**

On July 1, 2024, HGIA launched the Hawai'i Commercial Property Assessed Clean Energy and Resiliency (HI C-PACER) Financing Program under Act 41, SLH 2024. With twelve Capital Providers registered, the program provides financing for qualifying improvements, including cesspool conversions, clean energy technology, water conservation, energy efficiency and resiliency measures to commercial, multi-family, non-profit, or condominium associations.

### **Solar Hui Fund**

HGIA began laying the foundation for the Solar Hui Fund, as mandated by Act 40, SLH 2024. The Authority is currently conducting due diligence to design this program, with plans to launch in 2025.

### **HI-CAP Collateral Support Program**

Under its HI-CAP Collateral Support Program, HGIA works with participating lenders to bridge the access to capital gap and encourage lenders to finance eligible nonprofits and small businesses by providing credit enhancement to mitigate risk.

### **HI-CAP CDFI Loan Program**

The HI-CAP CDFI Loan Program was designed to increase capacity for non-depository Community Development Financial Institutions (CDFI). HGIA provides low-cost, reliable loan capital to CDFIs, enabling them to relend to their borrowers, who are typically micro and small minority-owned businesses. In September 2024, U.S. Treasurer Chief Lynn Malerba and her aides visited C & C Tropicals and Big Island Moonbow Farms, two Native Hawaiian businesses that received HI-CAP financing. C & C Tropicals recently acquired another company. Its success story is shared in this reel: [https://gems.hawaii.gov/wp-content/uploads/2024/07/HI-CAP-CDFI-Program\\_CC-Tropical.mov](https://gems.hawaii.gov/wp-content/uploads/2024/07/HI-CAP-CDFI-Program_CC-Tropical.mov)



*Right to Left: Shane Castillo, C & C Tropicals owner, with Treasury Officials: Treasurer Chief Lynn Malerba, Fatima Abbas, and Emery Real Bird. (courtesy HTDC / HGIA news release)*

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# Hawai‘i Housing Finance & Development Corporation (HHFDC)



*The grand opening of the 324-unit affordable and market-rate workforce rental complex Kaulana Mahina Apartments in Wailuku welcomed tenants to the community in April. It received support from HHFDC’s 201H Development Assistance program and was the first major housing project to be completed following the August 2023 wildfires that ravaged Lahaina. (Photo courtesy of Charlene Kauhane)*

## Program Overview

Established by the Legislature in 2006 to carry out the State of Hawai‘i’s affordable housing financing and development functions, HHFDC offers a diverse array of programs typical of state housing finance agencies, including tax-exempt bond financing, the Low-Income Housing Tax Credit, and homebuyer assistance programs. Additionally, HHFDC provides gap financing for affordable and workforce housing, regulatory relief through an expedited development program, interim and permanent mortgage loans for housing projects, and financing for regional infrastructure projects.

HHFDC also manages the development of state lands, owns and maintains localized public infrastructure systems, and has a statewide real estate portfolio consisting of over 600 agricultural, commercial, rental project, and single-family residential lot leases, 1,249 acres of lands held for development on the islands of Maui and Hawai‘i, and two multifamily properties with 210 units.

The corporation is governed by a nine-member board of directors and authorized by the Legislature to employ 71 full-time professionals in various fields. Operating with a FY25 budget of approximately \$16 million, HHFDC’s total assets exceed \$2.2 billion as of June 30, 2024.



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## 2024 Highlights

### Affordable Housing Projects Completed

In 2024, four affordable housing projects were completed statewide, adding 860 units to the Hawai'i's affordable housing inventory.



*Aloha Iā Halewiliikō, on the long-inactive site of the former 'Aiea Sugar Mill, will be a 140-unit, affordable rental housing project for seniors built with assistance from various HHFDC financing programs. Brooke Wilson (above, fifth from left), Governor Josh Green's Chief of Staff, joins Honolulu Mayor Rick Blangiardi (center), members of the EAH Housing development team, and Kahu Kordell Kekoa at the groundbreaking (Photo courtesy of Nathan Hokama and EAH Housing)*

### Development of State Lands

Through separate RFP processes administered by HHFDC, development rights were awarded for the State-owned Kahului Civic Center Mixed-Use Complex and Villages of Kapolei Northwest Corner properties. Once completed, the projects will add 1,073 units to the state's affordable housing inventory. Also, in conjunction with the University of Hawai'i and HCDA, HHFDC initiated work toward the first housing project at UH West O'ahu.

### Governor's Emergency Proclamation Relating to Affordable Housing

Since February 20, 2024, HHFDC has administered Governor Green's Emergency Proclamation Relating to Affordable Housing (the Housing EP). As of November 2024, ten affordable housing projects with 6,357 units were certified as affordable housing projects under the Housing EP. Of these, eight projects with 2,581 units were certified by HHFDC., thereby expediting their development.



*The 205-unit Parkway Village at Kapolei affordable rental housing project received assistance from several HHFDC programs and was granted a waiver from school impact fees under the Housing EP. (Rendering courtesy of the Kobayashi Group)*

### **Homeownership Programs**

In response to sustained increases in home mortgage loans interest rates, HHFDC began relaunching the Hula Mae Mortgage Loan and the Downpayment Assistance programs, which had been dormant for more than 10 years. Additionally, HHFDC introduced the DURF Equity Pilot Program, committing to investments in affordable units at the Kuilei Place and Flats at Sky Ala Moana condominium projects in Honolulu. These programs provide valuable assistance to first-time homebuyers and were initiated to help stem the outmigration of Hawai'i residents.

*At Kuilei Place, first-time homebuyers in certain professions are able to reduce the amount of their down payments thanks to HHFDC's DURF Equity Pilot Program. (Rendering courtesy of Locations)*



### **Waiāhole Lease Rent Renegotiations**

In the first-ever renegotiation of rents under long-term leases in Waiāhole Valley, HHFDC reached an agreement on rents for the next 15-year lease period with 86% of 91 agricultural, commercial and residential lot lessees. On average, the renegotiated rents are around 3.4 times higher than the previous rates.



## **Hawai'i Fire Relief Housing Program**

HHFDC was honored to win the 2024 National Council of State Housing Agencies Award of Excellence for Special Achievement for its Hawai'i Fire Relief Housing Program, which was announced one week



after the August 8, 2023, Maui wildfires and launched the following day. The program aided more than 600 households in finding temporary housing before the administration transitioned to the nonprofit Council for Native Hawaiian Advancement (CNHA).

*President Joe Biden and First Lady Jill Biden joined Governor Josh Green, M.D. and Hawai'i First Lady Jaime Kanani Green during a tour of devastated Lahaina town days after the August 2023 wildfires. (Photo Courtesy of the Office of Governor Josh Green)*

## **Acquisition of Former Maui Sun Hotel for Interim and Permanent Housing**

In collaboration with the County of Maui, HHFDC acquired the former Haggai Institute property (originally built as the Maui Sun Hotel) in Kīhei for approximately \$41 million using funds appropriated by the Legislature during the 2023 session. Renamed Hale 'O Lā'ie, the property is currently serving primarily as interim housing for wildfire survivors before the county converts it into permanent teacher and workforce housing under a long-term ground lease from HHFDC.



*An interior view of a studio unit at the Hale 'O Lā'ie project where survivors of the 2023 Maui wildfires are being temporarily housed as they work to rebuild their lives. (Photo courtesy of HHFDC)*

## **Lahaina Wildfire Recovery**

HHFDC provided technical expertise and other support to DHS, DOT and FEMA for the construction of 669 temporary housing units on HHFDC-owned lands at the Villages of Leiali'i, located mauka of Lahaina town. Additionally, HH initiated plans to rebuild its Front Street Apartments project in Lahaina, purchasing two adjacent lots to expand the site and selecting the nonprofit Hale Mahaolu to lead its redevelopment.

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# Hawai'i State Energy Office (HSEO)



*“We don’t have to choose between growing our economy and addressing climate change. We can and must do both at the same time. As we rebuild in the aftermath of the Maui wildfires, we will make historic, transformative public and private investments to launch a clean energy revolution that will lead the nation and the world in addressing the climate crisis.”*

Governor Josh Green, M.D.

## Program Overview

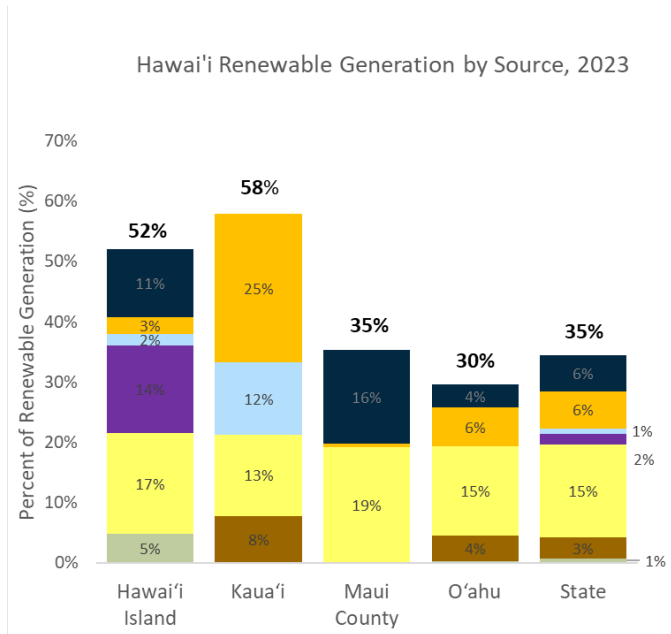
The Hawai'i State Energy Office (HSEO) promotes energy efficiency, renewable energy and clean transportation to help achieve a resilient clean energy economy pursuant to Hawai'i Revised Statutes §196.71. HSEO's statutory objectives are further pursued by actions of the Chief Energy Officer under Hawai'i Revised Statutes §196.72, as approved by the Governor. The office is tasked to formulate and implement an updated state energy plan as described below that lowers costs, lowers carbon emissions and attracts the capital investment needed to achieve Hawai'i's clean energy transition and strengthen the energy ecosystem.



# 2024 Highlights

## Pathways to Decarbonization

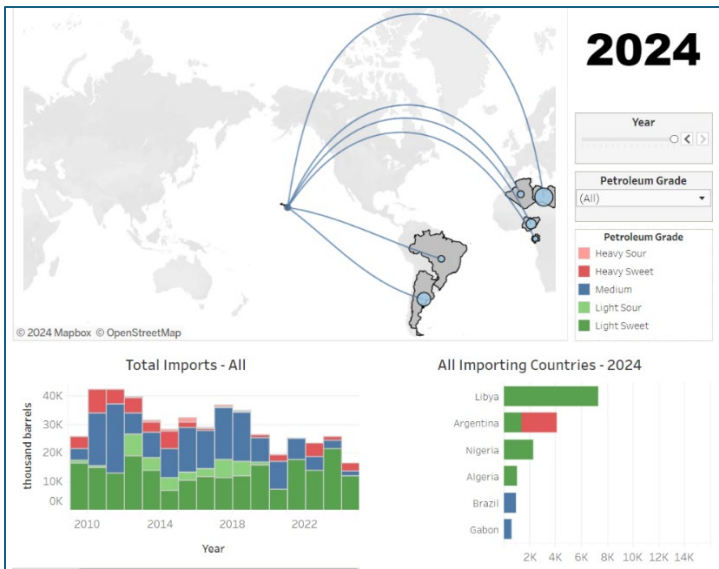
- The state’s 100% Renewable Portfolio Standards (RPS) and decarbonization policies continue to be the policy drivers of Hawai’i’s energy transition. During the 2023-24 fiscal year, HSEO prepared a comprehensive statewide decarbonization strategy, pursuant to Act 238, with 30 discrete recommendations, many of which are HSEO priorities for implementation.



- The [Pathways to Decarbonization Report to the 2024 Hawai’i State Legislature](#) revealed that Hawai’i’s continued reliance on low sulfur fuel oil (LSFO) and diesel has been a major contributor to high energy costs and the largest contributor of carbon emissions in the islands. O’ahu, where 67% of electricity comes from residual fuel oil, will continue to be the most challenging island to transition to renewable energy due to its large population, growing electricity demand and limited land availability.

## Alternative Fuels and Repowering Analysis

- In 2024, Governor Josh Green, M.D. tasked the state energy office to provide analysis and recommend policies to lower energy costs and lower emissions, as well as attract capital investment to upgrade aging and inefficient power plants.
- The Alternative Fuels and Repowering Analysis is an essential component of a broader and more complex plan for Hawai’i’s energy future. Decision-makers must balance a wide array of priorities, including economic impacts, environmental goals, technological advancements and community needs, to align with Hawai’i’s 100% Renewable Portfolio Standard (RPS) (HRS §269-92) and statewide net negative emissions goal, established by HRS §225P-5.
- A key objective of the Alternative Fuels and Repowering Analysis was to provide an unbiased analytical assessment of which lower carbon-intensive fuels could economically replace low-sulfur fuel oil in the near term and position the state to decarbonize energy imports in the long term.
- This analysis considered a broad range of alternative fuels, including methane/liquid natural gas (LNG), hydrogen, biomethane, biodiesel, e-methane, hydrogen, e-ammonia, e-diesel and e-methanol. HSEO and third-party consultants developed an evaluation matrix that served as a decision-making framework to compare alternative fuels.



- The 2024 Alternative Fuels and Repowering Analysis builds on more than a decade of related studies, augmenting the body of knowledge with additional engineering and economic analyses, evaluation of permitting requirements and approaches to community engagement. The results are based on the criteria of technological maturity, commercial viability, cost-effectiveness and lifecycle carbon intensity. The full report is published and available on the HSEO website - <https://energy.hawaii.gov/alternative-fuels-repowering-and-energy-transition-study/>

Diagram: Hawai'i Foreign Crude Oil Imports – API Dashboard - U.S. Energy Information Administration

### Emergency Response, Energy Security and Grid Resilience

- HSEO fully activated its Emergency Support Function 12 (ESF-12) from August 8 to September 27, 2023, to support the state's emergency response and recovery effort to the Maui wildfires, which included the deployment of 20 generators to support wells, pump stations and field boosters, coordinating a power line drop for a mobile morgue and power restoration for the disaster recovery center. Ongoing support from HSEO continued over nine months.
- In 2024, HSEO was awarded \$18 million in federal funding to support Utility Solar Grid Forming Technology (USGFT) and Synchronous Condenser Conversion Technology (SCCT) demonstration projects on Kaua'i, extending Hawai'i's global leadership in Grid-Forming Inverter Based Resources. The funding provides half of the \$32.5 million total cost, with Kaua'i Independent Utilities Cooperative (KIUC) contributing the remaining half.

Anahola Solar Project  
(KIUC)



- HSEO partnered with Hawaiian Electric to secure \$8.3 million in federal funding to build three Critical Customer Hubs (CCHs) for Windward O’ahu and secured an additional \$8.5 million in grid resilience funding to be distributed using HSEO’s Advance Assistance (AA) evaluation framework. The framework assesses projects based on risk to critical energy infrastructure and effective of mitigation measures, such as vegetation management, pole hardening, undergrounding and microgrids. Projects will benefit disadvantaged communities and community lifelines.
- Nine project concepts totaling approximately \$75 million were submitted for federal funding under the Hazard Mitigation Grant Program, including \$20 million for a battery storage backup program for medical needs customers to mitigate the impact of HECO’s Public Safety Power Shutdown (PSPS).
- HSEO’s Geospatial Decision Support System (GDSS) received national recognition from the National Association of State Chief Information Officers (NASCIO) in 2024. Developed by HSEO in partnership with the Hawai’i Emergency Management Agency (HIEMA), the Office of Homeland Security (OHS) and various critical energy infrastructure (CEI) owners and operators, the GDSS is designed to improve energy system situational awareness, energy security and hazard mitigation planning, emergency response and disaster impact analysis. It allows the state to prioritize risk mitigation strategies and investments in response to natural disasters, such as hurricanes and volcanic eruptions, and energy-specific disruptions, including fuel shortages, market instability and supply chain issues.
- The result of this work in 2024 was the development and implementation of a Common Operating Picture (COP) for energy security and the integration of 28 hazard mitigation measures in state and county mitigation plans.

## Clean Transportation

- The transportation sector remains a major consumer of energy in Hawai’i, with ground transportation accounting for 23% of the petroleum imported into the state. In 2023, 93% of state-procured light-duty vehicles were still operating on petroleum. Achieving meaningful progress in the decarbonization of the transportation sector requires a strong commitment of every state department and agency to meet and exceed legislated benchmarks.



- In August 2024, HSEO launched a state fleet vehicle procurement and exemptions policy website, along with a State Fleet Procurement Memorandum, clearly outlining compliance obligations for government agencies. This initiative secured \$1 million in federal funding to examine the transition to 100% zero-emission vehicles (ZEVs), analyze the composition of government fleets and recommend optimal charging solutions.

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- Hawai'i Statute requires all government agencies purchasing or leasing light, medium, or heavy-duty vehicles to seek vehicles that reduce dependency on petroleum-based fuels. Information on procurement through Sustainability Partners is available [here](#).
  - An award of \$4.5 million from the U.S. Environmental Protection Agency's Diesel Emissions Reduction Act (DERA) National Grants Program will strengthen HSEO's Diesel Replacement Rebate (DRR) program, developed by HSEO in partnership with the Department of Health's Clean Air Branch to advance Hawai'i's transition of medium- and heavy-duty vehicles to zero-emission vehicles (ZEVs).
  - The DRR program has provided approximately \$1 million in annual rebates, enabling key projects such as Roberts Hawaii's introduction of the nation's first zero-emission coaches as well as electric school buses, forklifts, and tractors. These efforts demonstrate HSEO's commitment to improving air quality and addressing environmental justice concerns in communities facing environmental health challenges. The new funding will double the rebates available over the next few years, helping Hawai'i replace aging diesel-powered equipment with electric or hydrogen alternatives.

### **Energy Efficiency**

- In 2024, HSEO secured \$68 million in federal funding to design, develop and implement home energy efficiency and electrification upgrades for low- and moderate-income households in Hawai'i. At least 40% of the rebates will be provided to households with incomes below 80% AMI, moving the state one step closer to providing low- and moderate-income households with the opportunity to install highly efficient appliances and whole-home retrofits. A Request for Proposals for Home Energy Rebate Programs Design and Implementation Provider was issued in June as the U.S. Department of Energy (DOE) and the Pacific Northwest National Laboratory developed the software integration tools required for states to implement the program.
- HSEO is now working with the program implementor on plans that encompass community benefits, education and outreach, consumer protection, and data privacy and risk assessment — all required by the DOE before rebates can be issued in 2025.

### **Developing a Commercial Buildings Energy Performance Standard**

- The U.S. Department of Energy (DOE) announced Hawai'i as one of 19 state and local governments to receive more than \$240 million from a competitive grant program to adopt and implement the latest energy efficient or innovative building codes. HSEO's proposal was awarded a total of \$18.2 million.



- In Hawai'i, the funding will support the development and implementation of a Building Performance Standard (BPS) to improve the energy performance of the state's largest commercial buildings (50,000 square feet and above) which currently account for approximately 80% of the state's commercial energy usage and about 78% of commercial building emissions.



- While primarily tailored to increase energy efficiency in the commercial building sector, large high-rise multifamily buildings (100,000 square feet and above) will be eligible to be included in the later phases of the program. Qualifying building types include hotels and resorts, food services, mercantile (strip malls), offices, education (schools), healthcare (outpatient) and warehouse and storage facilities.
- The implementation of the BPS is expected to increase demand for the state's clean energy workforce. 40% of the grant funds will be allocated to a technical assistance program in low-and-moderate income communities for the implementation of new trades, apprenticeship and education programs.
- HSEO developed the proposal in partnership with the City of Honolulu's Office of Climate Change, Sustainability and Resiliency, Kaua'i County's Office of Economic Development, Maui County's Office of Economic Development, Hawai'i County's Office of Sustainability, Climate, Equity, and Resilience, the University of Hawai'i at Mānoa School of Architecture and the Sea Grant College Program, as well as private sector consultants from Hawai'i and other states.

### **Workforce Development**

As the clean energy and skilled trades sector lead for [Good Jobs Hawai'i](#), HSEO administers the Clean Energy Sector Partnership (CESP), coordinating training and employment opportunities to meet Resilient Hawai'i's Good Jobs Challenge. Over the past year, 628 skilled trades workers participated in the program and 404 completed it, exceeding project goals by 157% and 118% respectively. To date, 205 participants have accepted job placements at an average wage of \$36 per hour. Over \$16 million in federal funds support these local partnerships and the development of clean energy workforce priorities.

## Community Engagement



- HSEO values Hawai'i's diverse communities as important sources of knowledge and equal partners in the energy transition.
- HAVEN (Hawai'i Advanced Visualization Energy Nexus) was actively utilized in local education, enhancing student and educator understanding of the energy system. As one example, HSEO team members collaborated with James Campbell

High School's energy pathways class in Ewa Beach to support students in navigating the complexities of renewable energy projects and the trade-offs involved. Using HAVEN, students were able to visualize the island's energy system, gaining crucial insights for project siting assignments. A 3D model of Moloka'i was created to help community residents visualize energy planning for the Moloka'i Community Energy Resilience Action Plan (CERAP).

- In partnership with Lava Lab, HSEO initiated a new virtual reality (VR) experience of O'ahu power generation sites and refreshed HAVEN tables with current decarbonization study data for presentations to schools, communities and key stakeholders including the National Association of State Energy Administrators (NASEO) Western Regional Conference, the National Governor's Association (NGA) and FestPAC.
- In 2024, HSEO completed the second year of the nationally recognized Clean Energy Wayfinders program in partnership with Kupu Hawai'i, sharing information and opportunities for participation in the clean energy transition.
- From September 2023 to July 2024 the Clean Energy Wayfinders led or participated in more than 70 events and engaged over 2,300 community members and business operators, recruiting 28 Hawai'i Green Business Program awardees. The program was cited in 17 federal grant programs.
- In August, HSEO was awarded federal congressionally delegated funds to engage Pa'akai Communications and community-based organizations (CBOs) on priority energy issues, opening a wider public engagement on energy self-sufficiency for the state.

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# Hawai'i Technology Development Corporation (HTDC)



## Program Overview

Established in 1983, the Hawai'i Technology Development Corporation (HTDC), is the state's economic development agency focused on growing the technology sector. Over the decades, as technology has evolved and integrated into all industries, it has become a critical driver of quality, high-paying jobs for Hawai'i residents. HTDC continues to innovate and create programs to meet the changing technology industry. In addition to providing incubation facilities to foster the growth of technology startups, HTDC offers capital and building infrastructure, manages grant programs, facilitates educational and networking opportunities, statewide mentoring and technology workforce development. HTDC is administratively attached to the Department of Business, Economic Development & Tourism (DBEDT).

### Core Initiatives

- Developing new facilities to foster innovation.
- Providing business development services and manufacturing assistance statewide.
- Coordinating workshops and networking opportunities for start-ups and small businesses in the technology and manufacturing sectors.
- Administering matching grants to support technology research and the tech ecosystem.
- Interfacing with technology employers and trainers to develop a skilled workforce to support the technology sector.
- Conducting research in energy technology, such as hydrogen development, to support national and state needs.



# 2024 Highlights

## Aerospace

- HTDC worked with various aerospace stakeholders to position Hawai'i as a key player in aerospace-related testing, research and development, and commercial operations. A significant achievement this year was collaborating with CAT and AeroVironment, sponsored by Space Force Maui, to secure Direct-to-Phase II funding for Space Situational Awareness missions. Plans are underway to transition operations from Spaceport America in New Mexico to Hawai'i in 2025, with the long-term goal of establishing permanent operations within the state.
- HTDC is also working with Fenix Space for future hypersonic testing and alternative rocket launches designed to have a lower environmental impact. Fenix Space has secured funding from the Defense Innovation Unit (DIU) and is seeking congressional support from Hawai'i to expand commercial rocket launch programs, which offer significant operational advantages. Concurrently, HTDC is collaborating with the Hawai'i Space Flight Laboratory and CAT to reinstate discussions with Rocket Lab New Zealand regarding future launches and operations from Hawai'i.
- Discussions with state legislators and the Department of Business, Economic Development and Tourism (DBEDT) have been initiated to identify potential sites for an aerospace port in Hawai'i. Initial operations are planned at the Pacific Missile Range Facility on Kaua'i, with the long-term goal establishing a permanent aerospace facility on Hawai'i Island.



## Geothermal

In the renewable energy sector, HTDC received \$3 million from the Legislature to support geothermal exploration, a critical step in Hawai'i's efforts to achieve 100% renewable energy by 2045. HTDC is collaborating with DBEDT, the University of Hawai'i's Geosciences Department, and other stakeholders to form a consortium aimed at creating a long-term geothermal development plan. This consortium will focus on community outreach to build statewide support for geothermal energy while exploring new geothermal resources through a separate \$5 million grant awarded to UH for exploration efforts.

## Hawai'i Center for Advanced Transportation Technologies (HCATT)

- In 2024, the Hawai'i Center for Advanced Transportation Technologies (HCATT) made significant strides in advancing cyber-secure renewable energy systems. With its mission to transform Hawai'i's clean energy future and position the state as a leader in hydrogen technology integration in the Pacific, HCATT continues to support the state's 2045 Renewable Portfolio Standard, which aims to eliminate fossil fuels.

- HCATT’s primary project, the Pacific Energy Assurance Renewables Laboratory (PEARL), is part of a \$30 million, five-year cooperative agreement with the U.S. Air Force Research Lab, as well as a collaboration with the National Guard Bureau and the Hawai’i Air National Guard. Located at the 154th Wing Joint Base Pearl Harbor-Hickam, PEARL focuses on enhancing energy resiliency, cybersecurity, and mission assurance for the 154th Wing. In March 2024, PEARL achieved a major milestone by successfully demonstrating its microgrid, which serves as a benchmark for renewable energy integration and a prototype for the U.S. Air Force.



- In collaboration with key stakeholders, the next phase of PEARL will expand current capabilities through innovative hydrogen technologies to produce, store, and utilize gaseous and liquefied hydrogen from electricity generated by PEARL. Other deliverables will include hydrogen safety protocols, a techno-economic analysis (TEA), and business models for cost-effective and sustainable operations.

### **Innovate Hawai’i**

Innovate Hawai’i, a program within HTDC, plays a pivotal role in supporting the growth of Hawai’i’s manufacturing sector. As the official representative of the NIST Manufacturing Extension Partnership (MEP) National Network in the state, Innovate Hawai’i brings in more than \$800,000 in federal funds annually, providing crucial resources and support to small and medium-sized manufacturers. Focused on workforce development, supply chain resilience, and technology adoption, the program aims to strengthen local businesses and enhance their global competitiveness.





- **Manufacturing Assistance Program**

**MAP Summary**

- 69 applications received
- 63 manufacturing grants awarded
- 41 first time applicants
- \$1.79 million total match
- \$16 million total match awardees
- 466 new employees
- 978 jobs saved

- In 2024, INNOVATE Hawai'i facilitated 62 projects through HTDC's Manufacturing Assistance Program (MAP), awarding more than \$1.79 million in matching grants. These funds supported over \$16 million in private company investments and contributed to the creation of 466 new full-time jobs and 429 part-time jobs. Additionally, a \$1.5 million grant from the U.S. Department of Energy was secured to promote smart manufacturing technologies in Hawai'i, advancing local manufacturing processes through automation and data-driven solutions.

- **Textile and Apparel Manufacturing**

- The Textile and Apparel Manufacturing Initiative continues to support Hawai'i's fashion industry by enhancing production workflows through training, workforce development, local manufacturing expansion and industry connections. This initiative helps local designers and manufacturers grow their businesses by keeping production in-state, contributing to a more diverse and resilient economy.
- In March 2024, HTDC began meetings with Hawai'i textile and apparel manufacturers, identifying workforce training and technology adoption as critical needs. In response, HTDC launched a workforce training series for a Honolulu-based manufacturer in June 2024, which concluded in August. A new training series is also being developed for a Molokai textile and apparel manufacturer and is scheduled for later this year. These initiatives reinforce HTDC's mission to diversify Hawai'i's economy supporting industry growth in rural areas.





### Hawai'i Small Business Innovation Research (HSBIR)

As part of Innovate Hawai'i, the Hawai'i Small Business Innovation Research (HSBIR) program serves as the Small Business Administration (SBA) Federal and State Technology (FAST) Partnership Program recipient for the state. The HSBIR program provides vital support to Hawai'i tech and innovation small businesses by offering wraparound services, programming, and matching funds. In 2024, HSBIR awarded \$2.5 million in matching funds, enabling local businesses to secure additional federal SBIR awards. The Hawai'i Legislature allocated \$1 million for fiscal year 2025 to continue supporting SBIR companies. The program also targets underrepresented communities, including rural and Native Hawaiian businesses, through workshops and networking events.

#### SBIR Summary

- 13 applications received (Phase I)
- \$500,000 total state match (Phase I)
- 128 new employees
- 20 applications received (Phase II/III)
- \$2 million total state match (Phase II/III)
- 233 new employees

### Hawai'i Capital Investment Program (HI-CAP)

HI-CAP provides capital to Hawai'i's small businesses and startups, helping them scale and grow through strategic funding. In fiscal year 2024, HTDC deployed \$19 million to eligible businesses, with additional funding expected in 2025. Under the leadership of new manager Tuan La, the program anticipates new initiatives and partnerships to further enhance Hawai'i's entrepreneurial ecosystem.

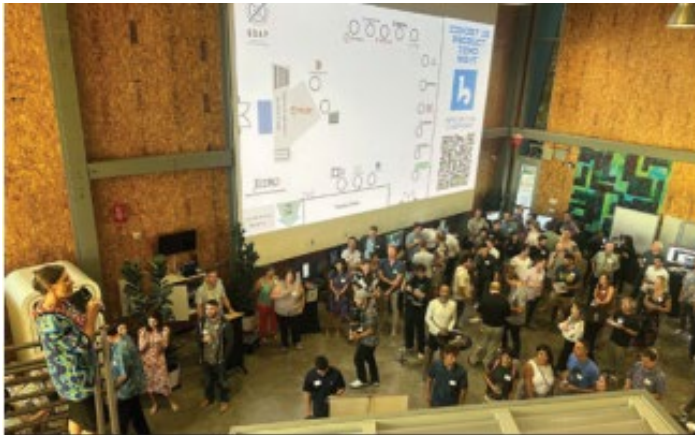
### Accelerator and Small Business Training Program

#### Accelerator Program Summary

- 13 applicants
- 9 awarded
- 3 first time applicants
- 900+ jobs created
- 450+ companies assisted
- \$70 million+ in total revenue

- The Accelerator and Small Business Training Program supports entrepreneurship across Hawai'i. In fiscal year 2024, the program ran more than 20 cohorts, training and assisting over 450 companies, and creating more than 900 jobs. It also received \$2 million in legislative funding to support local organizations offering structured business and technical training for entrepreneurs.
- For fiscal year 2025, \$1 million has been allocated. The program will focus on supporting new initiatives that align with DBEDT and HTDC's economic development priorities.





Blue Startups, Cohort 15



PACE, Venture Competition 2024



Mana Up, Cohort 9



Blue Startups in partnership with JETRO cleantech companies

For more information, visit HTDC's HI Now Daily segments. Link to a library of segments below:  
<https://www.youtube.com/@hightechdev/videos>

### **Workforce Development**

HTDC launched a new initiative to identify job opportunities and foster workforce development in the technology and innovation and sectors. By raising community awareness and creating clear pathways for individuals pursuing careers in these fields, HTDC aims to build a robust workforce pipeline through growth strategies, marketing, and outreach.

### **Tax Credit Research Activities (TCRA)**

The Research & Development Tax Credit program, now administered by HTDC, provides critical financial incentives to support Hawai'i's high-tech businesses. In 2024, the \$5 million tax credit was fully claimed within 65 seconds of the application window opening, highlighting the program's high demand. Efforts are underway to increase the tax credit allocation to \$15 million, allowing more businesses to benefit in the future.



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# Hawai'i Tourism Authority (HTA)



## Program Overview

The Hawai'i Tourism Authority (HTA) serves as the official tourism agency for the State of Hawai'i, tasked with managing the Hawaiian Islands' iconic brand responsibly. HTA's role encompasses marketing the Islands, preserving Hawaiian culture, protecting the natural environment, and strengthening local communities. Through its stewardship of tourism, HTA aims to improve both the visitor experience and the quality of life for Hawai'i's residents. Central to this mission is the development of sustainable and regenerative tourism practices, guided by HTA's 2020-2025 Strategic Plan.

In 2024, Hawai'i experienced a decline in visitor arrivals due to several factors, including the aftermath of the Maui wildfires, strong competition from other destinations, and a weak yen, which particularly affected demand from key markets like the U.S. and Japan. To address these challenges, HTA focused on quick-return marketing strategies, such as market saturation activations and co-op programs. These efforts are essential for stabilizing the domestic market and rebuilding international interest.

Despite these challenges, HTA's marketing team remains committed to maintaining Hawai'i's visibility as a world-class destination and regaining momentum in key markets. Recently, the Hawai'i State Legislature approved funding for five new island-based destination managers, strengthening the HTA's Destination Management program. This program focuses on balancing the economic, environmental, and cultural impacts of tourism through strategic planning and community engagement.



# 2024 Highlights

HTA continued to transition to a new organizational structure, approved by the HTA Board in 2023. The changes were designed to strengthen island-based management, allocate more resources to destination stewardship, and ensure dedicated leadership for branding and marketing efforts. These efforts aimed to achieve a balance between meeting tourism demands and supporting community well-being, fostering a healthy, sustainable, and vibrant tourism industry in Hawai‘i.

## Governance Study

HTA completed its Governance Study in 2024, which provided valuable insights into an effective structure for governing Hawai‘i’s tourism sector. The study provided recommendations for changes to state policy and statutes and proposed an organizational framework that would better support the continuance of tourism in Hawai‘i. This study formed the basis for ongoing efforts to enhance the oversight of tourism and ensure a more sustainable and community-focused approach.

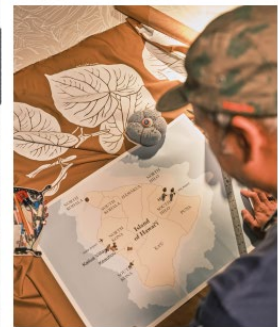
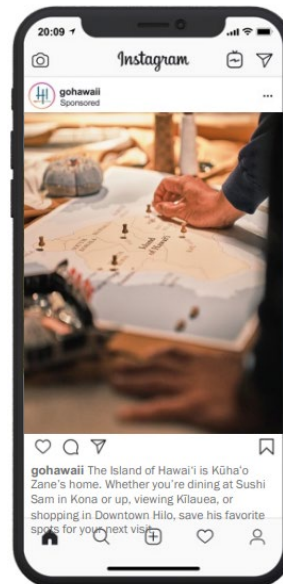
## Brand Marketing

HTA worked with a global network of marketing organizations, collectively known as the Global Marketing Team (GMT), to promote Hawai‘i across key geographic markets, including the U.S., Canada, Japan, Oceania, Korea and China. For 2024, HTA continued to refine its messaging to attract mindful travelers who can afford to travel in varied economic conditions.

- **North America:** A major highlight was the launch of “The People. The Place. The Hawaiian Islands” campaign in May, which celebrated local cultural figures—musicians, chefs, lei makers, and farmers—and underscored the importance of a sustainable, mindful visitor experience. This campaign emphasized the preservation of Hawai‘i’s natural beauty and culture and targets travelers who respect the Islands’ resources. Launched first in the U.S., the new campaign will then be utilized by HTA’s global marketing teams in their respective markets and Hawai‘i partners worldwide.

*“The People. The Place. The Hawaiian Islands.”  
social media advertisement*

*(Photo credit: Hawai‘i Tourism USA)*



- Japan:** The "Yappari Hawai'i (It's got to be Hawai'i)" campaign was launched with the aim of boosting travel interest and bookings to Hawai'i. A dedicated campaign website was created, featuring three themed videos that target mindful travelers, families and couples, effectively portraying a unique image of travel to Hawai'i. To date, the campaign has also garnered the support of 29 Hawai'i businesses to offer value-added incentives to further entice visitors from Japan.



*Hawai'i Tourism Japan's Yappari Hawai'i advertisement (Photo credit: Hawai'i Tourism Japan)*

- China:** The first post-pandemic China Travel Mission was conducted from May 27 to 31 at Shanghai ITB, followed by a networking event in Beijing at the U.S. Embassy. The mission engaged over 150 travel agencies and facilitated more than 200 meetings with 13 local stakeholders, including hotels, attractions, travel ground operators and island visitors bureaus. Meeting discussions focused on exploring opportunities for direct, one-stop flight routes.
- Korea:** HTA awarded the incumbent AVIAREPS Marketing Garden Holdings, Ltd. the contract for Destination Brand Marketing Services for the Korea Major Market Area. One of their efforts earlier this year was launching a digital advertising campaign to support Air Premia's new seasonal route from ICN to HNL, which operated from December 2023 to March 2024. This campaign aimed to promote the new services and increase ticket sales.
- Europe:** In 2024, marketing efforts returned to Europe to launch the Discover Hawai'i cross-platform digital campaign in March, boosting brand awareness and engagement among affluent travelers in the UK, Germany and Switzerland, with key partners, including Trailfinders, DER Suisse (Kuoni), and CANUSA. By the end of June, the campaign reached 8 million and delivered 17.7 million impressions. With nearly 900,000 interactions (a 5.9% interaction rate), the campaign effectively engaged long-haul travel intenders.

- **Oceania:** One of the most successful campaigns in the Oceania market was a partnership with award-winning content creation company, We Are Explorers, which connects brands with Australians and New Zealanders through the lens of adventure, travel, and conservation. It achieved a reach of over 3 million avid ‘modern day explorers’ a month. The partnership with Hawai‘i follows the Australian influencer Josh Lynott as he discovers the depths of Hawaiian culture and finds a new appreciation for the ocean, land, and life.
- **Global MCI:** In the area of meetings, conventions, and incentives (MCI), Meet Hawai‘i launched a completely refreshed website experience to support its efforts in attracting business travelers to the Hawaiian Islands. With a streamlined design and updated with comprehensive, relevant content and information, the Meet Hawai‘i website offers an intuitive, one-stop destination for meeting planners.

### Destination Management Action Plans (DMAPs)

In 2020 and 2021, the Destination Management Action Plans (DMAPs) were developed for each island. These plans focus on addressing tourism’s impacts, preserving cultural and natural resources, and managing visitor flows sustainably. The 3-year action plans concluded in 2024. HTA continued to support an array of initiatives, including revitalizing the Waikiki Historic Trail, East Maui Tourism Management Pilot Program, Hawai‘i Island Community-Based Action Stewardship Program, and Kaua‘i Visitor Industry Wildlife Summit, and the creation of a community-initiated Moloka‘i education pamphlet. An evaluation of the overall progress of each plan was conducted to assist with the planning effort for the next generation of DMAPs.

*A local steward interacting with visitors at Kaihalulu – part of the East Maui Tourism Management Pilot Program (Photo credit: Hawai‘i Tourism Authority)*



### Tourism Quality Assurance Program – Qurator

HTA introduced Qurator, its official mark of excellence, as part of its ongoing efforts to promote responsible tourism in Hawai‘i. Qurator is the most comprehensive certification of its kind. It aims to guide visitors toward products and experiences that prioritize sustainable practices, contributing positively to the environment, community, and local economy. By recognizing businesses that adhere to these values, Qurator helps elevate Hawai‘i’s tourism industry to a higher standard of sustainability. As of November, 18 businesses have already earned the Qurator certification, marking a significant step toward encouraging responsible tourism and sustainability.



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### **Technical Assistance & Capacity Building**

In partnership with the Kilohana Collective, HTA conducted a comprehensive study exploring the needs and opportunities for businesses and community organizations involved in Hawai'i's visitor industry. The findings of the study, outlined in the "Turning the Tide" report, form the foundation for HTA's regenerative tourism initiatives. These initiatives include the Foundational Technical Assistance (FTA) program and the Community Tourism Collaboratives (CTC) Program, both launched in 2024. The FTA program offered workshops on island-specific tourism topics such as market understanding, cultural program development, and marketing. These workshops were designed to help businesses better align with sustainable and regenerative tourism practices. The CTC program supports 24 organizations focused on community stewardship and regenerative tourism experiences. These funds will be used to develop and enhance visitor experiences that are deeply rooted in the principles of regenerative tourism.

### **Support for Visitor Experiences**

HTA continued to support a wide range of community-based projects aimed at enhancing Hawai'i's tourism experience in 2024. Through the Council of Native Hawaiian Advancement's (CNHA) Kilohana Collective, HTA invested a total of \$7.7 million in several key programs:

- **Aloha 'Āina Program:** \$1.2 million was awarded to 25 programs focused on conserving and revitalizing Hawai'i's natural resources.
- **Kūkulu Ola Program:** \$1.3 million supported 28 cultural initiatives designed to perpetuate Hawaiian culture through authentic, community-based experiences.
- **Community Enrichment Program:** HTA awarded \$1.9 million to 80 projects across the state, supporting tourism diversification in agriculture, culture, culinary arts, health and wellness, sports, and more.
- **Signature Events Program:** \$2.85 million supported 21 major festivals and cultural events, highlighting Hawai'i's multicultural diversity and celebrating its rich heritage.
- **Resort Area Hawaiian Culture Initiative:** HTA allocated \$385,000 to four projects in resort areas, bringing cultural practitioners, artisans, and musicians to enrich the visitor experience and deepen cultural understanding.

### **Tourism Workforce Development**

HTA made significant strides in 2024 to address workforce development in the visitor industry. Through the newly created Tourism Workforce Development Plan, HTA identified strategies to support the growth of a diverse and skilled tourism workforce.

- HTA supported the **LEI (Lead. Inspire. Expose.) Program**, which provides high school and college students with opportunities to explore careers in the visitor industry. In partnership with ClimbHI, HTA also launched the **HTA Work Wise** program, offering seasonal and part-time employment opportunities for recent high school graduates. The program provided 53 Maui and O'ahu students with real-world work experience, with 23 securing jobs and 17 in the interview process by summer's end.



*Students meeting a visitor industry professional at the 2024 O’ahu LEI event  
(Photo credit: ClimbHI)*

- Additionally, the second cohort of the **Hawai’i Tourism Ho’oilina Scholarship Program** graduated from the University of Hawai’i School of Travel Industry Management in Spring 2024. This program targets public high school seniors pursuing careers in hospitality, tourism, and culinary arts, providing seven 4-year scholarships. HTA also supported 32 scholarships for aspiring chefs at Kapi’olani Community College’s Culinary Institute of the Pacific, enabling them to further their education and skills.

### **Sports Tourism**

Sports events continue to play a key role in HTA’s tourism and branding strategy. These events not only draw out-of-state visitors but also provide opportunities for local youths to engage with world-class athletes. In 2024, HTA maintained partnerships with prominent events, including the **PGA Tour**, **LPGA LOTTE**, and the **Big West Conference**, ensuring that each event benefits local communities through youth clinics, donations to schools, and other community initiatives.

### **Maui Wildfire Response and Recovery**

HTA continued to focus on tourism’s support for Maui’s overall recovery following the August 8, 2023 wildfires. Governor Green declared a state of tourism emergency through his sixth emergency proclamation and authorized HTA to utilize the \$5 million dollar Tourism Emergency Special Fund (TESF) to respond and provide relief under Hawai’i Revised Statutes 201B-10. In 2024, HTA allocated \$2.125 million from the TESF to fund various recovery initiatives, including:

- A **Maui Marketing Recovery Program**, highlighting local entrepreneurs and businesses and promoting the island through targeted campaigns in the U.S. East and West Coast markets.
- Enhancements to the **gohawaii.com website**, with new Maui-specific content.
- The **“Mākaukau Maui” campaign** was launched to inspire hope and optimism for the island’s recovery and promote the community’s readiness to welcome visitors.



## READY TO WORK. READY TO SERVE.

We are ready to share Maui's enduring spirit and culture with the world.



While Lahaina will remain fully closed to the public, Maui is reopening to visitors to foster stability and economic recovery for its residents.

A PUBLIC SERVICE ANNOUNCEMENT FROM THE



LEARN MORE AT  
[MAKAUKAUMAUI.COM](https://www.makaukaumaui.com)

*“Mākaukau Maui” advertisement (Photo credit: Hawai‘i Tourism Authority)*

- Creation of a commercial that encouraged residents and provided information to **transition from short-term hotel accommodations to long-term housing options**.
- Increased **post-arrival communication** for visitors to ensure they are informed of any changes to Maui’s tourism landscape following the disaster.
- Local events such as the **“Bows vs. Silverswords” basketball exhibition**, a collaboration with the County of Maui and the University of Hawai‘i, aimed at bringing residents together and promoting recovery through sports.



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# Natural Energy Laboratory of Hawai'i Authority (NELHA)



*WHERE INNOVATION THRIVES: Overview of Keāhole Point at the end of Makako Bay Drive. More than 55 businesses are established at the HOST Park. (Photo credit: Tetrachrome)*

## Program Overview

The Natural Energy Laboratory of Hawai'i Authority (NELHA) is a self-sustaining state agency of Hawai'i, administratively attached to the Department of Business Economic Development and Tourism (DBEDT). NELHA oversees the Hawai'i Ocean Science and Technology (HOST) Park, an 870- acre technology park that houses more than 50 blue and green sustainable companies. These companies range from startups to commercial entities focused on advancing fields like ocean technology, aquaculture, ocean conservation and research. For more information on HOST Park, visit [HOSTPark.io](https://HOSTPark.io).

## 2024 Highlights

### Infrastructure Upgrades

- The 55" Pump Station PV/ESS Microgrid has been substantially completed, featuring a 500KW solar ground-mounted PV array and 750 kWh of energy storage. This microgrid is designed to power NELHA's 55" pump station and serve as a testbed for advanced AI control algorithms.

- The project followed a Memorandum of Understanding (MOU) executed between the State of Hawai'i and the Korea Institute of Energy Technology Evaluation and Planning (KETEP) in 2015.
- This MOU, signed by Governor David Ige, aimed to foster cooperation and resource sharing between both parties to advance green energy technologies, including energy efficiency, renewable energy, microgrid, and energy storage systems. Project partners included the Hawai'i Natural Energy Institute (HNEI) at the University of Hawai'i (UH) Mānoa, KETEP, Encored Technologies, LG Electronics, Seoul National University, Gwangju Institute of Science and Technology, and NELHA.

### **Statewide Impact**

UHERO released its economic impact study, with HOST Park as one of the main drivers of the Hawai'i economy – contributing more than \$145 million in 2022. The study highlights the park's financial strength and positive ripple effects, creating more than 700 jobs in the state.

### **Global Outreach**

HOST Park's launched its new website, [hostpark.io](http://hostpark.io), showcasing successful client stories, the park's unique resources and available opportunities for investment, research and partnership. Designed to engage both industry professionals and curious minds, the website features virtual tours that provide an inside look at the innovative work happening at HOST Park. More than 2,000 new site visitors have checked out [hostpark.io](http://hostpark.io) to date.



*More than 50 attendees showed up at AquaHack, an intensive one-day workshop to learn the latest industry updates. (Photo credit: Meredith Pfenning)*

### **Cultural Connection**

- NELHA established a Cultural Advisory Hui, named Pā Pā'aiea, consisting of nine members to engage the community in the planning process and assist in defining its vision, mission, values, and priorities. The hui includes 3 lineal descendants of the Keāhole area.
- To date, eight meetings have been held to assist NELHA staff in gathering input, feedback and suggestions on improving NELHA's plans to address the community needs and ensure they reflect the community's diverse perspectives and interests.

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### **Operation Pipeline Recovery**

- NELHA retrieved a 200-foot-long section of pipe floating offshore of Keāhole Point. Believed to be a portion of a now-defunct pipeline 16A, one of six installed in the late 1980s by a former tenant no longer in business.
- The NELHA operations team, with the help of Makai Ocean Engineering and Blue Ocean Mariculture, removed the pipes quickly for the safety of swimmers, boaters and sea wildlife. Diving Locker, Isemoto Contracting and SOEST PacIOOS Lab brought the pipelines ashore and ensured proper disposal.

### **Keiki Connection**

Since its launch in November 2023, more than 800 students have visited HOST Park from all over the state and even from as far as New Zealand. The program included an interactive presentation, walking tour and scavenger hunt on the Makai Research Campus.

### **A Plan in Motion**

A new comprehensive EIS and Master Plan for the entire 870-acre HOST Park will allow NELHA to align business growth with community goals at a location that supports appropriate natural resource utilization and drive economic development. This plan will support research projects and facilitate the transition from research and development to pilot-scale and then to full commercial operation of companies using the natural resources available at HOST Park.

### **NELHA's 50<sup>th</sup> Anniversary**

NELHA's 50<sup>th</sup> Anniversary Open House welcomed more than 1,400 visitors interested in learning about HOST Park and its tenants. This first-ever community event was not only a celebration of NELHA's milestone but a thank you to the community that has supported the HOST Park.



*Makai Ocean Engineering's Mike Eldred talks to an interested attendee at NELHA's 50<sup>th</sup> Anniversary Open House at HOST Park. (Photo credit: Tetrachrome)*



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# Office of Planning & Sustainable Development (OPSD)



## Program Overview

Under HRS §§ 225M-1 and 225M-2(b), the Office of Planning reports directly to the Governor on substantive issues and to the director of the DBEDT for administrative purposes. The State of Hawai'i Office of Planning & Sustainable Development (OPSD) gathers, analyzes and provides information to the Governor to assist in the overall analysis and formulation of state policies and strategies. The purpose of the Office is to (1) provide central direction and cohesion in the allocation of resources and effectuation of state activities and programs, and (2) effectively address current or emerging issues and opportunities.

### OPSD Programs

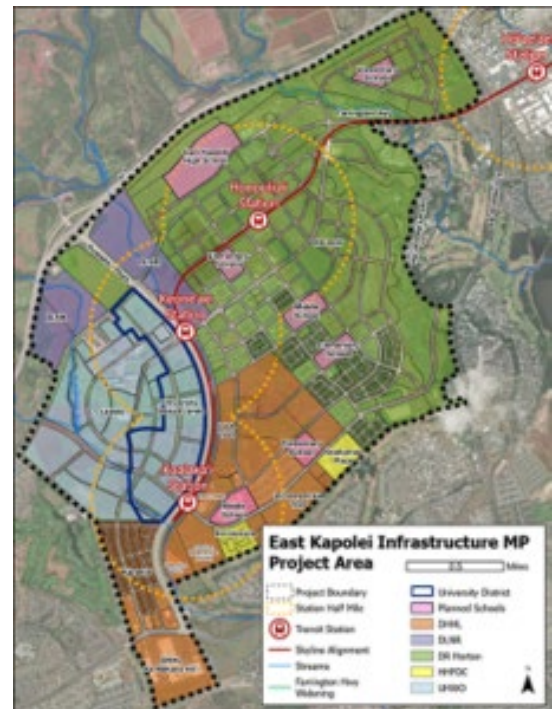
1. **Land Use Division/Transit-Oriented Development Program:** To preserve, protect, and encourage the development of the state lands for those uses to which they are best suited for the public welfare.
2. **Coastal Zone Management Program:** To provide for the effective management, beneficial use, protection, and development of the coastal zone.

3. **Environmental Review Program:** Facilitates Hawai'i's environmental review process (also known as HEPA) to promote balance between economic development and environmental quality, pursuant to Chapter 353, HRS and Chapter 11-200.1, HAR.
4. **Special Plans Branch:** Oversees Statewide planning under the Hawai'i State Planning Act, focusing on improving planning processes, enhancing government and private actions, coordinating among agencies, and guiding resource use and future development.
5. **GIS Program:** The purpose of the GIS Program is to plan, coordinate, and maintain a comprehensive, shared statewide planning and geographic information systems (GIS) and associated geospatial database.
6. **Statewide Sustainability Branch (SSB):** The SSB develops and promotes policies to achieve Hawai'i's sustainability and climate goals, acting as the centralized agency for recommending legislative and regulatory changes to protect and enhance the environment, economy, and community for the benefit of its residents.
7. **Land Use Commission:** Has policy and fiscal autonomy. See separate section.

## 2024 Highlights

### Land-Use Development Program & Transit-Oriented Development (Housing)

- HUD PRO Housing award of \$6.6 million; working with the Governor's Office to submit another application for \$4.5million
  - Funds infrastructure for housing projects
  - Creates a Statewide infrastructure bank
- Implementing the "TOD Infrastructure Financing and Delivery Strategy" (completed December 2023)
- Producing the "East Kapolei Infrastructure Master Plan" (\$500,000)
- Managing TOD Capital Improvement Planning funds (23 current projects statewide with \$9 million; but received 35 proposals totaling \$13.2 million)
- Protecting agriculture lands and reducing the regulatory burden for reasonable non-agricultural activities on unproductive lands
- Coordinating with sister agencies, counties, and developers to make the best use of the 15,500 acres of public lands in the Urban District near bus and rail transit
- Staffing the HI Interagency Council for TOD (Act 130, SLH 2016)
- Conducting the "Soil Classification Systems & Use in Regulating Agricultural Lands" study (HRS 205, 225M)



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## Coastal Zone Management Program

- NOAA Fellow completed *Coastal Hazards and Social Vulnerability*
- Publication of the *Low Impact Development Practitioner's Guide for Hawai'i*  
Access it here: [Low Impact Development Practitioner's Guide for Hawai'i](#)
- Preliminary approval of the *State's Coastal Nonpoint Source Pollution Control Program*
- Developed the *Kōkua Monitoring Framework* to improve place-based management of nearshore marine resources
- Completed the *Waikīkī Sea Level Rise (SLR) Resilience and Adaptation Plan*  
Access it here: [Waikīkī Resilience & SLR Adaptation Project \(WRAP\)](#)
- Administered IIJA (Infrastructure Investment & Jobs Act) funds to support a County of Kaua'i Planning Department Project to support a Dune Restoration, Community Outreach, and Capacity-Building Project at Hanapepe Salt Pond



## Environmental Review Program (ERP)

- For over 50 years, the ERP (and programmatic predecessors) has published *The Environmental Notice* twice a month to announce the availability of new environmental disclosure documents (Environmental Assessments [EAs] and Environmental Impact Assessments [EISs]) and associated agency determinations
- Maintain an [online library](#) of thousands of EAs and EISs
- Provide objective guidance, support and training to various stakeholders of the HEPA process (agencies, consultants, applicants, legislators, special interest groups, general public)
- Provide staff support to the [Environmental Advisory Council](#)



### **Special Plans Branch (SPB)**

Building on the 2023 CEDS (Comprehensive Economic Development Strategy), SPB launched the Hawai'i Economic Recovery & Resilience (HIERR) Project to strengthen the state's economic resilience against challenges like the COVID-19 pandemic and wildfires. The HIERR Plan, which will integrate with the Statewide CEDS, is designed to support access to federal funds by outlining resilience goals and actions. Additionally, SPB is collaborating with DBEDT through a \$3.2 million grant to develop the Military and Community Relations Office(MACRO), aiming to identify projects that benefit both Hawai'i's military installations and nearby communities. Other highlights include:

- Pursuing federal designation of a Statewide Economic Development District (EDD) to expand eligibility for U.S. EDA funds for CEDS and HIERR-aligned projects
- Launching a three-year project to update the State Planning Act, with a Task Force set for 2025, following Act 036, SLH 2024
- Continuing to support Maui Wildfire recovery, providing technical assistance to the County Planning Department and gathering insights from the Maui Economic Recovery Commission for long-term planning

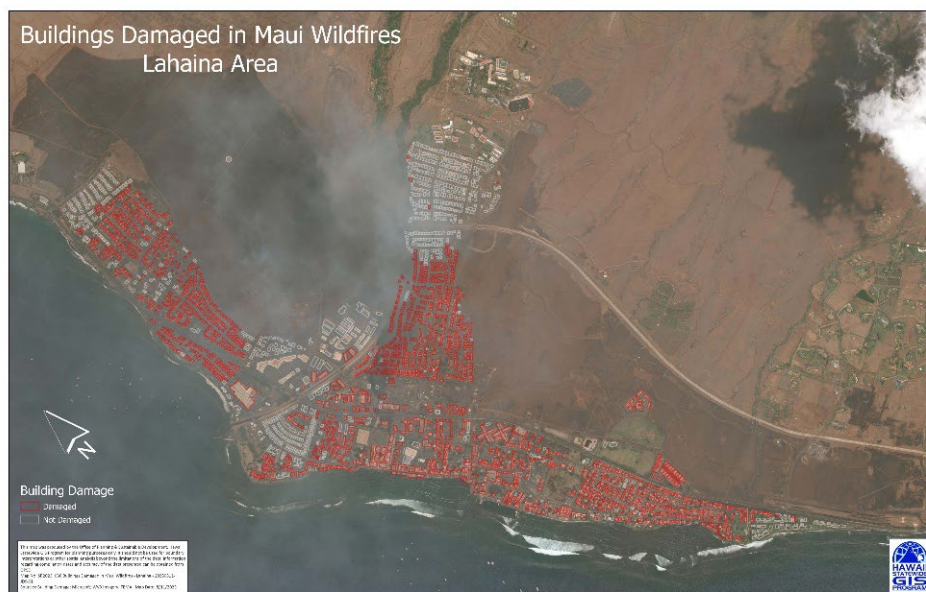
### **Statewide Sustainability Branch**

- Awarded the National Merit Award for Excellence in Sustainability by the National American Planning Association
- Member of the National Legislative & Policy Committee for the American Planning Association Board
- State Climate & Sustainability Plan – *Hawai'i 2050 Sustainability Plan* (HRS §§ 226-65) published for the 2020-2030 decade
  - Recognized with the Best Practice Award by the American Planning Association – Hawai'i Chapter
  - Received the Publisher's Choice Award in the Business Achievement Awards from *Pacific Edge Magazine*
- Editorial coverage in *Hawai'i Business Magazine* (September 2024) and *Honolulu Magazine* (March 2024)



## Statewide GIS Program

- Supported the state’s response to the Maui Wildfires:
  - Provided data and maps to support the state’s response to the Maui Wildfires, including high resolution imagery from Vexcel, AI-generated preliminary identification of fire-damaged structures from Microsoft
  - Developed interactive [Fire Relief Housing Selector](#) application to facilitate displaced residents finding suitable temporary housing being offered by participating homeowners
  - Participated in periodic GIS coordination calls along with stakeholders from the County of Maui, Governor’s Office, HI-EMA, nonprofits like the American Red Cross, and the private sector, like HECO; meetings are facilitated by FEMA
- Together with the Office of Enterprise Technology Services (ETS), planned for the implementation of an Enterprise Agreement with Esri that will include significant changes to the online mapping platform, desktop, and server GIS software licenses deployment, and management of the geoplatform
- Worked with HBDEO to develop [Broadband Connectivity Dashboard](#) and [Digital Equity Project Tracker](#)
- Developed maps and analysis for the Legislature and various State agencies, including the DBEDT Deputy Director, READ, ADC, CID, HIDOE, Charter School Commission, and the Governor’s Office
- Moderated a panel discussion about geospatial data for emergency management and disaster response at the 2024 Hawai’i Data and AI Summit
  - Added 15 new data sets to and 30 data sets on the [State’s geospatial open data portal](#)
- Hosted GIS Users Meetings and Brown Bag Lunch & Learn series during the year at which users share information about projects and techniques utilizing GIS tools and resources with their colleagues



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# OPSD – Land Use Commission (LUC)



## Program Overview

The State Land Use Law (Chapter 205, Hawai'i Revised Statutes) was adopted in 1961, establishing a framework of land use management and regulation in which all lands in the State of Hawai'i are classified into one of four land use districts. To administer the Land Use Law, the State Legislature established the Land Use Commission (LUC) (Komikina Ho'ohana 'Āina).

The Commission is composed of nine members who are appointed by the Governor and confirmed by the State Senate. One member is appointed from each of the four counties and five members are appointed at-large. The Commissioners are non-paid volunteers who represent a cross-section of the community.

In the current fiscal year, the LUC has worked to address the housing shortage and stimulate economic activity by promptly meeting its projected goals and processing all petitions for district boundary amendments, special permits, Important Agricultural Land designations, and Motions to Amend. Most Petitions and Motions were decided on and concluded within four (4) months of being deemed complete for hearing.



**State Land Use Districts**

<p><b>Urban District</b></p>	<p>The Urban District generally includes lands characterized by “city-like” concentrations of people, structures and services. This District also includes vacant areas for future development.</p> <p>Jurisdiction of this district lies primarily with the respective counties. Generally, lot sizes and uses permitted in the district area are established by the respective county through ordinances or rules.</p>
<p><b>Rural District</b></p>	<p>Rural Districts are composed primarily of small farms intermixed with low-density residential lots with a minimum size of one-half acre.</p> <p>Jurisdiction over Rural Districts is shared by the Commission and county governments. Permitted uses include those relating to or compatible with agricultural use and low-density residential lots.</p> <p>Variances can be obtained through the special use permitting process.</p>
<p><b>Agricultural District</b></p>	<p>The Agricultural District includes lands for the cultivation of crops, aquaculture, raising livestock, wind energy facility, timber cultivation, agriculture-support activities (i.e., mills, employee quarters, etc.) and land with significant potential for agriculture uses. Golf courses and golf-related activities approved by a county before July 1, 2005, may be allowed in this district, otherwise such new facilities are prohibited.</p> <p>Uses permitted in the highest productivity agricultural categories are governed by statute. Uses in the lower-productivity categories (C, D, E or U) are established by the Commission and include those allowed on A or B lands as well as those stated under Section 205-4.5, Hawai‘i Revised Statutes.</p> <p><a href="#">Important Agricultural Land (IAL) designation information</a> from the State Department of Agriculture (DOA)</p>
<p><b>Conservation District</b></p>	<p>Conservation lands are comprised primarily of lands in existing forest and water reserve zones and include areas necessary for protecting watersheds and water sources, scenic and historic areas, parks, wilderness, open space, recreational areas, habitats of endemic plants, fish and wildlife, and all submerged lands seaward of the shoreline. The Conservation District also includes lands subject to flooding and soil erosion.</p> <p>Conservation Districts are administrated by the State Board of Land and Natural Resources and uses are governed by rules promulgated by the State Department of Land and Natural Resources.</p>

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# 2024 Highlights

## **Petition Processing**

The LUC continues to meet long- and short-term goals in approving petitions. The LUC has also met its projected goals with regard to boundary interpretations, special permits and important agricultural lands petitions, allowing the counties to process and issue construction permits.

## **Strategic Program Improvement**

The LUC is engaged in an ongoing improvement strategy to address the affordable housing crisis and improve public outreach by:

- Reducing the time for response to boundary determinations.
- Continuing to streamline the process by regular rule amendments and updates.
- Digitizing archive materials and updating and modifying the LUC website.

## **Important Agricultural Land Designation**

Pursuant to recently enacted legislation, private parties and the counties may submit petitions for various lands to be designated as “Important Agricultural Lands.” Counties may submit large-scale proposals for designation. *This activity is currently on hold pending the resolution of a challenge to the Supreme Court with regard to the process.*

## **Special Permit Applications**

Various infrastructure projects in the State Agricultural District, such as expanding the Honouliuli wastewater treatment plant, relocation of the Waimānalo Gulch Land Fill, continued operation of various public and private landfills and quarrying operations to supply materials for road building and construction. This included working with federal, State, and the County of Maui on location of temporary landfill siting for Maui wildfire debris. More than 96 acres of commercial and industrial lands were approved.

## **Affordable Housing**

LUC activities are focused on the approval and enabling of large and medium-scale construction and housing projects to stimulate the construction industry and increase the state inventory of affordable and market-rate housing. Over 1,750 affordable homes and 1,770 market-rate homes were affected this past fiscal year. The LUC has approved an estimated 45,000 to 65,000 units that have not yet been built. Efforts are underway to move those projects forward through status reviews and amendment of project requirements.

## **Energy Projects**

The LUC is also responsible for approving Solar Projects on class A, B and C-rated lands.

## **Enforcement of District Boundary Amendment Compliance**

The LUC has embarked on a campaign to discourage speculation and encourage actual development to further stimulate housing development. The Status Report/Hearing process requires developers to show that stagnant projects are in development or identify barriers that need to be resolved. The LUC scheduled seven status report hearings this past year. Three have resulted in the re-animation of project development and the others are still pending.

# Stadium Authority (SA)



*New Aloha Stadium Entertainment District rendering; subject to change  
(Image credit: Aloha Halawa District Partners)*

## Program Overview

### **Mission Statement**

To meet the challenge of providing a first-class arena where the dreams of our young people can be realized through participation in sporting and other special events, where the spirit of achievement can be nourished by the thrill of competition, and where families can gather to share their cultural diversity with pride and a feeling of Aloha.

### **Vision Statement For The New Aloha Stadium Entertainment District (NASED)**

NASED will be a vibrant, community-centric mixed-use district, anchored by a new sports and entertainment venue, that celebrates Hawai'i's culture and embodies the aloha spirit for the community and visitors alike.

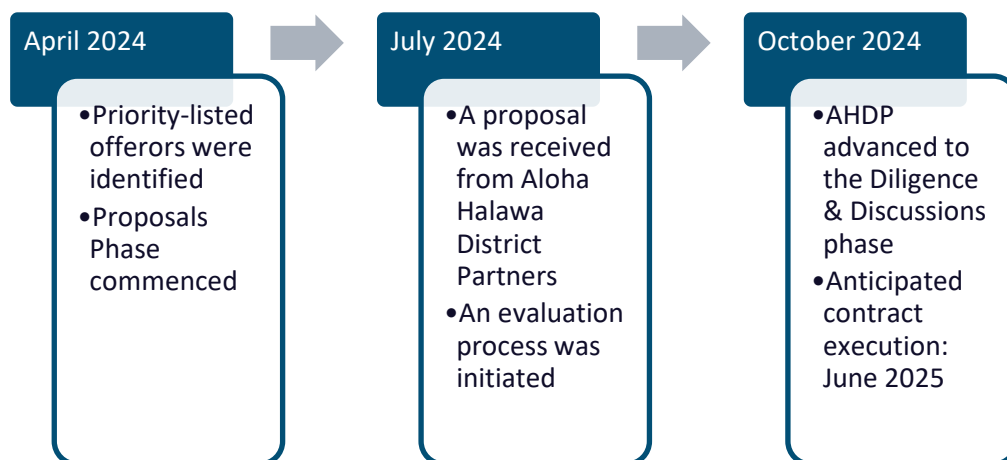


# 2024 Highlights

## New Aloha Stadium Entertainment District

- In FY 2024, the Stadium Authority restarted the procurement process for the New Aloha NASED project. Governor Green proposed a new, single integrated project approach, where one developer would design, build, operate, and maintain the new Aloha Stadium as a central component of the NASED project. Under this model, the developer is expected to invest their own funds in addition to the already appropriated state funding, ensuring a higher-quality stadium than what the state could build using only its resources. In return for this investment and long-term maintenance guarantee, the developer will receive development rights to the surrounding land and utilize the revenue generated from these developments to fund ongoing stadium operating and maintenance costs. This approach aims to transfer the responsibility for long-term funding and cost overruns to the private sector, significantly reducing the financial burden on Hawai'i taxpayers.
- This new approach required comprehensive legal and financial due diligence, which began with a **market-sounding process in June 2023** to better inform the procurement strategy. Based on the data collected from this process, **Part 1 of the request for proposals (RFP) was published in December 2023. Two developer-led teams were shortlisted in April 2024** and invited to participate in the Proposals phase of the procurement. **On July 31, 2024, the state received a proposal from Aloha Halawa District Partners (AHDP).** Following a five-week evaluation process, the Evaluation Team, guided by legal, financial, and technical advisors, confirmed the proposal met the requirements outlined in the RFP and offered significant value to the state. Consequently, AHDP was invited into a nine-month Diligence and Discussions phase, where final negotiations are underway. **The contract is expected to be completed by June 30, 2025.**

## 2024 Accomplishments Related to NASED



## Current Stadium Operations

- Despite the absence of a functional stadium, the stadium management team continued to host events and manage rentals in the available areas on the stadium parcel. These uses included **long-term storage** with several private entities, **daily parking for construction companies**, and a **wide variety of events**, such as concerts with audiences ranging from 8,000 to 12,000 spectators, the 50th State Fair, the Holiday Lights show, and a Megabon event. As a result, revenues reached over 85% of the average revenue from when the stadium bowl was in operation.



*Left to Right: Concert (Upper Hālawā lot), 50<sup>th</sup> State Fair, Megabon (Lower Hālawā lot)*

- A key workstream this past fiscal year was ensuring that **the Swap Meet and Marketplace** could continue to operate after the stadium is demolished and during the construction of a new stadium. Plans are underway to perform utility realignments, install temporary restroom facilities and office trailers, and resurface the Upper Halawa Parking lot to serve as a viable home for the Swap Meet throughout the construction period.





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