



GOV. MSG. NO. 1337

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 11, 2016

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker
and Members of the House
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

I am transmitting herewith SB3102 SD1 HD1 CD1, without my approval, and with the statement of objections relating to the measure.

SB3102 SD1 HD1 CD1

RELATING TO THE DEPARTMENT OF
BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM

Sincerely,

DAVID Y. IGE
Governor, State of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2016

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 3102

Honorable Members
Twenty-Eighth Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, Senate Bill No. 3102, entitled "A Bill for an Act Relating to the Department of Business, Economic Development, and Tourism."

The purpose of this bill is to mandate State agencies to implement inter-agency agreements without entering a memorandum of agreement (MOA) or memorandum of understanding (MOU), diversify the economy by establishing the High-Growth Grant Program (HGGP), and appropriate \$1 million dollars to the HGGP special fund to provide business grants.

I am concerned that this bill does not provide a clear rationale for requiring implementation of inter-agency agreements without MOAs or MOUs. Further, the Department of Business, Economic Development, and Tourism (DBEDT) does not have the expertise, and lacks adequate resources, to develop inter-agency agreements for all program statewide because each program has an objective that differs from DBEDT's.

Additionally, the purposes for the HGGP are very broad, the term "high-growth" is vague, and the HGGP special fund will likely not be self-sustaining without more clarity about the purposes of the grant program. Thus, it would be very difficult for DBEDT to adopt administrative rules and implement the program since the three purposes do not seem to align with "high-growth".

Finally, the ambiguity of the HGGP could be viewed as providing authority to DBEDT to circumvent the legislature's constitutional authority to review and approve annual appropriations and grants-in-aid via the legislative process.

STATEMENT OF OBJECTIONS
SENATE BILL NO. 3102
Page 2

For the foregoing reasons, I am returning Senate Bill No. 3102 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

DAVID Y. IGE
Governor of Hawai'i

A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1

PART I

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

SECTION 1. The legislature finds that duplicate agency programs result in an ineffective use of resources. Inter-agency agreements provide agencies with an opportunity to streamline and expedite agreements through the coordination of resources and elimination of unnecessary duplication, without entering into a memorandum of agreement or memorandum of understanding.

The purpose of this part is to require that state agencies implement inter-agency agreements without entering into a memorandum of agreement or memorandum of understanding.

SECTION 2. Chapter 201, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§201- Inter-agency agreements; memoranda of agreement; memoranda of understanding. (a) The department of business, economic development, and tourism shall develop and any state



1 agency shall enter into and implement inter-agency agreements to
2 coordinate resources, eliminate unnecessary duplication, and
3 effectuate the purposes of their respective chapter, without
4 entering into a memorandum of agreement or memorandum of
5 understanding.

6 (b) In addition to any other terms or conditions required
7 by law, any inter-agency agreement between the department and a
8 state agency, office, department, or other administrative
9 subdivision shall contain the following:

- 10 (1) A termination date;
- 11 (2) A statement of intent and purpose;
- 12 (3) Terms specifying the extent of the inter-agency
13 agreement's applicability; and
- 14 (4) Terms under which the inter-agency agreement may be
15 modified or extended."

16 PART II

17 SECTION 3. The legislature finds that diversifying the
18 economy is critical to the future of the state.

19 Accordingly, the purpose of this part is to establish the
20 high-growth grant program within the department of business,



1 economic development, and tourism to assist qualified businesses
2 by providing grants for specific business development purposes.

3 SECTION 4. Chapter 201, Hawaii Revised Statutes, is
4 amended by adding a new section to part I to be appropriately
5 designated and to read as follows:

6 "§201- High-growth grant program; high-growth grant
7 program special fund; established. (a) There is established
8 within the department a business development grant program that
9 shall be known as the high-growth grant program. The high-
10 growth grant program shall assist qualified businesses by
11 providing grants to:

- 12 (1) Expand business operations;
- 13 (2) Improve business productivity; or
- 14 (3) Invest in food safety or quality control programs.

15 (b) The department shall issue grants to finance:

- 16 (1) Equipment purchases;
- 17 (2) Management and workforce training;
- 18 (3) Infrastructure improvements; and
- 19 (4) Consulting or feasibility studies.

20 (c) There is established in the state treasury the high-
21 growth grant special fund to be administered by the department



1 and into which shall be deposited appropriations made by the
2 legislature to the fund. Moneys in the special fund shall be
3 used for the purposes of this section.

4 (d) The high-growth grant program shall provide grants to
5 qualified businesses in an amount no greater than thirty per
6 cent of the amount that is privately invested in a business for
7 one or more of the purposes set forth in subsection (a);
8 provided that the program shall provide no more than \$250,000 to
9 any specific qualified business in one calendar year.

10 (e) The department shall adopt rules pursuant to chapter
11 91 to implement this section.

12 (f) As used in this section, "qualified business" means a
13 business that has:

- 14 (1) Been in business for at least two full years; and
- 15 (2) Demonstrated the ability to export products."

16 SECTION 5. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$1,000,000 or so much
18 thereof as may be necessary for fiscal year 2016-2017 to be
19 deposited into the high-growth grant special fund.

20 SECTION 6. There is appropriated out of the high-growth
21 grant special fund the sum of \$1,000,000 or so much thereof as



1 may be necessary for fiscal year 2016-2017 for the high-growth
2 grant program to provide grants to qualified businesses;
3 provided that no more than \$100,000 may be used to administer
4 the program.

5 The sum appropriated shall be expended by the department of
6 business, economic development, and tourism for the purposes of
7 this part.

8 PART III

9 SECTION 7. New statutory material is underscored.

10 SECTION 8. This Act shall take effect on July 1, 2016.

APPROVED this day of , 2016

GOVERNOR OF THE STATE OF HAWAII