

2006 Annual Report

Department of Business,
Economic Development & Tourism



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1. Hawaii-Economic policy.
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Director's Welcome
Department of Business, Economic Development & Tourism



Aloha,

Over the past several years, Hawaii has enjoyed a period of economic growth and prosperity not seen since the 1980s. While the pace of growth eased slightly in 2006, we enter 2007 with a fundamentally healthy economy. These conditions present the opportunity to transform Hawaii's economic structure into one with growth led by innovation, entrepreneurial energy and productivity, with a greater role for its emerging industries.

First, let's look at our recent economic performance.

Hawaii's strong economic performance over the last several years has been based in large part on its tourism and construction industries.

2006 is likely to end with a modest gain in visitor arrivals of 0.3 % over 2005, still resulting in a record 7.5 million visitors for the year. The more important measure of visitor expenditures, however, is expected to increase by 5.4% over 2005, and top \$12.5 billion.

For the construction industry, total private building permits issued through the first nine months of 2006 increased 9.7% to a total value over \$2.7 billion. This leading indicator bodes well for construction activity over the next year.

The value of government contracts awarded totaled \$692 million statewide, a 9.2% increase from 2005. Federal investments in Hawaii remains strong, with the ongoing \$2.3 billion military housing privatization initiative expected to add growth to the State's construction industry over the next decade.

Other measures of this economic momentum include new jobs created and increases in personal income and State tax collections. Jobs increased by 2.5% in 2006 and according to the U.S. Bureau of Labor Statistics, Hawaii had the lowest unemployment rate in the nation for several months of 2006. Nominal personal income is expected to increase 7.0% percent in 2006.

Public sector revenues for the first 10 months of 2006 increased by 6.8%, with the General Excise and Use Tax increasing by 9.5%, net individual income tax collections increasing by 10.2% and the Transient Accommodations Tax (TAT) increasing by 9.9%.

DBEDT's forecast for 2007 sees moderating growth rates for tourism, personal income and employment. Visitor arrivals for 2007 are expected to post a 2.5% gain, with visitor expenditures up 6.0%.

Wage and salary jobs in 2007 are expected to increase 1.5%, moderating from the estimated 2.5% growth for 2006 and relieving some pressure on a very tight labor market.

Hawaii's consumer price index is expected to show a 4.8% increase for 2006, but is forecast to ease to 3.6% in 2007. Housing and energy prices were major factors in the elevated prices for 2006. That pressure has eased and 2007 should show somewhat more modest inflation.

Beyond 2007, the outlook will depend to a large extent on the performance of the U.S. national economy and Hawaii's major foreign markets, particularly Japan. While there has been some slowing in the housing sector, partly due to Federal Reserve interest rate increases, and restructuring in industries such as automobile, there are no signs that the current national expansion has run its course. This suggests that we may see another year or two of healthy growth before any significant slowing of the U.S. economy.

Japan's current economic expansion has been one of the longest-lasting in the post-World War II era and is expected to continue for at least another year. The consensus forecast of a strengthening of the Yen – U.S. dollar exchange rate would be favorable to Hawaii's inbound Japanese tourist market.

As a result, DBEDT's forecast for 2007 is continued economic growth, albeit at a slower rate of growth as compared to the exceptionally strong growth rates of the past 4 years. DBEDT's forecasts can be viewed at <http://www.hawaii.gov/dbedt>.

DBEDT's vision is a globally competitive, dynamic, and productive Hawaii economy providing opportunities for its citizens to prosper. This vision needs to be implemented in the context of the new challenges of a globally interconnected economy, where global competition will determine where a product or service is produced, where it is sold and who captures its value.

To meet this challenge, Hawaii's economic policy needs to shift toward developing its human capital resources and its innovation capacity. Hawaii's human capital potential is its greatest under-utilized asset. Increasing Hawaii's innovation capacity will enable its companies and citizens to compete in a global economy. Unleashing both is the key to Hawaii's future prosperity.

In 2007, the Department intends to lead public efforts to understand and facilitate structural economic adjustments that create an environment rewarding innovation and entrepreneurship.

Specifically, DBEDT has formulated six strategic focus areas for its on-going programs -

Creating an Innovation Infrastructure - DBEDT will focus on facilitating the creation of the infrastructure that enables Hawaii's creative and entrepreneurial talent to turn ideas into products and services, by supporting access to ideas and funding; providing business incubation facilities and expertise; and providing support and incentives to build innovative globally competitive businesses.

Workforce Development - Recognizing the critical need to develop, retain and attract a workforce with the skill-sets required for an innovation-driven and globally-competitive economy, the Department will bring together stakeholders in business, education and labor to build a 21st Century workforce.

"Energy for Tomorrow" - DBEDT programs will focus on ensuring Hawaii's energy security by leading efforts to fundamentally change how we consume energy, accelerate the production of renewable and alternative energy, increase energy efficiency and develop and adopt new energy technologies.

Encouraging Export of Goods and Services - DBEDT supports the increased flow of people, products, services and ideas between Hawaii and its export markets, by providing capacity building, logistical support, partnering opportunities and access to off-shore market opportunities.

Developing Workforce Housing - The Department is committed to creating workforce or "gap" housing units, in high-quality living environments, which support a skilled labor force in Hawaii, by working with the private sector to facilitate development through providing state lands, expediting approval and permitting processes, providing incentives and financing tools, and advocating supportive policy changes.

Improving Hawaii Business Environment - DBEDT is committed to lead public sector efforts to bring about a business environment that is market-driven, productive and entrepreneurial, by reducing regulations and barriers to doing business in Hawaii and providing support to targeted growth sectors.

In 2006, and as reflected in this Annual Report, all DBEDT programs have aligned their programs to support one or more of the above strategic focus areas.

Mahalo and Aloha,



Theodore E. Liu

Key Accomplishments
Department of Business, Economic Development & Tourism

Strategic Marketing & Support Division

SMSD's business and trade marketing program yielded significant results in 2006. These included:

- attracting a Japanese company to establish its U.S. headquarters and investing \$2 in developing its 10 acre koi farm operations in Mililani;
- a Japanese trading company to establish its U.S. branch office in Hawaii and investing \$1.5 million in the process;
- a Hawaii environmental firm securing \$1.25 in joint venture investment with a Chinese water treatment company who will put up land, factory facilities and working capital to manufacture the Hawaii firm's environmental product; and
- \$1 million in new product exports to Taiwan and Japan.

Organized visits for paid training and government delegations from Taiwan and China, realizing over \$700,000 in revenues. Training topics included tourism planning, policy marketing, business and entrepreneurship, and public administration.

Organized participation in 16 trade shows and trade missions promoting Hawaii's products, services and investment opportunities, assisting over 100 Hawaii firms enter or expand into overseas markets.

Research & Economic Analysis Division

Completed and published economic data and reports 100 percent on time as scheduled:

- The daily passenger count
- The weekly unemployment claims
- 12 issues of the Monthly Economic Indicators monthly
- 12 issues of monthly visitor statistics (monthly)
- 12 issues of Air-seat outlook (monthly)
- 4 issues of Quarterly Statistical and Economic Reports with DBEDT
quarterly economic forecast (quarterly)
- The 2005 State Data Book (annually)
- 2005 Visitor Satisfaction and Activity Report (annually)
- 2005 Annual Visitor Research Report (annually)
- 2005 Visitor Plant Inventory Report (annually)
- The 2002 State Input-Output Study for Hawaii

The Hawaii Technology Sector: 2001 to 2005

Published or presented the following NEW reports (in addition to regular products):

- a. 2006 Visitor Satisfaction Monitoring Report - Half Year (published)
- b. County Social, Business and Economic Trends in Hawaii: 1990-2005 (published)
- c. Hawaii's Inmigrant Population: 2005 (published)
- d. Profiles of Leeward Coast (completed, presented)

Provided public with Hawaii specific-data and in-depth analysis on Census Bureau's products:

- Population estimates
- American Community Survey
- Economic Census

Foreign-Trade Zone No. 9

Increased revenue to achieve break-even status.

FTZ-9 increased revenues by almost 20 percent and held costs level to regain a break-even status. Several years ago, FTZ-9's revenues were reduced by approximately 30 percent when 10 acres of its Pier 1 site were released to assist in the establishment of the UH Medical School. A significant part of increasing revenues was a result of FTZ-9's efforts to "re-brand" its remaining 7 acres at the Pier 2 as a place "where international trade happens" and offer one-stop shop services for small businesses engaged in international commerce. Our initial efforts have been successful and the concept has quickly gained traction. By the end of 2006, we were at 100 percent occupancy, and tenants in our new wing include some of the larger players in our local maritime industry such as American Customs Brokerage, Waldron Norton Lilly Shipping, Inchcape Shipping and Daehan Shipping Agency.

Transferred ownership of FTZ-9 Pier 2 site from the Hawaii Community Development Authority to Foreign-Trade Zone Division.

Securing permanent land tenure is critical to the effectiveness of the FTZ program. Use of the site has been unintentionally hampered by the uncertainty over future land uses at Honolulu Harbor. FTZ-9 worked closely with other DBEDT attached agencies, DOT and the Legislature towards the passage of Act 165, SLH 2006. This act will allow FTZ-9 to adhere to the conditions of its grant of authority from the federal Foreign-Trade Zones Board requirement that we have "a level of control which allows the grantee to carry out its responsibilities as grantee" and increase revenues.

Obtained federal FTZ status for the Natural Energy Laboratory of Hawaii Authority's 870 acre ocean science and technology park.

FTZ-9 worked closely with NELHA and county and federal agencies during the year-long application and approval process. Securing FTZ status for the NELHA site will assist the County of Hawaii in pursuing strategies to expand and diversify its economic base. NELHA is one of Hawaii's most successful economic development projects, and NELHA's tenants have had success in dramatically increasing Hawaii's exports, primarily due to the growth of deep seawater bottling companies and aquaculture firms. Specifically, the new water bottling industry at NELHA may benefit considerably with reduced costs and other benefits that will ensure the viability of this new industry at NELHA and keep the site competitive with international competitors.

Creative Industries Division

Advocated and implemented Act 88: the film, television, and digital media production tax credit: The measure was passed by the legislature and signed into law by the Governor as Act 88 and took effect on 7/1/06. The film office was able to coalesce and galvanize the local film industry to lobby for the passage of the credit by providing regularly updated, digestible information about the bill and hearings. This measure also established a mandatory Educational and Workforce Development Contribution program and supports one of DBEDT's strategic objectives for Workforce Development. In order for productions to claim the credit, they must work with a local public or charter school, or labor union chapter to contribute financially or in-kind toward the furtherance of the film and arts industries in Hawaii with respect to workforce development. The Hawaii Film Office established a comprehensive application process to access the credit and more accurately track statistics for productions that utilize Act 88.

Completed \$7.3 million renovation of the Hawaii Film Studio: This marked the completion of film studio construction that actually began in the early 90s with the building of the state's first soundstage facility. The \$7.3 million Phase II, completed May 15, 2006, produced new production offices, a new technical building used for set construction and set storage, and other improvements to the 7-acre property located near Diamond Head. ABC's hit show "Lost" which utilized the soundstage during Phase II construction, has now moved its entire production company to the Hawaii Film Studio site.

Established a "Hawaii Creative Industries" Database: Established a new database that includes Hawaii's artistic and cultural for-profit and non-profit activities in various industry sectors and collected contact information, industry classifications, marketing and product/service descriptions, and economic data regarding job count and income estimates.

Strategic Industries Division

Energy for Tomorrow:

Supported by the efforts of the Strategic Industries Division, DBEDT facilitated collaborative, bi-partisan efforts with the Governor and Legislature to enact landmark energy legislation known collectively as Energy for Tomorrow. EFT sets forth an integrated, strategic framework to provide reliable, cost effective methods to conserve energy, with state agencies taking the lead to implement conservation measures. The legislation established bold initiatives to catalyze renewable energy production for Hawaii. Hawaii has now established itself among the world leaders for biofuels development through its "Fuels from Farming" initiative. We have also established a pathway for advanced energy systems development with the Renewable Hydrogen Program in DBEDT. Since the approval of legislation by the Governor, there have been notable increases in commercial development of renewable energy projects in both the electric and transportation fuels sectors, resulting in considerable investment in Hawaii's economy.

Federal Funding:

DBEDT- SID assisted UH to support development of Hawaii's Experimental Program to Stimulate Competitive Research, leading to 3-year, \$9 million federal grant from the National Science Foundation to support activities under the theme of "Biodiversity in an Integrated Island Environment," with research infrastructure improvement projects focused on evolutionary genetics, ecosystem studies, and information technology for environmental research. SID led DBEDT's effort to obtain State matching funds for this second three-year EPSCoR National Science Foundation grant, which strengthens public-private partnerships in workforce development of critical technology skills, nurtures an entrepreneurial culture at UH, and boosts tech transfer from basic research at the university to the private sector to facilitate innovative commercial spin-off enterprises.

Biofuels:

DBEDT-SID helped to accelerate development of in-state biofuels production facilities and a biofuels industry in Hawaii. SID organized the Governor's 2006 Biofuels Summit, which gathered major stakeholders to identify the means to establish local ethanol and biodiesel production facilities. SID coordinated and engaged in meetings with biofuels companies and relevant state agencies to facilitate this development. As a result, a number of major ethanol and biodiesel companies are proceeding with startups or have announced plans to produce biofuels locally, which will ultimately result in hundreds of new jobs and hundreds of millions of dollars in new investments in Hawaii while displacing current petroleum fuels.

Hawaii Tourism Authority

Hawaiian Culture Initiative:

The HTA: 1) supported the Native Hawaiian Hospitality Association and the first-ever Native Hawaiian Tourism Conference. The purpose of this event was to discuss the impact of tourism on the Native Hawaiian community and identify strategies to address concerns of the Hawaiian community as they relate to Hawaii's visitor industry; 2) provided funding to 14 organizations through its Hawaiian Culture Program for projects that help to perpetuate the Hawaiian culture and strengthen the relationship between the visitor industry and the Hawaiian community; and 3) hired a staff member to implement the HTA's Hawaiian Culture program.

Workforce Development:

The HTA has embarked on a partnership with the University of Hawaii School of Travel Industry Management to develop a comprehensive tourism workforce plan that will include immediate steps to address workforce training needs and a roadmap for longer-term workforce demands.

Natural Resources Initiative: In addition to continuing partnerships with the State Department of Land and Natural Resources, community groups and other local government agencies, the HTA provided support to address natural resource projects on all islands, as well as support 22 community projects statewide.

Aloha Tower Development Corporation

Pier 5 & 6 Development

In July 2006, the ATDC approved a development proposal by developer UC URBAN to construct a mixed-use project at Piers 5 and 6 in the Aloha Tower Project Area. The project is planned to include maritime, commercial/retail space, 300 residential condominium units, hotel and hotel support facilities, a landscaped public waterfront pedestrian promenade and a docking area for the inter-island ferry. On December 27, 2006, the ATDC Board of Directors approved UC URBAN's application to modify the existing zoning as set forth under the ATDC Hawaii Administrative Rules to permit uses beyond maritime use. Uses that were sought and not permitted under the maritime zone include residential, commercial/retail and hotel operations.

Public Advisory Group

After a much publicized and open selection process, a 16-member Public Advisory Group was formed to include volunteers, representing a wide range of experience and knowledge, to provide review and comment of the Piers 5 and 6 project. The first meeting of the 16-member Public Advisory Group was held on December 8, 2006. Meetings will be held monthly over the next nine months or so, or until design development is complete.

Hawaii Harbors Project

The partnership between ATDC and the Department of Transportation - Harbors Division, known as the Hawaii Harbors Project (HHP), implemented various projects in Honolulu Harbor to acquire and quickly upgrade infrastructure for harbor expansion. The HHP was able to acquire and improve approximately 37 acres of expansion area and completed a development plan for the new Kapalama Container Terminal.

Hawaii Community Development Authority (Kakaako & Kalaeloa)

Adoption Of The Kalaeloa Master Plan:

The Kalaeloa Master Plan, a community development plan for the Kalaeloa Community Development District, was adopted by the Hawaii Community Development Authority (HCDA) on March 1, 2006. The Plan, approved by Governor Linda Lingle in August 2006, will serve as an amendment to the existing Kalaeloa Community Redevelopment Plan, which was prepared as part of the U.S. Navy's Base Realignment and Closure process. With a 20-year build out period, the Master Plan envisions mixed use development and preservation of open spaces in Kalaeloa.

Advanced the Ahui/Ohe/Olomehani Street Improvements:

The current Improvement District Project (ID-12) in the Kaka'ako Waterfront area is nearing the end of construction and is typical of past projects in the benefits and improvements that it will bring. HCDA is improving the infrastructure in Ahui, Ohe and Olomehani Streets to enhance access and traffic circulation in the Kaka'ako Waterfront and to set the stage for waterfront development along the Kewalo Basin edge. When completed in April 2007, the area's infrastructure will be greatly improved, as will the aesthetic appearance. The area will also become a much safer and more pedestrian friendly environment. As a result of this project, a new ½-acre passive park and 90 parking stalls will be created adjacent to the Hawaii Children's Discovery Center, Kaka'ako Waterfront Park, and Makai Gateway Park.

More than 2,500 New Kaka'Ako Residential Projects Completed or In The Works:

Under HCDA's development guidelines, a total of 2,731 residential units were completed, under construction, and permitted in 2006. These private sector projects represent a total of over \$1 billion in construction activity, validating HCDA's approach of setting the stage for positive economic and social outcomes through long-range infrastructure investment and planning. Completed condominium projects included: Koolani (372 units) and Hokua (248 units, with "reserved," below market, units provided already). Projects under construction included: Moana Pacific (706 units); 909 Kapiolani Boulevard (225 units); and Keola La'i (352 units, including 63 reserved units). Projects granted permits in 2006 include: 720 Kapiolani Boulevard (NCR Project with 47 loft units) and

Moana Vista (492 units and not less than 124 reserved units – all intended to be rentals).

Natural Energy Laboratory of Hawaii Authority

Significant Financial Improvement

Reduced annual operating loss by 85 percent to \$46,000 compared to \$291,000 in 2005.

Fair Market Land Lease Rates

For the first time in NELHA's history, land lease rates were raised to reflect fair market conditions – to \$3000/acre-month for extractive use and \$500/acre-month for agricultural uses. This compares to prior average rates of about \$200/acre month.

Deep Seawater Production

NELHA began production of 1,250-year old 3,000-foot deep seawater, with its organic compounds estimated to be 4,000 to 6,000 years old. This marked the completion of a 10-year, \$19.9 million project originally begun to develop the OTEC technology as a demonstration project. The water is used by all the water bottling companies and two farm tenants.

High Technology Development Corporation

Manoa Innovation Center Success

This year's graduates left the Manoa Innovation Center (MIC) with 10 times more employees than they had when they entered and relocated to 10 times more space than they occupied when they started at MIC. These successes represent the nuts and bolts of economic development: longevity, jobs, revenues, investment attracted, and other factors beneficial to Hawaii.

New Federal Grants

The Hawaii Small Business Innovation Research (SBIR) Matching Grant program awarded \$270,000 to 13 local companies that won 18 federal SBIR Phase I awards worth \$3 million and three Phase II awards worth \$1.6 million. For every State dollar invested in the program since 1989, Hawaii companies attracted nearly \$15 in federal SBIR funds and nearly \$30 for every tax-payer dollar invested when Phase III dollars are included.

Hydrogen Production

HTDC's Hawaii Center for Advanced Transportation Technologies (HCATT) delivered and installed a deployable, modular hydrogen production and fueling station at Hickam to support the operation of present and future fuel cell vehicles. This fueling station is the first of its kind in the Department of Defense and the first hydrogen fueling station in Hawaii.

Office of Planning

Providing Policy Leadership and Technical Assistance on Rural Lands:

OP is increasing the technical assistance provided to the four counties on long range planning and growth management in areas of critical State concern. Over the past year, OP worked with the four county Planning Departments to develop and deliver two rounds of statewide workshops identifying planning policies essential to preserve rural character and providing specific planning mechanisms and tools to implement rural policies and standards. OP continues work on this important long-range planning issue through the development of a detailed Guidebook for county planning departments which provides model ordinances, rules and polices for managing rural growth, which will be completed in 2007.

Providing Information and Analysis for Policy Makers:

OP is producing a variety of data, analysis and publications intended to provide policy makers with information on key planning issues and areas of critical State concern to assist their decision-making. In this vein, OP has identified data essential for decision makers reviewing legislative proposals before the 2007 session, and prepared and published materials including: GIS Maps with a variety of information relating to Important Agricultural Lands, Rural Lands, and land use; Urban Lands Report; Short History of the Boundary Review Report; and a Comparison of Impact Fees and Ad Hoc Conditions of Development Approval.

Updating Hawaii's Ocean Resource Management Plan:

In the past year, DBEDT/OP/CZM conducted very broad, statewide outreach and worked closely with a large number of groups to update the Hawaii Ocean Resource Management Plan (ORMP). This is the first ORMP update in 15 years, and the innovative Plan will be presented to the Legislature at the 2007 session. The Plan represents the strong consensus opinion that Hawaii must shift our ocean management strategies from a "sector-specific" approach to a more integrated, ahupua'a management approach in order to be the best possible stewards of this precious resource which is so critical to our economy, environment, and culture.

Hawaii Strategic Development Corporation

Hoku Scientific

The Hawaii Strategic Development Corporation (HSDC) assisted hydrogen fuel cell company Hoku Scientific by providing equity growth capital to the firm, and received a significant return on its investment in 2006 following the company's initial public offering (IPO) of its stock.

Business Planning Workshop

The corporation also completed its strategic transition to focus on entrepreneurial development programs, assisting emerging companies to grow and prepare for

fundraising. Towards this end, HSDC organized and sponsored the "Business Planning for Scientists and Engineers" workshop which was well received by participating UH engineering faculty and research staff.

Hydrogen Investment Fund

HSDC assisted DBEDT in initiating the implementation of the \$10 million Hydrogen Investment Capital Special Fund appropriated by the Legislature in 2006.

Land Use Commission

Facilitating statewide public advisory meetings regarding the reform of the State Land Use (SLU) Rural District pursuant to Act 205 SLH 2005:

LUC staff working in concert with the Office of Planning and the Planning Directors of each county conducted sets of two public advisory meetings on all of the major islands (excludes Niihau and Kahoolawe) in the State to solicit suggestions and parameters to reform the SLU Rural District standards and criteria. These meetings and the input generated were important in that it generated both awareness and understanding of how the State Land Use Law can positively effect patterns of human settlement and community development throughout the State - especially in our rural areas.

Implementation of an Automated and Web Enabled Land Use Database:

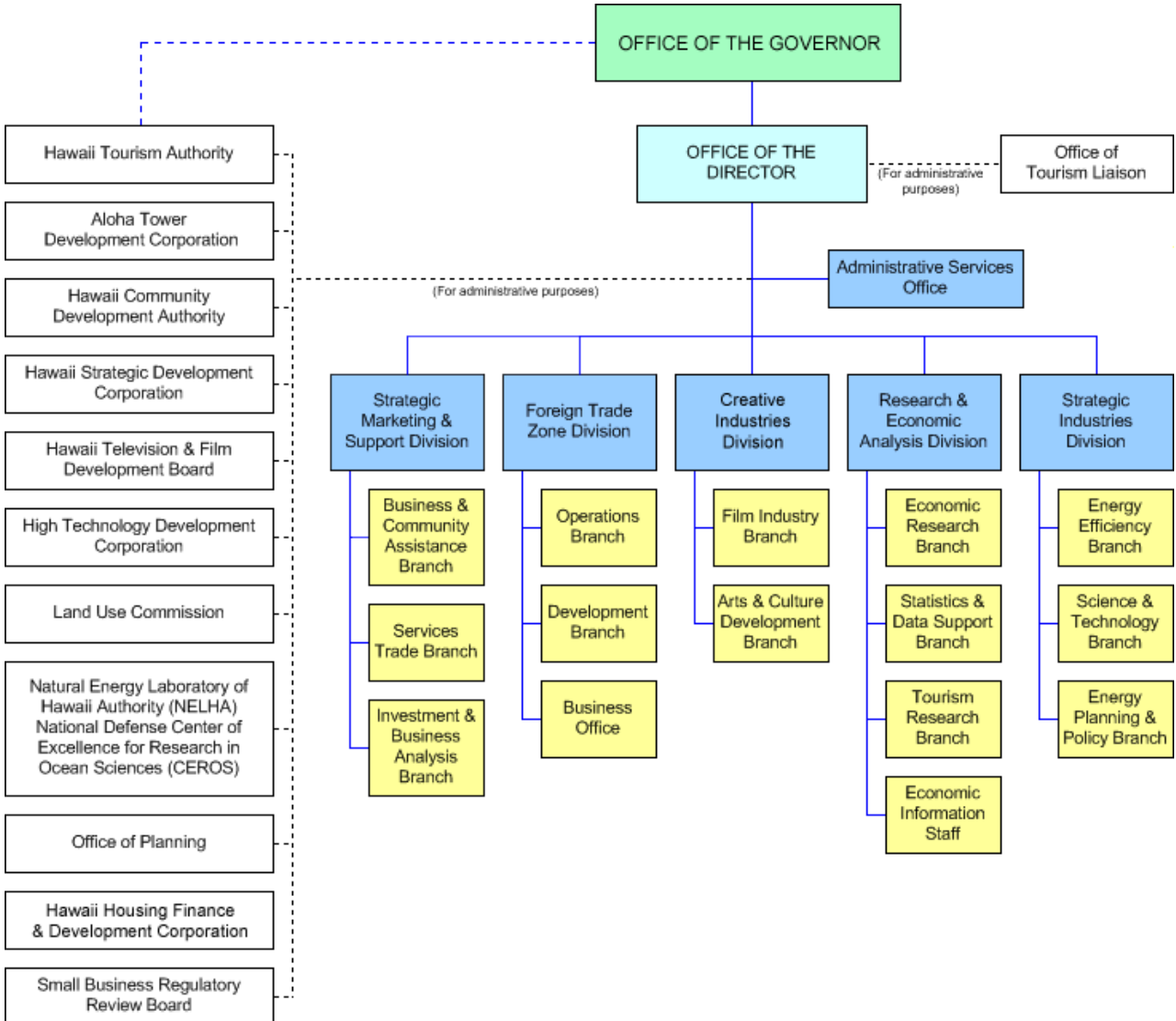
LUC staff working with design professionals completed its design and debugging of the LUC database. The database will feature public and agency access via the World Wide Web to the records and docket information archived and actively being processed by the LUC. The current implementation of this web-based database will bring critical information necessary for understanding historic and current land use projects and projecting the patterns of human settlement throughout the State.

Supporting the Designation of Important Agricultural Lands (IAL) in the State of Hawaii, especially as it relates to necessary reform of the State Land Use Law (Chapter 205 HRS):

LUC staff worked cooperatively with the Department of Agriculture, the Office of Planning and the planning directors of each county to establish both the IAL designation process and a package of incentives to address the mandate of Act 183 SLH 2005. Most significantly, LUC staff worked with various communities and governmental agencies emphasizing the need for and understanding of the elements necessary to achieve both increased investment in new agri-business/identification of IAL, promoting appropriate patterns of human settlement and supporting necessary and comprehensive reform of the State Land Use Law.

About DBEDT

Department of Business, Economic Development & Tourism



Divisions and Branches

Strategic Marketing & Support Division

The Strategic Marketing & Support Division (SMSD), promotes industry development and economic diversification in Hawaii by supporting existing and emerging industries, attracting new investment and businesses that can create more skilled, quality jobs in the state, and work to increase exports of Hawaii products and services. Business support provides new and existing businesses direct loans, licensing and permit information and referral, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas (including rural areas and areas affected by natural disaster); and to promote the statewide economic development of the film and video industry in Hawaii.

For further information, please call (808) 587-2784 or visit: [Strategic Marketing & Support Division](#)

SMSD Branch Directory:

Services Trade Branch

Phone: (808) 587-2750

Fax: (808) 586-2589

Investment & Business Analysis Branch

Phone: (808) 587-2783

Fax: (808) 587-2787

[Business and Community Assistance Branch](#)

Phone: (808) 586-2582

Fax: (808) 586-2589

Creative Industries Division

The Creative Industries Division promotes the development and growth of Hawaii's Creative Economy, whose primary and core sector consists of Copyright Based Industries, with a focus on businesses that create/design exportable products and services and depend on the protection of their Intellectual Property in order to market to a global community. IP protection is a crucial base to profitability and survival. These are the core businesses that contribute to our economy with job creation and tax revenue.

This cluster is comprised of producers and service providers in film, video and digital media production, commercial and applied design firms and diverse range of creative (visual and performing) and cultural businesses in Hawaii. Surrounding this core sector are a great variety of arts and cultural organizations, service organizations, educational institutions, foundations, community groups and a variety of individual artisans.

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

Creative Industries Branch Directory:

Arts and Culture Development Branch

Phone: (808) 587-2717

Fax: (808) 587-3388

Film Industry Branch

Phone: (808) 586-2570

Fax: (808) 586-2572

URL: [Hawaii Film Office](#)

Strategic Industries Division

Strategic Industries Division's (SID) mission is to support statewide economic efficiency, productivity, development and diversification by promoting, attracting and facilitating the development of Hawaii Technology-based industries which engage in the sustainable development of Hawaii's energy, environmental, ocean, recyclable, and technological resources.

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

SID Branch Directory:

Energy Branch

Phone: (808) 587-3808

Fax: (808) 586-3820

Clean Hawaii Center

Phone: (808) 587-3802

Strategic Technology & Industry Development Branch

Phone: (808) 587-3801

Fax: (808) 587-3839

Ocean Resources Branch

Phone: (808) 587-2680

Fax: (808) 587-2777

Foreign-Trade Zone Division

The Foreign-Trade Zone Division (FTZ) administers the federal grant issued to Hawaii in 1965 by the Foreign-Trade Zones Board in Washington D.C. FTZ's mission is to increase the amount of international trading activity in Hawaii, to encourage value-added activities, stimulate capital investment and generate employment opportunities by using the federal trade development program to reduce the costs associated with international trade. There are currently 13 sites

on the islands of Oahu, Maui, and Hawaii that have received FTZ designation. Of the 13 sites, three general-purpose zones and four special-purpose subzones are active. The Foreign-Trade Zone Division is responsible for ensuring that U.S. Customs and Foreign-Trade Zones Board regulations are followed at these sites.

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

FTZ Branch Directory:

Development Branch

Phone: (808) 586-2507

Fax: (808) 586-2512

Business Office

Phone: (808) 586-2510

Fax: (808) 586-2513

Operations Branch

Phone: (808) 586-2515

Fax: (808) 586-2513

Research & Economic Analysis Division

The Research & Economic Analysis Division (READ), works to enhance and contribute to the economic development of the State by providing analyses and policy recommendations on economic issues. READ provides economic forecasts that contribute to long-term statewide planning and infrastructure needs assessment, and also conducts and reports on basic research into the economy of the state. These functions are conducted by collecting compiling, interpreting and publishing data and statistics on all aspects of business activity, the economy and demographic characteristics of the State. READ also developed and maintains a statewide statistical reporting system.

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

READ Branch Directory:

Statistics & Data Support Branch

Phone: (808) 586-2481

Economic Research Branch

Phone: (808) 586-5830

Economic Information Staff

Phone: (808) 586-2475

Tourism Research Branch
Phone: (808) 586-2482

DBEDT Library
Phone: (808) 586-2424
Fax: (808) 587-2790

Attached Agencies

Hawaii Tourism Authority

The Hawaii Tourism Authority (HTA) is the lead tourism agency responsible for creating a vision and developing a long-range plan for tourism for the State of Hawaii. The HTA is composed of a thirteen-member board of directors to oversee the Tourism Special Fund, create a vision for tourism, and administer tourism development from a statewide perspective.

The HTA's tourism strategic plan, titled *Ke Kumu*, provides a framework for bringing together the common goals for the good of Hawaii and its people, and also serves to guide the HTA in fulfilling its leadership role as steward of Hawaii's tourism industry. Seven initiatives are identified to achieve HTA's overall goal of increased visitor expenditures - a combination of spending per day, length-of-stay, and visitor arrivals.

Tourism funds will be expended according to a plan with specific goals and measures of accountability that will help the agency achieve its mission - To manage the strategic growth of Hawaii's visitor industry in a manner consistent with the economic goals, cultural values, preservation of natural resources, and community interests of the people of Hawaii.

For further information call: (808) 973-2255, or visit: [Hawaii Tourism Authority](#)

Natural Energy Laboratory of Hawaii Authority

The mission of NELHA is to participate in the development and diversification of the economy of Hawaii by providing resources and facilities for energy and ocean related research, education, and commercial activities in an environmentally sound and culturally sensitive manner. This is achieved through managing, operating, marketing and leasing that provide sites and resources for the development of research and commercial businesses and technologies that utilize the natural resources available such as cold deep seawater, warm surface seawater, and high solar energy. Facilities are located at Keahole Point in Kona and in Puna, both on the Island of Hawaii.

NELHA at Keahole Point is the only location in the world, which consistently pumps large quantities of warm and cold seawater ashore for use in aquaculture,

marine biotechnology, and other related technologies. NELHA serves as the laboratory for research and development, as an incubator facility for developing innovative, new technologies and businesses, and as a base for commercial operations that utilize or are related to the use of the cold and warm seawater and other resources available.

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

Hawaii Strategic Development Corporation

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

Near-term objectives are to develop venture capital investment funds in Hawaii which will attract external sources of private investment; to establish a fund of funds to raise capital for Hawaii venture funds, to expand the business infrastructure supporting the venture industry and the growth of emerging companies; and to assist entrepreneurial development through focused conferences and seminars.

For further information, call: (808) 587-3829, or visit: [Hawaii Strategic Development Corporation](#)

High Technology Development Corporation

The High Technology Development Corporation (HTDC) works to facilitate the growth and development of the commercial high technology industry in Hawaii. HTDC's functions include developing, managing, and assisting technology centers statewide; create business opportunities for the growth of technology companies and industry; market and promote Hawaii's technology assets; and provide support needed by Hawaii's technology industry.

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

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

Other Partnerships

Aloha Tower Development Corporation

The Aloha Tower Development Corporation (ATDC) was mandated to redevelop an area of land surrounding the Aloha Tower in order to strengthen the international economic base of the community in trade activities, to enhance the beautification of the waterfront; in conjunction with the Department of Transportation, to better serve modern maritime uses; and to provide for public access and use of the waterfront property. The objective of the corporation is to enhance and strengthen Hawaii's economy by facilitating and providing redevelopment opportunities in the Aloha Tower Complex for private capital investments as well as through the formation of public-private partnerships, and to encourage redevelopment to take place in an orderly and incremental fashion.

For further information, call: (808) 586-2531, or visit: [Aloha Tower Development Corporation](#)

Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) works to stimulate the economic development of specific community districts by planning and implementing community development programs and facilitating capital investments. HCDA's main objectives are: 1) plan and implement capital improvement projects to upgrade infrastructure and develop public facilities to meet Hawaii's economic and recreational needs, and 2) implement long term planning initiatives to support residential development in a mixed-use community.

For further information, call: (808) 587-2870, or visit: [Hawaii Community Development Authority](#)

Office of Planning

The Office of Planning works to maintain an overall framework to guide the development of the State through a continuous process of comprehensive, long-range, and strategic planning to meet the physical, economic, and social needs of Hawaii's people, and provide for the wise use of Hawaii's resources in a coordinated, efficient, and economical manner - including the conservation of natural, environmental, recreational, scenic, historic, and other limited and irreplaceable resources which are required for future generations.

The Office of Planning's 3 main objectives are: 1) fix responsibility and accountability to successfully carry out statewide programs, policies and priorities; 2) improve the efficiency and effectiveness of the operations of the executive branch; and 3) Ensure comprehensive planning and coordination to enhance the quality of life of the people of Hawaii.

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

Land Use Commission

The Land Use Commission works with the State Legislature, County Planning

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

The Land Use Commission is also working to establishing data warehouses with the county planning departments with respect to storage and retrieval of land use data; and developing cooperative memorandum-of-understanding with the University of Hawaii Department of Urban and Regional Planning with respect to planning practicum and faculty consultation.

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

Department of Business, Economic Development & Tourism
Statement of Operating Appropriations and Expenditures
For the Period July 1, 2005 - June 30, 2006

	<u>Adjusted</u> <u>Appropriations</u>	<u>Expenditures,</u> <u>Encumbrances</u> <u>& Transfers</u>	<u>Balance</u>
<u>General Funds</u>			
<u>BED 100 Strategic Marketing & Support</u> Strategic Marketing and Support Division	1,823,176	1,816,990	6,186
<u>BED 105 Creative Industries</u> Creative Industries Division	1,325,705	1,278,387	47,318
<u>BED 103 Statewide Land Use Management</u> Land Use Commission	474,716	465,695	9,021
<u>BED 120 Strategic Industries</u> Strategic Industries Division	1,185,167	1,144,428	40,739
<u>BED 130 Economic Planning & Research</u> Research and Economic Analysis Division	1,003,776	1,001,786	1,990
<u>BED 142 General Support for Econ. Development</u> Office of the Director & Admin. Services Office	2,324,116	2,305,168	18,948
<u>BED 143 High Technology Development Corp.</u> High Technology Development Corporation	947,482	921,934	25,548
<u>BED 144 Statewide Planning & Coordination</u> Office of Planning	1,690,713	1,659,351	31,362
<u>BED 145 Hawaii Strategic Development Corp.</u> Hawaii Strategic Development Corporation	94,632	94,540	92
<u>BED 146 Natural Energy Laboratory of HI Authority</u> Natural Energy Laboratory of HI Authority	173,892	154,035	19,857
<u>BED 150 Hawaii Community Development Authority</u> Hawaii Community Development Authority	<u>268,737</u>	<u>261,422</u>	<u>7,315</u>
Total General Funds	<u>11,312,112</u>	<u>11,103,736</u>	<u>208,376</u> (1)

	<u>Adjusted Appropriations</u>	<u>Expenditures, Encumbrances & Transfers</u>	<u>Balance</u>
<u>Special & Revolving Funds</u>			
<u>BED 107 Foreign Trade</u>			
Foreign Trade Zone Special Fund	1,968,113	1,526,451	441,662
<u>BED 113 Tourism</u>			
Tourism Special Fund	69,222,906	69,211,716	11,190
Convention Center Enterprise Special Fund	<u>48,002,441</u>	<u>42,002,431</u>	<u>6,000,010</u>
BED 113 Total	117,225,347	111,214,147	6,011,200
<u>BED 130 Economic Plng. & Research for Econ. Dev.</u>			
Tourism Special Fund - Tourism Research	1,331,179	1,323,151	8,028
<u>BED 143 High Technology Development Corp.</u>			
High Technology Special Fund	3,880,056	1,023,799	2,856,257
<u>BED 145 Hawaii Strategic Development Corporation</u>			
Hawaii Strategic Development Revolving Fund	4,238,125	151,957	4,086,168
<u>BED 146 Natural Energy Laboratory of HI Authority</u>			
Natural Energy Laboratory of HI Authority Special Fund	3,724,171	3,210,812	513,359
<u>BED 150 Hawaii Community Development Authority</u>			
HI Comm. Dev. Authority Assessment Reserve Fund	2,500,000	931,551	1,568,449
Kalaeloa Community Development Revolving Fund	<u>101,074</u>	<u>26,936</u>	<u>74,138</u>
BED 150 Total	2,601,074	958,487	1,642,587
<u>BED 151 Aloha Tower Development Corp.</u>			
Aloha Tower Special Fund	<u>1,568,200</u>	<u>791,118</u>	<u>777,082</u>
Total Special & Revolving Funds	<u>136,536,265</u>	<u>120,199,922</u>	<u>16,336,343</u> (2)
Total Funds (3)	<u>147,848,377</u>	<u>131,303,658</u>	<u>16,544,719</u>

Notes:

- (1) Represents the unrestricted general fund amounts that lapsed at June 30.
- (2) Represents the special fund unexpended appropriation balance at June 30.
- (3) Statement does not include DBEDT's loan revolving funds, the High Technology Revolving Fund, the Brownfield Cleanup Revolving Fund, HCDA's Revolving Fund, and all federal, trust, and capital improvement appropriations.