



TERM REPORT

Economic Development & Diversification

Office of the Governor
State of Hawai‘i



Economic Development and Diversification

Overview

When Gov. Ige was elected, tourism was flourishing, technology – an essential tool for today’s business sector – was becoming more accessible, and there were tremendous possibilities for growth in Hawaii’s economy, especially in the hospitality sector.

During Gov. Ige’s first term, the administration leaned into that growth, and committed to expanding the U.S. customs pre-clearance program, attracting more air carriers, and continuing to modernize its aging airports.

The goals were achieved, and in 2019, records were broken in annual visitor arrivals and spending averages. Roughly representing a quarter of Hawaii’s economy at its peak in 2019, the industry yielded \$17.75 billion in revenue and attracted roughly 10.4 million visitors, which supported 216,000 jobs statewide.

The state also leveraged its exceptional bond ratings to build new Consolidated Car Rental Facilities, the Mauka Concourse at the airport in Honolulu, and the Federal Inspection Facility (FIS) in Kona while adhering to green building standards.

At the same time, Gov. Ige saw the real challenges the state’s tourism-reliant economy was facing and the burdens over-tourism placed on Hawaii’s people. This included high traffic, lessened natural resources, and crowded popular beaches, parks, hikes, and residential areas.

Gov. Ige prioritized the dual growth of business diversification and the tourism industry, envisioning a sustainable Hawai‘i, a place where future generations could call home. The pandemic emergency made it obvious the state had to quickly change course to a more balanced local economy. The focus has shifted to nurturing emerging industries, expanding broadband networks in rural areas, and attracting mindful, high-value travelers, and state and private-sector leaders are reshaping the tourism industry.

Reshaping the tourism industry: Mitigating tourism impacts, attracting respectful, high-value visitors

To reshape tourism in Hawai'i, we started by shifting more resources to destination management. This included developing Destination Management Action Plans (DMAPs) for O'ahu, Kaua'i, Maui Nui, and Hawai'i island. This includes attracting and educating responsible visitors; advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems; and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors.

In addition, \$1.75 million was granted to 31 community organizations through the Hawai'i Tourism Authority's (HTA) Aloha 'Āina program focused on natural resource protection. Programs addressed marine animal protection, food system revitalization, and wetlands and coral restoration. The Department of Land and Natural Resources implemented reservation systems for Hā'ena State Park, Diamond Head State Monument, and Wai'ānapanapa State Park.

The community-based tourism program supports initiatives that the community, visitor industry, and other sectors deem necessary to move Hawai'i's visitor industry forward. For example, \$1.475M went to 30 community-based programs in Hawai'i through HTA's Kūkulu Ola Program to preserve and perpetuate Hawaiian culture. These funds were awarded to programs that helped honor and preserve the Hawaiian culture; demonstrated collaborative efforts with community involvement; strived to nurture the culture by creating unique experiences that were respectful and accurate; and supported cultural practitioners, craftsmen, and local musicians.

This change hasn't been easy, but we've made progress in partnership with community members and other stakeholders.

Striving for digital equity: Expanding broadband networks to access global opportunities

Gov. Ige has always believed that the next great economic transition for Hawai'i would be driven by innovations enabled by technology.

In the past, the state's geographic isolation was its greatest limitation. But today, the wide accessibility of the internet is changing all of that, and it's no longer a deal-breaker.

Gov. Ige's administration contributed to this effort in these areas:

- Completed installation of the necessary equipment to provide free high-speed broadband internet service to seven Hawai'i Public Housing Authority (HPHA) properties
- Developed a new process to upgrade and support next gen wireless broadband infrastructure
- Established 2 new broadband facilities outfitted for state-of-the-art multi-gigabit connectivity; sites connect to 430 studios, across three continents
- Expanded IT apprenticeship and educational programs in Hawai'i, including software programmers, information systems and technology analysts, web and data application developers; through the Waipahu High School Future Fellows Capstone project, the Department of Education (DOE) and the Hawai'i Public Schools Foundation provided tuition and instructional support to develop defined pathways for students to a skilled technology workforce

High revenue, low ecological impact

Gov. Ige's administration supported creative industries as an emerging economic powerhouse. Two facilities

- Completed the 13,500 sq ft Kaka'ako Entrepreneurs Sandbox, a gathering place for the tech and creative entrepreneurial community
 - Base for private-sector innovation teams
 - Serves as a model for several developments on Kaua'i, Maui, and Hawai'i island
- Completed Academy for Creative Media facility at UH West O'ahu
 - Creative media was the fastest growing major in 2020 at West O'ahu
 - Early-college partnerships with Wai'anae, Kapolei, Waipahu, and Campbell high schools

Inspiring ingenuity: funding start-ups, kick-starting

- High Technology Development Corporation (HTDC) received \$5M to fund expansion of the Small Business Innovation Research Awards grant program that supported start-ups
- Attracted 51 new businesses to the Hawai'i Ocean Science and Technology Park
 - Completed 4 CIP projects (\$16M), five CIPs in progress (\$6.5M), which renovated offices to an incubator building with collab space for start-ups, and implemented three advanced energy projects
- Distributed \$1M in microloans to help finance businesses and build new infrastructure
 - Helped develop viable, sustainable business ventures that served local needs and were compatible with vision, character, and cultural values of their communities
 - Especially focused on businesses in agricultural and food production, and manufacturing and wholesaling

Success in the global marketplace depends on the creation of bold, out-of-the-box innovations.

Governor Ige's Mission

Promote economic diversification and policies that support growth, including attracting more air carriers to Hawai'i, expanding the U.S. Customs Pre-clearance Program, and upgrading the expanding broadband infrastructure. Recognize and support renewable energy initiatives and the military as crucial pillars of Hawai'i's economy.

Commitments

- Put policies and programs in place that promote economic diversification driven by innovation and enabled by technology
 - Expand broadband networks
 - Build innovation parks
- Support and make tourism in Hawai'i more sustainable
 - Attract more air carriers to Hawai'i
 - Expand Pre-clearance Program
 - Shift toward a balanced economy, including piloting destination management initiatives and developing airports according to sustainable standards
- Support historically valuable industries such as agriculture, construction, manufacturing, and defense

"We have an opportunity to make Hawai'i a place we are proud to call home, because it is our home. We must do the hard work to reach our goals and realize our dreams. For government, that means nurturing a sustainable economy that will allow us to put a roof over our heads, feed our families, and take care of our necessities. It means taking a more active role in growing small businesses and diversifying our economic engine, as well as in supporting our larger and more established industries."

Governor David Ige, First Inaugural Address 2014

"We must nurture an 'innovation economy,' in which entrepreneurs use technology to develop new processes and products from existing ones. It's a whole new economic paradigm which we need to support with modern infrastructure, whether it's expanding our broadband network or building innovation parks."

Governor David Ige, State of the State 2015

“A little more than 50 years ago, Hawaii’s leaders were tasked with finding new economic resources to replace an exhausted farm-based economy. They determined that the visitor industry offered the greatest opportunity for growth, job creation and broad prosperity. And for more than half a century, it served and continues to serve us well. Today, however, we find ourselves in a situation very similar to where we were more than half a century ago. Our challenge today is to find ways to make all our existing industries more sustainable. At the same time, we need to nurture other means of economic growth- means that do not strain our resources, do not damage our environment, or lower our quality of life. I believe the next great economic transition for Hawai‘i will be driven by innovations enabled by technology. In the past, our geographic isolation has been the greatest limitation to our ability to grow and prosper. But today, technology is changing all of that. Together, I know we can do great things.”

Governor David Ige, Second Inaugural Address 2018

“Imagine a future economy for Hawai‘i that isn’t reliant solely on tourism and the military. Imagine a future where local entrepreneurs are inventing useful products and services that are sold across the globe. And what does that mean for Hawai‘i? It means a healthier economy with quality jobs that enable us to improve our schools, take care of our kūpuna, and provide more affordable housing.”

Governor David Ige, State of the State 2018

Outcomes

When Governor Ige was elected in 2014, he envisioned a healthier economy for the state. He initially prioritized the dual growth of business diversification and the tourism industry, including attracting more air carriers and expanding the U.S. Customs pre-clearance program. Throughout his first term, the state consistently achieved these goals and broke records in visitor spending arrivals. Roughly representing a quarter of Hawaii's economy at its peak in 2019, the industry yielded \$17.75 billion in revenue and attracted roughly 10.4 million visitors, which supported 216,000 jobs statewide.

After hosting 10 million visitors in a single year, the islands felt the weight of over-tourism, which impacted traffic, lessened natural resources, and crowded popular beaches, parks, hikes, and residential areas. Already at a point of contention, the pandemic and the sudden halt of the tourism industry exacerbated the striking need for a more balanced approach to the local economy and mitigation strategies for popular destinations. While the initial objectives were met, Governor Ige and his administration realized that a dynamic shift towards supporting emerging industries and focusing on attracting mindful, high-value travelers were imperative in creating a sustainable Hawai'i that future generations would be able to call home.

This change wasn't easy, but in the last few years, the administration has made progress towards a balanced economy, including piloting destination management initiatives, developing airports according to sustainable standards, and nurturing smaller industries like film making, technology, and energy, while supporting other historically valuable industries such as agriculture, construction, manufacturing, and defense.

The following information was provided by the Department of Economic Development and Tourism.

Economic Indicator	Year	U.S.	Statewide	% change	County			
					Hawai'i	Honolulu	Kaua'i	Maui
Per capita income, current \$	2019	\$56,738	\$56,335	6.7%	\$43,219	\$60,261	\$51,330	\$51,768
Median earnings: For people aged 16+ with earnings in the past 12 months, current \$	2019	\$36,970	\$40,872	8.9%	\$33,592	\$42,087	\$38,884	\$39,363
Working long hours: Usually work 41 hours or more/week, % of employed people aged 25-64	2013-2017	25.2%	20.5%	-3%	22.3%	14.6%		■
Poverty rate, % of people	2019	12.3%	9.0%	-14.1%	13.1%	7.9%	10.7%	9.3%
Households receiving SNAP benefits, % of households with at least one child under 18	2019	10.7%	10.4%	-43.8%	18.7%	9.0%	7.7%	9.9%
Unemployment rate, % of people in the civilian labor force	2019	3.7%	2.5%	-26.6%	3.1%	2.3%	2.4%	2.4%
% households with broadband internet subscriptions	2019							

Progress and Milestones

2015

Marketing Hawai'i as a vacation destination to stimulate local economy: encouraging sustainable tourism practices, modernizing airport infrastructure

Attracted air carriers like Virgin America (DOT) which opened operations November 2015. There are also plans to expand the Asia market with Jin Air service to Incheon, Air Asia X with service to Kuala Lumpur and Cebu Pacific with service to Manila by early next year.

Supporting a U.S. Customs pre-clearance program with Japan (DOT) as well as providing additional Global Clearance kiosks.

Completed car rental facility at Honolulu International Airport (DOT)

Opened the Honolulu International Airport (HNL) rental car facility which consolidates five car rental companies into one efficient location. The new facility, located on the eastern half of the Overseas Parking Structure, housed the five existing car rental companies on the airport premise into one location. It will also feature a new car wash, fueling stations, a customer service building, and hassle-free car pickup and return areas.

Continued Hawai'i Airport modernization (DOT 2015 - 2021)

The formal Hawai'i Airport Modernization organized the various airport improvement projects into a comprehensive program to meet the air travel needs of Hawai'i residents, visitors, and industry. As part of Governor Ige's continuing work on airport improvements throughout the state, these needed airport developments did not only enhance the traveler experience and improve efficiency and safety, but also created jobs and stimulated Hawaii's economy. The goal was to transform airports statewide into world-class, sustainable facilities over the next decade, so they can meet the future needs of residents and visitors alike. The \$2.3 billion program was solely funded through airport user fees which included airline rents and landing fees, federal grants, passenger facility charges, and airport revenue bonds that were paid back with airport user fees. State general funds and state taxes were not used.

HDOT recognized the sustainability efforts made by both governmental and non-governmental organizations in Hawai'i and the aviation community and supported these efforts as much as possible. This program focused on being environmentally sustainable, introduced environmental, social, and cultural elements that set Hawai'i's airports apart from facilities elsewhere. Specifically, they made improvements such as the installing over 21,000 solar panels, replaced nearly 98,000 light fixtures with LED fixtures statewide, and deeply considered the extensive use of recycled materials, and procurement of more energy efficient machinery during all phases of respective projects. Airport modernizations create economic opportunity for the surrounding communities by increasing capacity for onsite services such as retail and by making continued operations more pleasant and efficient.

Prioritizing the deployment of broadband

Outfitted new broadband facilities via GVS Connect (DBEDT)

In October 2015, DBEDT, through its attached agency, the Hawai'i Strategic Development Corporation (HSDC) announced, as part of a public-private partnership, two new broadband facilities outfitted with state-of-the-art multi-gigabit connectivity. This public-private initiative delivers innovative broadband connectivity to Hawai'i's post-production, visual effects and audio entrepreneurs. Although film and creative media companies will likely be among the first customers to use this paid service, the connectivity will also be available to other businesses in need of HD video conferencing, digital collaboration and other applications requiring high-speed broadband connectivity. Combined with the Hawai'i Film Studio, incentives for production and the state's Creative Lab Program focused on developing homegrown creative entrepreneurs, this new gigabit connectivity creates new possibilities for Hawai'i as a strategic base for global film production.

Empowering small businesses to generate increased local revenue and export sales

Supported Surf Expo (DBEDT)

In January 2015, DBEDT kicked off the new year with the first-ever Hawai'i Pavilion at Surf Expo in Orlando, Florida. The Surf Expo is the longest running and largest beach/resort lifestyle tradeshow in the world. A 1,600-square foot pavilion featured

20 Hawai'i companies with a range of products from surf and Standup Paddle (SUP) boards to water wear and resort apparel, to gift and souvenir items. Total amount of sales as a result of this show: \$340,480.

Awarded \$750,000 grant from Small Business Administration (DBEDT)

In October 2015, DBEDT won a competitive grant award of \$750,000 from U.S. Small Business Administration (SBA) to increase the value of exports from Hawai'i. DBEDT's proposal included a series of overseas and domestic international trade shows, training and a scholarship/cost share program. It was one of the two highest awards given out by the SBA.

Established Community-Based Economic Development (CBED) Accelerator Program (DBEDT)

In May 2015, DBEDT established the Community-Based Economic Development (CBED) Accelerator Program. The program is designed to accelerate community-based economic development in Hawai'i. The first five nonprofit organizations have been selected for the CBED Accelerator, which will specifically assist organizations in the development of revenue generation projects, thus diversifying their revenue streams and enabling them to fulfill their missions, which impact community economic development. The five nonprofits selected include Waimea Nui Community Development Corporation (Hawai'i Island), Hawai'i Tropical Fruit Growers (Hawai'i Island), Hawai'i Forest Industry Association (Hawai'i Island), Garden Island Arts Council (Kaua'i), and the Homestead Community Development Corporation (Kaua'i). Each nonprofit submitted a plan to use \$7,000 in grant money and a year of Technical Assistance to initiate projects that will increase unrestricted funding for the organization.

Supported first-in-the nation closed-cycle OTEC plant connected to the grid; Energy and Ocean Research (DBEDT)

The Natural Energy Laboratory of Hawai'i Authority (NELHA) continues to provide services and the environment necessary to allow for the private sector to construct and dedicate the world's largest ocean thermal energy conversion (OTEC) facility. In August, the facility, which uses this renewable and clean energy source began operation in Hawai'i. The opening of the 100-kilowatt facility at NELHA marked the first time a closed-cycle OTEC plant will be connected to the U.S. grid and marked a significant milestone for the technology.

Completed construction of new incubator building (DBEDT)

The Natural Energy Laboratory of Hawai'i Authority (NELHA) completed construction of a new \$5 million incubator office building (14,000 s.f.), which is intended to become a technology hub for West Hawai'i to provide services and office space for new small businesses especially in the areas of marine science and clean energy. The building will provide approximately 10,000 square feet of leasable office space, and its amenities will include 2,400 square feet of multi-level collaboration and meeting space as well as a conference room that opens to an outdoor lanai with unsurpassed ocean views. The interior space will be cooled using NELHA's unique deep seawater air conditioning. NELHA has also partnered with the High Technology Development Corporation (HTDC) and Hawaii's Small Business Development Center (SBDC) to provide business planning services for those projects locating at NELHA and West Hawai'i. Both organizations will have on site presence in the incubator building.

Created "Hub of International Trade" for Hawai'i (DBEDT)

In early 2015, Hawai'i Foreign-Trade Zone No. 9 (FTZ9) was proud to announce the opening of its ambitious renovation project, which repurposed 15,000 square feet of warehouse space to create two stories and 35,000 square feet of office, for the Pier 2 facility. The new wing opened as the Homer A. Maxey International Trade Resource Center and solidified the program's position as a one-stop shop for international trade and "hub of international trade" for Hawai'i.

Supporting and investing in emerging industries to inspire innovation**Awarded funding for the Entrepreneur Sandbox (DBEDT)**

HTDC received \$3 million funding from the U.S. Chamber of Commerce Economic Development Authority. The project is a public private partnership that includes matching funding from a private sector source to help build this state-owned building. The Entrepreneur's Sandbox will be a collaboration space for technology and enterprise. The project is a partnership between the Hawai'i Community Development Authority (HCDA) and Hawai'i Technology Development Corporation (HTDC).

Supported innovative Hawai'i startups with \$5 million (DBEDT)

DBEDT's attached agency, the High Technology Development Corporation (HTDC) received \$5 Million in funding from the Hawai'i State Legislature, through Act 216. The funds will be used to expand the Small Business Innovation Research Awards matching grant program that currently supports companies in the start-up phase of development. Grants made through HTDC will help businesses that are ready to move on into prototyping or commercialization. Some highlights include: Expanding the Hawai'i Small Business Innovation Research Grant program to include companies winning federal Small Business Innovation Research (SBIR) phase 2 and phase 3 grants. The \$2 million will provide up to a 50 percent match to companies.

Invested in infrastructure and workforce development: HI Growth Initiative (DBEDT)

HI Growth is a comprehensive program that partners with the private sector to invest in infrastructure, provide workforce development opportunities and create access to the capital needed to start a business. The program has been hugely successful in supporting the emergence of a vibrant startup scene in Hawai'i. The program has received \$20 million of public funds in the last four years that supported the establishment of two accelerators and six Hawai'i-based venture funds. HI Growth-supported venture accelerators have graduated more than 50 startups and more than \$46 million in Hawai'i-based venture capital have been mobilized for Hawai'i companies. Noted success from the program include:

- The GVS Transmedia Accelerator was awarded a \$50,000 cash prize for the second time in two years by the U.S. Small Business Administration for being one of the country's most innovative startup accelerators. This accelerator focuses on helping Hawai'i-based creative entrepreneurs launch original media franchises.
- The Blue Startups program focuses on software and mobile technology, which was ranked the 17th best accelerator in the nation by TechCrunch.
- The second annual MaiTai Maui Tech Night again brought Silicon Valley to Hawai'i, networking local entrepreneurs with major investors and venture capitalists from California.
- Blue Startups launched its annual East Meets West conference series, positioning Hawai'i as the tech bridge between Asia and the U.S. The second annual conference is set for January 2016.

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Prioritizing workforce development: offering apprenticeship opportunities and courses to diversify our local workforce statewide

Committed to Modern Grid – Workforce Training: 2015 Clinton Global Initiative (DBEDT)

In 2015, the State of Hawai'i committed to the Hawai'i Statewide Modern Grid-Workforce Training Deployment, a collaboration between the University of Hawai'i, Honolulu Community College, Hawai'i Natural Energy Institute, Hawaiian Electric Industries, and the Blue Planet Foundation. The three-year, \$300,000 commitment will build a coordinated statewide curriculum and training program for the next generation of skilled smart grid technicians, electrical engineers and managers. They will possess the technical skills the state needs to implement advanced metering infrastructure by 2020 and to achieve a 100 percent renewable portfolio standard in the electricity sector by 2045.

Developed new information technology apprenticeship programs (DLIR)

Received a grant of \$2.99 million from U.S. Department of Labor to develop new Information Technology apprenticeship programs. This will help meet the need for skilled workers and reduce the reliance on workers imported from foreign countries through the H1-B visa program.

Improved accessibility of public workforce system (DLIR)

Received a grant of \$2.5 million to improve accessibility of the public workforce system so that more persons with significant disabilities are successfully integrated into the workforce.

Protected workers and leveled the playing field for law-abiding companies (DLIR)

Conducted a regulatory inspection of shops under construction in the new Ewa wing at Ala Moana Center in conjunction with DCCA and DoTAX. Inspectors found potential violations of laws related to Unemployment Insurance, Workers Compensation, Temporary Disability Insurance (TDI), Prepaid Healthcare, contractor licensing, etc. This action helps to ensure that employers comply with laws protecting workers and levels the playing field for law-abiding companies.

Decreased duration of unemployment (DLIR)

Requested approximately \$900,000 for the Reemployment Eligibility Assessment program to enhance reemployment efforts. While the projected goal was to reduce the average duration of unemployment by 1-week, actual results showed a decrease of an average 1.8 weeks at a cost savings of over \$6 million to the Unemployment Insurance Trust Fund.

Providing financial incentives and rebate programs to encourage the growth and proliferation of green jobs

Capitalized award-winning Green Energy Market Securitization (GEMS) program (DBEDT)

Established by legislation in 2013, GEMS is an innovative clean energy financing program designed to make clean energy improvements affordable and accessible to Hawai'i consumers, especially underserved markets such as low- and moderate-income homeowners, renters, and nonprofits. DBEDT constituted the Hawai'i Green Infrastructure Authority (HGIA) and issued the bonds to capitalize the Green Infrastructure Special Fund, which funds the GEMS Program. In December 2015, the Bond Buyer presented the GEMS program with the Deal of the Year: Non-Traditional Financing award.

Building economic diplomacy and strategic partnerships to access global opportunities

Leveraged Hawaii's strong brand at the 2015 Tokyo International Gift Show (DBEDT)

In September 2015, DBEDT organized a strong delegation of 54 Hawai'i companies to promote a diverse selection of high-end Hawai'i made products as part of the Hawai'i Pavilion at the 2015 Autumn Tokyo International Gift Show. The Tokyo International Gift Show is the largest international trade show in Japan with more than 190,000 distributors, wholesalers, brokers and retailers attending the three-day trade show. Leveraging Hawaii's strong brand in Japan, 2015 marked the fourth year that DBEDT has led an export promotion mission to Japan. Sales from the show topped \$6.5 million in 2014 and projections for 2015 are expected to reach \$4 million.

Attracted foreign students to Hawai'i via education mission from China (DBEDT)

In April 2015, DBEDT organized a mission for 10 Chinese educators to visit the state and meet with schools here in the Hawai'i. Accomplishments from this mission included:

- The State of Hawai'i office in Beijing successfully negotiated a free one-year promo on Hawaii's schools by China's biggest internet portal SINA. The webpage was launched on August 4, 2015. Visits to the webpage for the first month reached nearly 400,000 hits.
- Kapi'olani Community College (KCC) signing cooperation agreements with Shijiazhuang Foreign Language school and Beijing Jingsong Vocational School.
- UH Hilo agreed with Beijing Chejinglun School to sign an MOU establishing an exchange relationship. Three summer camp groups of 22 students studied in Hawai'i at programs set up by UH Hilo and Mid-Pacific Institute.
- Principal Sandra Jean Theunick of St. Andrews Priory visited Shijiazhuang Foreign Language Schools in China to build on the relationship for St. Andrew's plans to send teachers to the Chinese school next summer.
- People's University High School in Beijing will continue to promote Science in Action summer programs, initiated by UH Mānoa.

Encouraged international student exchanges with mission to Okinawa Prefecture (DBEDT)

On October 8-11, 2015, DBEDT coordinated a mission to Okinawa to recognize Hawaii's 30th Anniversary Sister-State Relationship with the Prefecture of Okinawa. The delegation from Hawai'i included 28 individuals representing the Hawai'i State Legislature, Hawai'i Okinawa community, business executives and education programs joined Governor David Ige and First Lady Dawn Amano-Ige. Building upon educational relationships while encouraging study abroad opportunities in Hawai'i were messages conveyed in Okinawa. An education seminar with more than 100 attendees was held and visits to three universities and an international high school reinforced the message that Hawai'i is an excellent location to pursue and participate in international education programs.

Established Hawai'i-Okinawa cooperation for clean and efficient energy development and deployment (DBEDT)

On July 10, 2015, dignitaries from Japan and Hawai'i met to discuss strategies to be pursued under a five-year extension of the Hawai'i-Okinawa Memorandum of Cooperation (MOC) for Clean and Efficient Energy Development and Deployment. The signatories to the MOC were the State of Hawai'i, the Okinawa Prefectural Government, the U.S. Department of Energy, and Japan's Ministry of Economy, Trade and Industry (METI), representatives from Japan's Department of Commerce, Industry and Labor, HECO, and research institutions from Japan and Hawai'i. The Hawai'i-Okinawa MOC for Clean and Efficient Energy Development and Deployment was established June 17, 2010, to expand on existing collaborations in technology research and development. Hawai'i and Okinawa extended the MOC through June 2020 with a focus on advancing emerging and innovative clean energy technologies and developing them for the market.

Established green energy tech partnership with Korea Institute of Energy Technology Evaluation and Planning (DBEDT)

On August 24, 2015, DBEDT Director Luis P. Salaveria and Korea Institute of Energy Technology Evaluation and Planning (KETEP) President Dr. Whang Jintaek signed a Memorandum of Understanding (MOU). The MOU initiates cooperation in green energy technology research and development for applications in Hawai'i in the areas of energy efficiency, new and renewable energy, smart grid technologies and energy storage systems.

Blue Startups launched East Meets West conference series (DBEDT)

Positioning Hawai'i as the tech bridge between Asia and the U.S. The second annual conference was held in January 2016.

Rebranded overseas offices as Hawai'i Education Service Center (DBEDT)

Rebranded overseas offices as Hawai'i Education Service Center increases the awareness of Hawai'i as a student attraction destination with high quality of studying life, to create jobs and generate State taxes, to benefit the economic impact in Hawai'i.

Introduced Hawai'i business opportunities to Guangdong Province in 2015 (DBEDT)

Governor Ige Mission visited different cities and agencies in Guangdong Province, introduced business opportunities in Hawai'i and attracted business investment to the State of Hawai'i.

2016

Empowering small businesses to generate increased local revenue and export sales

Increased export sales by \$27.3 million through the Hawai'i State Trade Expansion Program (HiSTEP) (DBEDT)

In 2016, Hawai'i State Trade Expansion Program (HiSTEP) activities helped 179 companies and resulted in \$27.3 million in export sales. Additionally, 52 companies participated in nine export readiness training sessions. As a result of the success of HiSTEP, in October 2016, DBEDT's HiSTEP was awarded \$700,000 via a competitive grant from the U.S. Small Business Administration (SBA) to increase the number of Hawai'i small businesses that export as well as to increase the dollar amount of exports from small businesses already involved in global markets. Although more than 40 states received awards, Hawai'i received one of the largest awards. HiSTEP is a comprehensive program involving training, trade shows, consumer shows, and direct company assistance.

Prioritizing workforce development: offering apprenticeship opportunities and free courses to diversify our local workforce statewide

Identified needs in healthcare industry to train applicants (DLIR)

Established a Healthcare Workforce Development Advisory Group to identify key occupational needs in the healthcare industry and to design programs and curricula to train potential applicants.

Encouraged careers in agriculture and farming (DLIR)

Expanded the work of the Agricultural Workforce Development Working Group to encourage secondary students and teachers to consider agriculture and farming as a future occupation.

Assisted workers following closure of Hawaii's last sugar plantation (DLIR)

Set up counseling, training and job referral services for workers laid off in Maui as the result of the closing of the Hawai'i Commercial & Sugar Company (HC&S) sugar plantation and the McKenna Resort.

Promoted internships and on-the-job-training opportunities (DLIR)

Convened the State Apprenticeship Council, held conferences for student, teachers, counselors and for employers to promote internships and on-the-job-training opportunities.

Providing financial incentives and rebate programs to encourage the growth and proliferation of green jobs

Signed historic agreement with Department of the Navy to advance clean energy opportunities (DBEDT)

During the 2016 VERGE Hawai'i conference, Governor David Ige and Assistant Secretary of the Navy (ASN), The Honorable Dennis V. McGinn signed a Memorandum of Agreement (MOU) to work on energy related issues of mutual benefit, to coordinate goals and to build partnerships whenever possible. The MOU, signed June 21, 2016, is an agreement between the State of Hawai'i, through the Department of Business, Economic Development and Tourism (DBEDT) and the

Department of the Navy (DON). The parties found that the state and DON have similar energy goals relating to the reduction of greenhouse gases, the reduction of fossil fuel usage, energy efficiency, water consumption, use of renewable energy and use of alternative fueled vehicles. The MOU aims to leverage the human and financial resources of the state and the Department of Defense towards a shared vision on energy security and self- sufficiency.

Building economic diplomacy and strategic partnerships to access global opportunities

Convened 2016 VERGE Hawai'i (DBEDT)

The Hawai'i State Energy Office (HSEO) selected California-based GreenBiz Group to bring its annual VERGE event series to Hawai'i. Long regarded as ground-zero for next-generation energy issues, Hawai'i will serve as host in 2016 and 2017 as the best minds in energy identify and advance next-generation practices for sustainable energy solutions in Hawai'i and beyond. The recent passage of three ambitious energy bills have made Hawai'i the first state to adopt a 100 percent renewable energy portfolio standard and have cemented it at the forefront of global renewable energy efforts. Offering a real-world glimpse into the future as a more resilient world, the VERGE Hawai'i: Asia Pacific Clean Energy Summit will gather influencers from the world's largest corporations, as well as entrepreneurs, utility executives, public officials and representatives of nonprofits and academia.

Conducted International Education Student Attraction Missions (DBEDT)

DBEDT also organized three missions to promote educational exchanges and increase the number of international students in Hawai'i. These missions covered Tokyo, Hiroshima, Fukuoka, Guangdong, Hong Kong, Seoul, Busan and Taiwan. With the short-term and high-school visits as the primary marketing targets DBEDT, through its Business Development and Support Division, was directly responsible for attracting 1,400 students for visits and short-term training resulting in \$3.5 million of economic output and \$237,000 in state taxes.

Showcased Hawai'i in Worldwide Magazine – December 2016 (DBEDT)

Hawai'i was the focus of a multi-page special section in the December 2016 issue of Hemispheres, the in-flight magazine of United Airlines. Dossier, Hemispheres' Economic Development series, featured Hawai'i within an in-depth overview, including showcasing unique initiatives that shape the state's industry and commerce, as well as its influence on today's global economy. The special section examined Hawaii's diverse economy and featured interviews with local business leaders and economic development experts. The special Dossier insert focused on Hawaii's key areas of innovation technology, the creative sectors, clean energy, and more.

Promoted Hawai'i products at 2016 Tokyo International Gift Show (DBEDT)

DBEDT organized a strong delegation of 62 Hawai'i companies to promote a diverse selection of high-end Hawai'i made products as part of the Hawai'i Pavilion at the 2016 Autumn Tokyo International Gift Show, September 7-9, 2016. The Tokyo International Gift Show is the largest international trade show in Japan with more than 190,000 distributors, wholesalers, brokers, and retailers attending the three-day trade show. Leveraging Hawaii's strong brand in Japan, 2016 marked the fifth year that DBEDT has led an export promotion mission to Japan. Hawai'i exhibitors reported direct sales of more than \$15.2 million, which results in an economic impact of \$30.4 million.

2017

Prioritizing workforce development: offering apprenticeship opportunities and free courses to diversify our local workforce statewide

Supported agricultural occupational opportunities (DLIR)

Established the Hawai'i Agricultural Workforce Advisory Board was established pursuant to Act 99 (SLH 2013). The Board has partnered with UH and DOE to fund projects throughout the state to expose Hawaii's youth to agricultural occupational opportunities. The following projects have increased interest and training in targeted fields:

- Future Farmers of America (FAA, DOE): Support for expansion of Hawai'i FFA chapters in public secondary schools
- Kaua'i Summer internships (Kaua'i Co.): Internship opportunities for high school students to gain hands-on experience on farms, ranches and agricultural businesses
- Natural farming curriculum development (DOE): Development of a new science and agricultural curriculum for the existing agriculture career pathway at Leilehula HS to better meet workforce needs in Central O'ahu
- GoFarm Hawai'i (UH): Support the training of adults seeking to gain employment in farm related industries in Hawai'i
- Maui CO. 4H Outreach (UH): Generate interest in agricultural careers among at-risk youth by providing hands-on experience in the career pathways of Biotechnology, Food Service Farm-to-Table
- Summer agriculture internship program (UH Hilo): Provide hands-on experience to students learning the operations of farms, nurseries, and ranches, including the soft skills and business acumen required to run operations

Expanded robotics in schools to improve opportunities for careers in STEM fields (DLIR)

The Science Technology Engineering and Math (STEM) Working Group was established pursuant to Act 166 (SLH 2015). The Working Group is striving to expand robotics in schools and give more students exposure and experience in science and technology to improve opportunities for higher paying careers in STEM fields:

- Summer Engineering Academy: The Academy was developed to increase interest in STEM careers and provide planning opportunities for post-secondary education for underrepresented youth. Over a six-week duration for the past two summers appx 150 high school students were introduced to college study skills and learned advanced math and science skills through the exploration of various engineering disciplines.
- Scholastic Robotics (UH Space Grant Consortium, DOE): Funding to increase access to student and teacher participation in scholastic robotics and coding by providing basic infrastructure in underserved areas. By December 2017, it is anticipated that more than 1,200 additional students will be participating in robotics activities through the Scholastic Robotics program.

- Pacific International Space Center for Exploration Systems (PISCES) internship (DBEDT): Funding to provide hands on experience in developing programming and hardware systems for robotic planetary rover as well as identifying potential lunar and Mars analog sites on Hawai'i island.

Supported diverse, workforce development micro-projects (DLIR)

The 2017 legislature appropriated funds that support the following, diverse micro-projects to support workforce development:

- Shipyard welding technology training (HCC, Ship Repair Assc. Of Hawai'i): Phase II of classroom training for skip repair and marine welding is the result of the establishment of a strategic partnership with the workforce by increasing enrollment in non-credit and short-term training in shortage areas.
- Professional Housekeeping Training (McKinley Community School for Adults): Introductory level class for individuals interested in housekeeping and cleaning as a profession to address a looming workforce shortage in the hospitality industry.
- Carpenter pre-apprenticeship programs (DOE, Hawai'i Carpenter's Apprenticeship Training Fund): Implementation of a pilot program called Career Connections within the DOE's Building and Construction program. Career Connections is a complete high school curriculum which prepares students to enter the carpentry trade and will be piloted in three high schools on O'ahu – Kahuku, McKinley, and Wai'anae High Schools.
- Food Safety Training Program (DBEDT, HTDC, Chamber of Commerce Hawai'i): Provides on-site consultation for businesses on food safety plan compliance with new standards mandated by the Food Safety Modernization Act passed by Congress.
- Altino Coding (DOE): Provides training for teachers in the Wai'anae/Nanakuli and Castle/Kahuku complexes to instruct their students in coding for STEM careers.
- Auto Body and Repair Program (HCC, McKinley Community School for Adults): Provides students with tuition support for the auto body repair program for entry into an industry facing projected shortages.
- Finance Sector Pathways: Secondary School Connections Finance Academy – Phase I (WCC, Chamber of Commerce Hawai'i) – Provides curriculum, instruction and support activities to high school teachers and students to strengthen the finance sector career pathway.

- Universal Banking Program (WCC, Chamber of Commerce Hawai'i, Hawai'i Bankers Association): Provides tuition support for what the banking sector identified as a need. A new training program entitled "Universal Banker". The role of the traditional bank teller has been dramatically impacted with the advancement of on-line banking, bank apps, and other self-service features. As a result, banks have opted to re-describe the position of the traditional teller to become that of a Universal Banker.
- Waipahu High School Future Fellows Capstone Project (DOE, Hawai'i Public Schools Foundation): Provides instructional and tuition support for a second-year course – Future Fellows Capstone Project to develop technically sound students with a clearly defined pathway to a skilled workforce in technology.
- DevLeague Cyber Security Program (DOE): Provides instructional support to students at Roosevelt, Kapolei and Campbell High Schools for practical, hands-on, coding and cyber security concepts through mentorship and a curriculum prepared and conducted by cyber security professionals and software developers.
- Agricultural Science Education (CASE) Institute: Act 229 (SLH, 2016) created an agriculture workforce development pipeline initiative to conduct training statewide for teachers and administrators in agriculture self-sufficiency. The Curriculum for Agricultural Science Education (CASE) Institute is an ambitious project started by the National Council for Agricultural Education in 2007 to implement a national curriculum for secondary agricultural education that provides a high level of educational experiences to enhance the relevance of agriculture, food, and natural resources as a subject matter. Hawai'i teachers were provided support through Act 229 funding in June 2017 to attend a CASE Institute curriculum training for them to support and teach the curriculum in their classrooms.

Expanded apprenticeship programs (DLIR)

Department of Labor and Industrial Relations (DLIR) continues to pursue apprenticeship programs through registered apprenticeship programs, microgrants, an ApprenticeshipUSA State Expansion Grant, and the Disability Employment Initiative (DEI), the last two of which are sponsored by the U.S. DOL. The following are summaries of these efforts under the Ige Administration

- DLIR was awarded \$2.25 million in federal funds in the latest round of DEI grant funding to help prepare youth with disabilities to enter the workforce or post-secondary education. The funding enables Hawai'i Youth At Work!

summer participants to obtain paid work experience during the year, coupled with employment preparation activities. The program is a collaboration between the Department of Human Services (DHS) and DLIR. DHS's Division of Vocational Rehabilitation (DVR), Benefit, Employment and Support Services Division, and Social Services Division counselors and staff work with DLIR workforce staff to place participants in temporary jobs with the State and Counties. The program is expanding to a year around basis from a summer program and is usually the participants' first paid job. The funding will strengthen collaborations with businesses and workforce partners to increase the number of youths with disabilities entering career pathways and accessing workforce services. The grant provides funding for services in the Counties of Hawai'i and Maui as well as on O'ahu. In addition to DHS, key partners include the University of Hawai'i Center on Disability Studies, Department of Education, and American Job Centers. DLIR previously received \$2,923,674 in 2011 and \$2,500,000 in 2015 in DEI funds to improve education, training, and employment outcomes of youth and adults with disabilities. DEI funds help refine and expand workforce strategies proven to be successful and enhance inclusive service delivery through the public workforce system.

Expand apprenticeship into information technology, healthcare, and culinary fields (DLIR)

DLIR obtained a \$1.5M ApprenticeshipUSA State Expansion Grant in 2016 to expand its registered apprenticeship programs by partnering with high-growth businesses and industries to train and produce skilled workers. The nature of apprenticeship is changing from just the building trades to other sectors as the service economy continues to grow. Hawai'i has secured over \$4.5 million in grants to support registered apprenticeship programs to support not only the construction trades, but also to expand apprenticeship into other occupations including in Information Technology, Healthcare, and Culinary fields where there is a shortage and high demand for workers. DLIR worked on the following initiatives:

- New registered IT apprenticeship programs in Hawai'i include Web Application Developer (Sudokrew Solutions, DevLeague), Software Programmer/Developer (HMSA), Business Intelligence Analyst (DevLeague, Bikeshare Hawai'i), Web & Data Application Developer (Counter-Culture), and Information Systems & Technology Analyst (Finance Factors) apprenticeships.

- New registered healthcare apprenticeship programs include Personal and Homecare Aide (BrightStar Care), Community Health Worker (Hawai'i Pacific Health, Hawai'i Primary Care Association, Queen's Medical Center, Alean Bridge), Pharmacy Technician (CVS Health, Hawai'i Primary Care Association), Optometry Assistant (Hawai'i Primary Care Association), and Nurse Aide (Windward Community College).
- Other new registered apprenticeship programs include Line Cook (Kapiolani Community College), Environmental Health Specialist and Occupational Safety & Health Compliance Officer (DLIR), and Hazardous Waste Material Technician (Hawai'i Laborers' Union Local 368).
- DLIR and the local Workforce Development Boards on each island are partners with the Hawai'i Chamber of Commerce's Statewide Sector Partnerships program working on sector partnerships to include both economic and workforce development focused on the needs of employers by industry. The Workforce Innovation and Opportunity Act (WIOA) includes employers and businesses as key partners in shaping how employment services are delivered. Employers have a voice, and the sector partnership model allows industry employers to share challenges and best practices leading to identifying priorities and actionable steps toward positive resolution.

2018

Prioritizing the deployment of broadband

Established process to upgrade and support next-generation wireless broadband infrastructure (DBEDT)

DBEDT was the lead agency to advocate for HB 2651, which establishes a process to upgrade and support next-generation wireless broadband infrastructure throughout the state. Governor David Ige signed the bill into law, which establishes a permitting, application, review, and approval process for small wireless providers or communications service providers to install wireless facilities on state or county solely owned utility poles, or install associated utility poles, in the right-of-way, according to a summary. The bill applies to permit applications filed with the state or county after December 31, 2018.

Supporting and investing in emerging industries to inspire innovation

Broke ground for Entrepreneurs' Sandbox facility in Kaka'ako, set to be complete in July 2019 (DBEDT)

In April 2018, a groundbreaking ceremony marked the start of construction on the Hawai'i Technology Development Corporation's (HTDC) Entrepreneurs' Sandbox facility in Kaka'ako. When completed, the facility will be an innovation center where everyone from keiki to kupuna can bring their ideas to life and learn to build products and develop creative media. The two-story, 13,500-square-foot Sandbox was completed in 2019 and is the first phase of the Kaka'ako Innovation Block. The Sandbox is a public-private partnership, three years in the making. Its purpose is to provide a new generation of entrepreneurs the tools, programs, and environment to start and grow their business, which will help diversify the state's economy. The Sandbox will be equipped with ultra-high-speed internet connectivity. The innovation center will also target the startup community's fundamental needs: attract and recruit new business, encourage growth and diversification, help entrepreneurs in their business development efforts, promote a business-friendly economic climate, and increase the availability of high-wage jobs for O'ahu.

Building economic diplomacy and strategic partnerships to access global opportunities

Generated new, record-high tourism revenues (DBEDT)

Hawai'i tourism has continued to make a major contribution to the state's tax revenue base in 2018 and is poised to set a record high annual total produced by the industry. Last year, tourism generated nearly \$2 billion in tax revenue for the state. This year, through the first three quarters of 2018, tourism has already generated \$1.59 billion in tax revenue, which is 9.8 percent ahead the pace of 2017. This is funding that is strengthening the foundation of Hawaii's tax revenue base and is instrumental to supporting programs, services and facilities utilized by residents on all islands.

Promoted diverse array of Hawai'i food and gift products at the Tokyo International Gift Shows (DBEDT)

Since 2014, the Hawai'i Pavilion at the Tokyo International Gift Show (TIGS), organized by DBEDT, has attracted between 60-80 Hawai'i participating companies each year. In 2018, an added feature was Hawaiian cultural demonstrations. In conjunction with the trade show, a Japan Exporting Study tour for new-to-export

companies was also developed, which included meetings with officials at the U.S. Embassy, and visits to Tokyo packaging and logistics firms. The Hawai'i Pavilion also features a Hawai'i Café that promoting a diverse array of Hawai'i food and gift products. The Tokyo International Gift Show is the largest international trade show in Japan with more than 180,000 distributors, wholesalers, brokers and retailers attending the four-day trade show. Since 2014, \$40 million in export sales were realized by Hawai'i firms participating in TIGS.

Promoted U.S. Business Day in Taiwan (DBEDT)

The U.S. Business Day was first held in 2017, since then, the State of Hawai'i was invited by Taiwan Ministry of Economic every year to attend the event and provide an opportunity to promote Hawai'i business, investment, clean energy, and education attractions.

Conducted Beijing and Taipei media and education mission to Hawai'i in 2018 (DBEDT)

The Media and Educator Mission to Hawai'i provided a chance for the media and educator to experience the academic environment, interview knowledgeable professors, and understand the wide range of course offerings by schools to utilize media coverage to increase more Chinese students to study in Hawai'i.

2019

Marketing Hawai'i as a vacation destination to stimulate local economy: encouraging sustainable tourism practices, modernizing airport infrastructure

Completed Consolidated Rent A Car Facility at Kahului Airport (DOT)

DOT announced the completed of the environmentally friendly Consolidated Rent A Car (Conrac) facility at Kahului Airport in May 2019. The Conrac housed major rent a car companies in one location on airport property. The new Conrac was a three-level structure encompassing rental car offices, customer service counters, ready and return rental car spaces, and Quick Turn Around (QTA) areas with 72 fuel positions, 12 car wash bays, and 11 maintenance and mechanic stations to service rental car fleets. There are more than 3,700 parking stalls dedicated to the rental car companies plus nearly 700 designated to employee parking. This Conrac was an

officially certified Leadership in Energy and Environmental Design (LEED) Silver for its work to maximize the health and productivity for those who use the facility, use fewer resources for operation, reduce waste and help the environment through reducing negative impacts on the planet. The facility also features an electronic tram build on a rail system to provide quick and efficient travel between the airport terminal and rental car counters, which is about half a mile length. The tram was designed to reflect the Valley Isle's plantation roots, culture, and history. The tram eliminated the need for 25 shuttle buses transporting customers to various locations, which averaged 85 trips an hour. It also includes a water feature that also serves as an irrigation reservoir with non-potable water for landscaped areas. Construction broke ground in April 2016 with a total cost of \$340 million, funded solely by a Customer Facility Charge which consists of a daily charge of \$4.50 applied to customers who rent a car. No taxpayer funds were used. The project also offset 22% of total annual energy costs through campus renewable solar energy production, and diverted 77% of construction waste from landfills, equating to 11,150 tons of diverted materials.

Completed ride-share pickup at Honolulu International Airport (DOT)

DOT opened a new ride share pick up area for transportation network companies (TNC), such as Uber and Lyft, located on the second level. The additional location was established in part to relieve congestion at the pickup areas, especially during the peak hours. The original two zones were at the ends of the airport and the new location is more central to add greater efficiency. The system notifies the customer which pick up location to use during the order confirmation. TNCs must meet specific insurance requirements as specified by state law, pay associated fees and satisfy other requirements to operate at airports.

Completed ride-share pickup at five airports across the state (DOT)

DOT announced that TNCs were now eligible to pick up customers at neighbor island airports beginning February 2019. Designated ride-share pickup locations were established at Kahului Airport, Līhu'e Airport, Ellison Onizuka Kona International Airport at Keāhole, Hilo International Airport, and Kapalua Airport. Approved by Governor Ige, the amended administrative rules went into effect August 2018, allowing TNCs to apply for a permit from DOT. TNCs must meet specific insurance requirements as specified by state law, pay associated fees and satisfy other requirements designated in HAR prior to being issues a permit to operate at airports.

Honolulu International Airport became 9th U.S. airport capable of accommodating the Air Bus A380 (DOT)

In April 2019, HDOT completed improvements to Gates C4 and C9 of the Daniel K. Inouye International Airport (HNL) to facilitate All Nippon Airways (ANA) A380 service between Japan and Honolulu. HDOT invested between \$12-13 million in the improvements which included: addition of a third level bridge to allow passenger loading and unloading on two levels; access to the third level via a new elevator, escalator, and staircase; reconfiguration of the outside of the terminal to accommodate the A380's 80-meter wingspan; and hold room and restroom renovations along the corridor. ANA's A380 service, which began in May 2019, increases the capacity for arrivals from Japan to HNL by 500 daily passengers.

Empowering small businesses to generate increased local revenue and export sales

Major Expansion Planned for Iconic Abalone Farm (DBEDT)

Kowa, which recently purchased the 10-acre abalone farm has begun a major \$15 million expansion plan with the addition of 15 acres for its operations. The expansion plan includes:

- The additional space will be used for a processing facility to process abalone into a less perishable product.
- In addition, they will be adding new office space and a location to market their product(s) and provide better tours and tastings opportunities to the public.
- The construction of new facilities will be completed in three phases over five years.
- Phase I will include site preparation, water system upgrades, a new canning manufacturing facility and a new office building which will include facilities for visitor tours and tastings (dinning and retail sales are expected).
- Phase II will include a new R&D building, site preparation for the remainder of the land, expansion of algae production areas, increased capacity in the form of additional equipment for the cannery facility.
- Phase III will see the construction of a bottling facility and expansion of the existing cannery facility, complete with full automation of the entire facility.

Adding capacity, reducing costs with Kapālama Container Terminal, part of Harbor Modernization Program (DOT)

The cornerstone of the Harbor Modernization program is the Kapālama Container Terminal (KCT) on O‘ahu. Commercial shipments in Hawai‘i operate on a hub and spoke system with the majority (approximately 80-percent) of imported goods first arriving at Honolulu Harbor. The Kapālama Container Terminal will add much needed capacity to Honolulu Harbor. In 2019, HDOT received the permit from the U.S. Army Corps of Engineers that will allow Phase 2 of the KCT project to proceed. The KCT Phase 2 project will make improvements such as wharfs, bulkheads, and berths to complement the 84-acre cargo yard currently in construction. Phase 1 of the KCT project is currently 70-percent complete with a scheduled completion date of November 2020. The KCT, when completed, will be the new terminal for Pasha and will allow the direct discharging of cargo onto Young Brothers barges destined for the neighbor islands. This will reduce cost and time in the transfer of cargo as well as remove approximately 50,000 truck trips on Nimitz Highway.

Global Aquaculture Accelerator established to propel sustainability projects (DBEDT)

In the past year, Natural Energy Laboratory of Hawai‘i Authority (NELHA) and the University of Hawai‘i (UH) formed a partnership to undertake a concerted and collaborative effort to raise Hawaii’s global visibility in marine aquaculture and to capitalize on the commercial opportunities available globally. This initiative included:

- The establishment of a Hawai‘i aquaculture accelerator and a related investment fund is an effort to demonstrate the State’s commitment to developing Hawaii’s commercial aquaculture industry and to focus entrepreneur and investor interest on Hawai‘i as a location for globally relevant aquaculture companies.
- Hatch Inc. (HATCH) was selected to operate the accelerator and investment fund. They are providing proof-of-concept and commercialization services to start-ups in Hawaii’s aquaculture cluster and attracting new investment to Hawai‘i.
- Focused on attracting investor capital and a follow-on fund for aquaculture in Hawai‘i to develop technical and intellectual property that can benefit a global industry. HATCH raised approximately \$7 million for the investment fund in 2019.

- Created a facility and program at NELHA, using the existing world-class facilities, to attract entrepreneurs in startups, help them get into the market, and find a commercial space for their project. HATCH selected 13 companies to as part of its first cohort which began in August 2019.

Supporting and investing in emerging industries to inspire innovation

Completed and opened Kaka‘ako’s Entrepreneurs Sandbox (DBEDT)

On October 10, 2019, the state officially opened the Entrepreneurs Sandbox innovation center in Kaka‘ako. The 13,500 square foot facility features an event space with a large projection screen, collaboration areas, coworking, digital media studio, training rooms, conference rooms, phone booths, and small offices. The Sandbox has quickly established itself as the gathering place for the technology and creative entrepreneurial community. Even before the grand opening, the venue had hosted dozens of events ranging from manufacturing CEO roundtable discussions to demo days for tech accelerators and has been featured in the local news and on Japanese television.

The Sandbox has been embraced by the Hawai‘i business community. It is at the center of the Technology Readiness User Evaluation (TRUE) initiative, a partnership with HTDC, the State of Hawai‘i, local universities and colleges, and many private companies including Central Pacific Bank, Servco, Pacxa, and Hawaiian Airlines who have based their innovation teams at the Sandbox. The Sandbox is also the headquarters for the Hawai‘i Tech Bridge. It is the meeting place of choice for many departments of defense engagements with the dual-use community. The ID8 Studios, a public private partnership created by the DBEDT Creative Industries Division, held a modest grand opening despite the pandemic. While activities are still ramping up, the studio has already hosted dozens of events including TV, music, and movie filming, and resulted in new partnerships and business opportunities involving the corporate, tech, and creative sectors.

The Sandbox model has been so successful it is serving as a model for several infrastructure development projects on Kaua‘i, Maui, and Hawai‘i island. It is also being considered as a model for STEM education projects. Other programs at the Sandbox include e-commerce training, Women in Tech and TRUE initiative tech enablement webinars, and the Digital Currency Innovation Lab. Amongst the many activities the venue has hosted are demo days, hackathons, concerts, training workshops, movie filming and movie screening.

Construction was completed in 10 months with funding from the federal government, the State, and the private sector. It is part of the Governor's effort to promote economic diversification and create a sustainable economy. Construction funding: \$3 million federal EDA, \$3 million State of Hawai'i/HCDA/HTDC, \$1.4 million Stanford Carr Development; Operating partners: HTDC, DBEDT Creative Industries Division, the Box Jelly, BizGenics Foundation.

At first, there was some concern about corporations taking up office space at the Sandbox instead of startup companies. For the most part, the concerns have been addressed by the investment of time and money the TRUE initiative has contributed to the Sandbox community. There was also some concern over the ID8 Studio undercutting private sector facilities or overcharging for a government subsidized facility. The Studios are a public/private partnership, procured through an RFP process. The concern has been partially mitigated by greater involvement by the Creative community.

The Sandbox is a model of modern infrastructure conducive for strong collaboration. It has created an intersection for many segments of the community that typically would not engage with each other. It is the key component missing for tech based economic development building trusted relationships between the tech and entrepreneurial community and the larger businesses that drive the economy. The entire program is built on public/private partnerships, co-created and co-invested. HTDC previously owned and operated the Mānoa Innovation Center (MIC), a tech incubator which provides office space and mentorship to tech startup businesses.

The Entrepreneurs Sandbox includes all the additional amenities that HTDC wanted but could not fit at the MIC. The Sandbox is Phase 1 of a larger development planned for the Kaka'ako Innovation Block. This accomplishment is significant because of the public private partnership used to finance the development and operate the facility. HTDC is partnered with the Box Jelly, Hawaii's first coworking space, to manage the facility. HTDC is also partnered with DBEDT Creative Industries Division and Bizgenics Foundation to manage the studio in the facility. The accomplishment demonstrates collaboration and how tech sector can no longer be considered as a standalone industry. Technology is closely tied to the creative sector and is applied to all sectors of the economy.

Prioritizing workforce development: offering apprenticeship opportunities and free courses to diversify our local workforce statewide

Expanded and diversified apprenticeship programs (DLIR)

Expanded and diversified apprenticeship programs to address the needs of the workforce:

- DLIR approved three new apprenticeship programs, Project Manager for Information Technology, Medical Assistant, and Millwright.
- There are 1,726 new apprentices registered for different programs.
- 632 apprentices completed their programs.

Providing financial incentives and rebate programs to encourage the growth and proliferation of green jobs

Provided savings for residents with unique and inclusive energy financing program (DBEDT)

On April 8, 2019, Governor Ige announced the official launch of the Green Energy Money \$aver (“GEM\$”) On-Bill Program during a press conference. The journey of Hawaii’s on-bill financing program began with Act 204, which was signed into law on July 8, 2011 and consummated almost eight years of work invested by the Hawai’i Public Utilities, the Hawaiian Electric Companies and energy stakeholders. With 43% of Hawaii’s households renting and almost half of Hawaii’s households classified as ALICE (Asset Limited Income Constrained, Employed) or below, it was important to Hawaii’s policy makers and regulators that Hawaii’s on-bill program be designed for low and moderate-income households, renters, non-profits and other hard to reach segments.

Accomplishing these objectives, the unique inclusive and comprehensive design of GEM\$ has created a buzz on the national level with published articles and requests to participate in panel presentations and webinars to share GEM\$ with other states and municipalities interested in helping the underserved. To date, HGIA’s non-traditional programs have provided over \$90.0 million in financing for residential and commercial projects benefitting low and moderate-income households, renters, nonprofits, small businesses, multi-family rental projects and public schools.

This program, designed to democratize clean energy, is helping people like the Akana's, a family of six on the island of Hawai'i, who were struggling to pay their HELCO bill and not able to qualify for a bank loan. But after installing a solar hot water system with a GEM\$ loan, they now have some extra money every month to start saving for a rainy day. Approximately 20% of small businesses fail in their first year; 50% by the 5th year; and a whopping 70% by the 10th year! Beating the odds, Highway Inn has been serving three generations of tradition for over 70 years. Known and loved for their Hawaiian food, the restaurant is moving to a new Waipahu location and installing a solar photovoltaic system. With GEM\$ helping them lower their energy costs and reduce their carbon footprint, Highway Inn will be able to conveniently pay for the clean energy installation through its Hawaiian Electric Company utility bill. Investing in renewable energy today can help reduce your bill tomorrow and HGIA is excited to help Highway Inn and others through the GEM\$ program.

Established an innovative solar desalination demonstration project through Department of Education SunShot grant for \$2 million (DBEDT)

Final grant approval was received from US Department of Education (DOE) in March 2019 to advance solar-thermal desalination technologies, which can reduce cost and expand the market for creating freshwater from otherwise unusable waters. The project focused on the next wave of water treatment using state of the art technology which will disrupt the water and energy nexus, helping farmers deliver more affordable food to your table as well as lower cost drinking water.

The project will demonstrate improvements to thermal desalination technologies and low-cost integrated designs for solar-thermal collection and storage to reduce the cost of desalination. This is another example of the exceptional value that the Governor's support and investment into the critical infrastructure of this technology park in West Hawai'i has generated and the Administration will continue to pursue federal funding to allow NELHA to maintain its competitive advantage and give the community an asset found in very few places in the world.

This project will be the world's largest forward osmosis (FO) solar thermal desalination plant for a high visibility 'on sun' demonstration of seawater desalination for agricultural applications. The project will include commissioning an existing 2MW solar thermal array, coupling it to next-generation 130,000 gallons per day FO system and delivering water for agricultural use and free up existing potable water for expansion of new projects at HOST Park.

Electricity costs account for up to half of the operating expenses for today's desalination operations and require plants to be grid-connected. Using solar-thermal power and low-cost components for integrated designs can enable smaller, more portable systems and expand access to desalination technologies. This project will advance the techno-economic viability of solar-powered FO by reducing the levelized cost of water 40 percent less than that of current state-of-the-art technology.

2020

Marketing Hawai'i as a vacation destination to stimulate local economy: encouraging sustainable tourism practices, modernizing airport infrastructure

Hawai'i Tourism Authority restructures defining values (DBEDT)

At the start of 2020, HTA introduced a six-year strategic plan to guide their vision and responsibilities in support of Hawai'i tourism through 2025. HTA has been reorganized around four interacting pillars supported by research and other administrative functions. The plan establishes a general goal for each pillar. These include natural resources, Hawaiian culture, community, and brand marketing.

The natural resources pillar means the dedication of resources to programs that enhance and support Hawaii's natural resources and cultural sites to improve the quality of life for all residents and to enhance the visitor experience. The Hawaiian culture pillar seeks to hooulu (grow) the uniqueness and integrity of the Native Hawaiian culture and community through genuine experiences for both visitors and residents.

The community pillar works to make sure residents and local communities benefit from tourism by supporting programs valued by the community and aligned with the destination's brand and image; informing both residents and visitors of these programs and events; strengthening relations between residents and visitors; and forming partnerships to build a resilient tourism workforce and community.

The brand marketing pillar takes the lead in protecting and enhancing Hawaii's globally competitive brand in a way that is coordinated, authentic, and market-appropriate; is focused on Hawaii's unique cultures, diverse communities, and

natural environment; and supports Hawaii's economy. Under the goal for each pillar, this plan established several objectives and specific milestones or measures for tracking success.

The pillars are intended to support an integrated destination management system, with four overall Key Performance Indicators (KPI), representing the most important ways HTA will be accountable to our stakeholders: resident satisfaction, average daily visitor spending, visitor satisfaction, and total visitor spending.

Empowering small businesses to generate increased local revenue and export sales

Buy Hawai'i, Give Aloha Platform helps Hawai'i businesses sell to the world (DBEDT)

The Business Development and Support Division (BDSD) of DBEDT created the [Buy Hawai'i, Give Aloha Platform](https://invest.hawaii.gov/buy-hawaii/) (<https://invest.hawaii.gov/buy-hawaii/>), a portal site, to gather Hawai'i businesses selling online to promote their products throughout Hawai'i, the continental US, and globally. BDSD launched a traditional and social media campaign, attracting over 230 manufacturers and retailers to sell their products online through this portal site. Media coverage has included testimonials directly from companies saying Buy Hawai'i, Give Aloha has made a difference to their business survival by driving sales through e-commerce to make up for the loss of sales as a result of the tourism restrictions. Shoppers have confidence the products are made in Hawai'i and take pride in knowing their purchases will help local businesses, employees and the community. The COVID-19 pandemic has showed that businesses should consider having e-commerce capabilities to sell to their customers particularly as a way to be resilient to market fluctuations. The platform aggregates Hawai'i businesses into a one-stop shop and is promoted to shoppers worldwide promoting the value of Hawai'i-made products.

TRUE Initiative Launch: Public-Private partnership to help tech-enable local businesses (DBEDT)

In March 2020, Hawai'i executives and civic leaders gathered at the Entrepreneurs Sandbox to launch the TRUE Initiative, a technology solutions-focused collaboration between local private sector business leaders, HTDC, other State departments, and our local universities and colleges. Housed out of the Sandbox, TRUE stands for Technology Readiness User Evaluation. The initiative seeks to tech-enable

organizations and local businesses through sharing of solutions to common business challenges. The goal is to help create quality jobs and new opportunities with higher wages throughout the State for sustainable living in Hawai'i and attract kama'āina looking for opportunities to return home. [link](#)

\$10M in innovation grants offered to companies producing PPE supply chain products and services (DBEDT)

The main goal of this program was to increase the local capacity for producing cleaning supplies and personal protective equipment (PPE) to help keep Hawai'i safe. The program which opened in September 2020 and was completed in December 2020, also has an equally important secondary objectives of providing economic support for Hawai'i's struggling small businesses and supporting businesses that provide job opportunities for displaced workers. Additionally, HTDC's priority is to advance innovative solutions related to the PPE supply chain. The participant must be producing or have plans to produce PPE/Cleaning Supplies commonly procured by the State through the Hawai'i Emergency Management Agency (Hi-EMA). Awards ranged between \$10K-\$500K with larger amounts possible if determined necessary by HTDC.

Assisted small businesses with export development through the Hawai'i State Trade Expansion Program (HiSTEP) (DBEDT)

Funded in part through a grant from the U.S. Small Business Administration (SBA), HiSTEP is a comprehensive program designed to assist Hawai'i small businesses with their export development. The goal is to increase the number of small businesses that want to export as well as the value of exports for those small businesses that currently export. Hawai'i has received a total of \$4 million from SBA since the program's inception and was recently awarded another grant for just over a half million dollars. HiSTEP has supported over 900 companies with training, trade shows, missions and direct assistance and resulted in more than \$105 million in export sales. The impact to Hawai'i's economy is \$172 million in total sales, 971 direct and indirect jobs, and generated state taxes of more than \$7 million. The importance of this program to small businesses in Hawai'i is now magnified as companies look for ways to recover and increase revenues and look to exporting as a way to achieve this.

Attracted 51 new businesses to the Hawai'i Ocean Science and Technology Park (DBEDT)

HOST Park is continuously being built to act as the premier ocean science technology park in the world with a specific emphasis on sustainability projects that are focused on growing the advanced energy testbed and new advancements in state-of-the-art technology to expand ocean food security and increasing productivity. 51 new businesses to relocated to HOST Park in the past 7 years. Many of these were start-ups and either graduated and moved to another site or are no longer in business. Total number of existing businesses at HOST Park increased by 40 percent. The program was established in the mid-70s and has seen accelerated growth in the past 10 years.

Foreign Trade Zone No. 9 remained open and operational through height of COVID-19 pandemic (DBEDT)

The prime accomplishment for FTZ9 in 2020 was that we were able to remain open and one-hundred percent operational. As COVID-19 began to spread in the state and through the height of the pandemic, FTZ9 worked with staff and the unions to ensure we followed CDC guidelines for a safe workplace which allowed us to remain open to serve the public. This was greatly important for the critical flow of food products, medical products, and household goods throughout Hawai'i. FTZ9 services over 290 clients in all sectors of Hawaii's economy, and by staying open, we were able to support these essential businesses which allow them to remain operational and to able to retain their employees which, in turn, kept the economy moving forward.

Supporting and investing in emerging industries to inspire innovation

Entrepreneurs Sandbox helps DLIR with new overflow call center during COVID (DBEDT)

In April the Sandbox quickly re-tooled facility space into a call center for the Department of Labor to help manage a record number of jobless claims. The Sandbox which opened in October 2019 is developed as an innovation hub for tech, entrepreneurs and creatives. The Sandbox was carefully designed with the flexibility to accommodate various projects of different dimensions and now has demonstrated the ability to quickly adjust to support our urgent community needs. [link](#) (BED 2020)

Hawai'i songwriters land six-figure licensing deal for original song "Keep You Safe" (DBEDT)

During the COVID-19 pandemic, Hawai'i artists monetized their creative IP. The placement of "Keep You Safe," an original song co-written by Nikki Yamamoto of Kapolei and Frederick Culp, Jr of Mililani with their mentors during their participation in Creative Lab Hawai'i (CLH) Music Immersive has earned them a six figure deal with placements in a national ad campaign for Dignity Health Care along with placement in four prime time television series including Greys Anatomy and Magnum P.I. CLH Music Immersive is just one example of the benefits to our local creatives, delivering access to leading music supervisors, music placement companies, record producers and studios to license their works. "Keep You Safe" is in a national catalogue of over 55 other Hawai'i songs which have netted a total of \$500,000 in cumulative placements in TV series, features, and national commercials since the program started four years ago. Creative Industries Division (CID) focused efforts early in the pandemic to continue to offer CLH programs virtually. A necessary pivot, the Music and Media Zoom sessions are designed to boost economic opportunities. Our community has a huge opportunity to export their creative IP as the silver lining out of this pandemic. Now, more than ever before, Hawaii's diverse voices in media, music and design need to be front and center as a key part of our recovery and resiliency efforts for Hawai'i 2.0.

Film and television production "Safe Way Forward" puts hundreds of residents back to work (DBEDT)

Creative Industries Division (CID) launched workforce development efforts, and specifically offered training for film industry COVID-19 compliance staffing needs. Over the early months of the pandemic, our entertainment labor unions membership went to work volunteering to support food distribution, meals on wheels efforts and meeting with studios and industry leaders to get back to work safely. In June of 2020, the State and City and County of Honolulu launched a modified quarantine program to jump start smaller, local productions. Once ratified, the studios and unions agreed to the "Safe Way Forward" which has dramatically shifted how larger productions must operate. CBS' Magnum P.I. is underway with two other television series for Disney+/Fox and Sony Television/Amazon are heading to our shores and have started hiring local residents.

Production is big business injecting millions of dollars into our ailing economy. but helps small businesses more than some may know. On each television series, for example, over 150 local businesses benefit from the influx of production spending. From sanitation to lumber, goods and services as well as staffing up for a series with 200 residents working per show, Hawai'i will round out 2020 providing 600 much needed jobs for this struggling sector.

New job skills for unemployed residents as compliance workers in film offer ray of opportunity in the pandemic (DBEDT)

In Spring 2020 as jobs in production had evaporated and along with it their positive economic impact, Creative Industries Division (CID) sought out to develop a partnership with UHCC Kapi'olani Community College, the International Alliance of Theatrical Stage Employees (IATSE) and medical labs. Layoffs of 95% of the workforce also allowed time to join forces on a workforce development initiative which would provide up-skilling training to those who had not been able to return to their former jobs. Up to 100 – 200 new jobs would be created and can be applicable to visitor and restaurant industry staffing as well. While the current round of CARES Act funding was not possible, CID hopes to use existing department funds to make good on its promise to train and deploy an entirely new workforce for the film and media industries.

Digital Currency Lab launch: Hawai'i opens the door to digital currency issuers (DBEDT)

Created through a partnership between HTDC and Department of Commerce and Consumer Affairs, [Division of Financial Institutions \(DFI\)](#), the Innovation Lab explores digital currency innovation and is the first of its kind in the State. During this period of participation, the 12 companies that were carefully screened and accepted into this pilot program are committed to providing key metrics specified by DFI. The data collected will be instrumental in developing local legislation around digital currency that will help advance the State, while laying the groundwork for the next phase of this pilot program that launched in August.

Celebrated Hydrogen and Fuel Cell Day in Hawai'i (DBEDT)

The Hawai'i Center for Advanced Transportation Technologies (HCATT) in partnership with Blue Planet Foundation coordinated Hydrogen Fuel Cell Day in Hawai'i in October 2020. Hawai'i joined the nation in celebrating the sixth annual National Hydrogen and Fuel Cell Day, which marks the growth of the industry by raising awareness in Hawai'i on the benefits fuel cells and hydrogen technologies provide in generating reliable and resilient power, while increasing energy, environmental, and economic security. Governor David Ige issued a [proclamation](#) declaring October 8 2020 Hydrogen and Fuel Cell Day in Hawai'i. The proclamation reflects nationwide efforts to promote National Hydrogen and Fuel Cell Day and highlights the growth of hydrogen and its ability to combat carbon emissions as a driving factor. This event also helps to promote the State Administration's continued goal of achieving 100% renewable energy generation by 2045. [link](#)

Prioritizing workforce development: offering apprenticeship opportunities and free courses to diversify our local workforce statewide

Assisted 43 employers who hired more than 1,000 new employees in sectors most affected by the pandemic (DLIR)

The Workforce Development Division developed and implemented Reducing Unemployment Disruption and Driving Economic Regeneration (RUDDER) to facilitate an efficient labor exchange between the sectors most affected by the COVID-19 pandemic and employers hiring employees. The RUDDER program utilizes the State's Employment and Training Fund to efficiently train and transfer labor into Hawaii's businesses. To date, the RUDDER program assisted 43 employers and that hired more than 1,000 new employees.

Promoted free website for job seekers and employers (DLIR)

The WDD/C partnered with local celebrities to create a public service awareness commercial to promote HireNet Hawai'i, which is a website that is a free public resource for job seekers to post resumes and for employers to list positions that they are hiring for. The PSA aired on the local news networks and is now available online to view.

Developed the Hawai'i is Hiring website to connect locals with job opportunities and training programs (DLIR)

The Workforce Development Council (WDC) worked with the Chamber of Commerce Hawai'i and others to develop the Hawai'i is Hiring website to connect locals with job opportunities and training programs. The website is free to use and has 25,000 job opportunities posted. The WDC worked with the University of Hawai'i to receive a grant that provides short-term educational training that can lead to licensing and a faster track to employment and advancement. The WDC worked with many organizations and leaders to develop a Workforce Resiliency Plan to help the workforce prepare for and mitigate future economic disasters through retraining and upskilling people. The WDD/C is focused on digital equity and technology skills.

Supported career pathways for Hawaii's youth (DBEDT)

The HTA partnered with DOE and Career & Technical Education (CTE) program to support career pathways. Launched in 2020, HTA is supporting training of teachers in hospitality service training, providing high school students with Service Excellence Certificate of Achievement awards. The curriculum was exclusively developed in partnership with ClimbHI and the School of Hotel Administration at the Cornell SJ Johnson College of Business, one of the leading hospitality administration programs in the world.

Promoted hospitality industry jobs through the LEI (Lead, Expose, Inspire) program (DBEDT)

The HTA also partnered with ClimbHI, a local non-profit organization to inspire Hawaii's youth to pursue careers in the Hawai'i visitor industry through the LEI (Lead, Expose, Inspire) program. LEI is an annual statewide event held every April comprising of inspiration and leadership through guest speakers; Hawai'i culture and hospitality training; site visits to lodging property for an overview of the lodging sector including a dining etiquette piece for lunch; and an afternoon career fair to expose students to the variety of career options and opportunities in the visitor industry. LEI 2021 was done virtually with the same objective of inspiring Hawaii's youth to seek a hospitality industry related career at home.

Equipped displaced workers with technology skills during COVID-19 pandemic (DBEDT)

To assist displaced workers during COVID, this initiative, administered through Hawai'i Technology Development Corporation (HTDC) in September offered educational resources to Hawaii's workforce. The program was targeted to assist unemployed workers, so they can equip themselves with technology skills and reposition for new career opportunities. Those currently employed or furloughed could also leverage Coursera's offerings to upskill themselves and take on more advanced technology projects. [link](#)

Ocean Resources Management Plan protects Hawaii's ocean environment to revive businesses that depend on the health of nearshore waters (DBEDT)

Clean healthy ocean ecosystems provide food, visitor attractions and nature-based protections from storm damage. This plan took several years to complete with the help of DLNR and other state and county agencies, private sector stakeholders. Implementing the plan will be the work of the Coastal Zone Management program in the Office of Planning with federal funds and many partners. By the close of 2020, the Hawai'i 2050 Sustainability Plan will have gathered input from hundreds of residents throughout Hawai'i to increase sustainability of all areas of community life in Hawai'i. The public wants a healthy environment, a stable economy, and equitable opportunities. This plan will embody their hopes for a better future for their families in Hawai'i.

Collecting and analyzing economic data for prospective evaluations and planning

Constructed and updated the first economic dashboard (DBEDT)

READ Economic Dashboard and Reports Inform the Public about the Hawai'i COVID-19 Situation Relative to Other States in the U.S. and Economic Performance in Hawai'i. READ constructed the first economic dashboard in April 2020 and update it on daily basis. This dashboard provides information on daily passenger arrivals by market, the weekly initial unemployment claims, the monthly payroll job count, general fund revenues, and bankruptcy filings. The daily passenger count data have been included in Honolulu Star Advertiser facts reporting on weekly basis. READ added the second dashboard in August 2020. This dashboard includes the weekly COVID-19 new cases per 100,000 for all the states in the U.S. and provide relative position for Hawai'i and provide COVID-19 situation of 6 major Hawai'i visitor

market states. The dashboard also provides economic information such as building permits, retail store sales, business startup applications, small business operation status, impacts on household employment and finance. This dashboard is updated every Friday. READ dashboard can be viewed and downloaded at the link below: [link \(BED 2020\)](#)

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Produced READ economic dashboard and reports (DBEDT)

Inform the Public about the Hawai’i COVID-19 Situation Relative to Other States in the U.S. and Economic Performance in Hawai’i. In June 2020, READ produced a report titled “COVID-19 and the Economically Vulnerable Populations in Hawai’i. The report estimated that 58% of Hawai’i workers and 46% of Hawai’i households are vulnerable to COVID-19. READ published two economic projections since April 2020. These projections provide the estimated impact on Hawaii’s tourism, employment, personal income, consumer inflation, and economic growth. These economic projections provide useful information and guidance for policy makers and the public to understand the economic trend, the duration of the crises, and possible outcomes of the COVID-19 on Hawaii’s economy. The projections are fully used in the State agency bond sale documents. READ administrator participated in over 20 community meetings since April 2020 as a panelist, helping the community to understand the economic impact of the COVID-19 and the potential growth areas for the economic recovery.

Conducted virtual meetings of the Small Business Regulatory Review Board (DBEDT)

Adjusting to monthly “virtual” board meetings, that are open to the public, has enabled the SBRRB to re-convene during the COVID-19 “stay at home” mandates and continue reviewing Hawai‘i Administrative Rules (HARs). As a result of requests from state and county agencies, the SBRRB convened its monthly meetings, virtually, to ensure that the regulatory review process continued. The accomplishment reflects the Governor’s priorities by ensuring that the HAR review process enables a regulatory environment that encourages and supports the economic vitality of a strong business-friendly regulatory environment in Hawai‘i. Virtual meetings also helped reduce incurring monthly travel expenses to and from board meetings in Honolulu, ultimately helping with the program’s budget controls. ***Providing financial incentives and rebate programs to encourage the growth and proliferation of green jobs***

Leveraged \$67.5 million in GEMS loan capital with \$37.3 million in private capital for almost \$105.0 million in clean energy investments in Hawai‘i (DBEDT)

The U.S. Department of Energy recognized the Hawai‘i Green Infrastructure Authority (“HGIA”) for exceeding its goal of funding over \$25.0 million in clean energy projects over the past fiscal year and contributing to the \$23.0 billion in total funding extended for all energy efficiency and renewable energy projects by Better Buildings Challenge Financial Allies. To date, HGIA has leveraged \$67.5 million in GEMS loan capital with \$37.3 million in private capital for almost \$105.0 million in clean energy investments in Hawai‘i, in alignment with the state’s aggressive clean energy goals.

Equally important, is HGIA’s focus on democratizing clean energy and providing energy equity to Hawaii’s underserved ratepayers defined as low and moderate-income homeowners, renters, nonprofits and small businesses. Key program metrics include the following:

Jobs Created / Retained Since Inception	1,087
State of Hawai'i Tax Revenues Generated Since Inception	\$13,212,684
Aggregate Gross Electricity Cost Savings over lifetime	\$289,047,767
Aggregate Utility Bill Savings over lifetime	\$185,809,274
Total Estimated kWh Production / Reduction Over Lifetime Since Inception	801,847,888
Total Petroleum Displaced Over Lifetime (Estimated Barrels)	492,321
Total Greenhouse Gas Avoided Over Lifetime (Estimated Metric Tons CO2)	241,167
% Underserved Residential Households Served	77.0%

2021

Marketing Hawai'i as a vacation destination to stimulate local economy: encouraging sustainable tourism practices, modernizing airport infrastructure

Completed Consolidated Rental Car Facility (CONRAC) at Honolulu International Airport (DOT)

Beginning in 2016, the \$377 million project was funded entirely by a daily Customer Facility Charge of \$4.50 for all rental cars. Ten different rental car services now operate from the five-story Consolidated Rental Car Facility (Conrac). The Conrac was designed to improve efficiency of operations and customer experience at Hawaii’s busiest airport. Associated features of the HNL Conrac include multilevel quick turnaround areas for washing and fueling of rental vehicles, ready and return areas, a bus terminal, vehicle staging area, and operations base yard, and a ground transportation center for tour groups and hotel and other on-demand shuttle services. The final phase restored 727 total parking stalls for public use. The Conrac also provided significant environmental benefits as passengers can now take a single shuttle instead of waiting for individual company vehicles. It was expected to

receive the Leadership in Energy and Environmental Design (LEED) Silver certification for use of environmentally friendly construction practices, installation of energy efficient fixtures, and stormwater management. The theme of the design was ahupua'a, displaying art on the first floor which represented the natural land of pili grass and activities such as kapa making. The art on the second floor represented water through imagery meant to evoke rain, the ti plant, and fish.

Completed Mauka Concourse at Honolulu International Airport (DOT)

An extension of Terminal 1 at Daniel K. Inouye International Airport, the project was completed in August 2021, costing around \$270 million. Construction of the Mauka Concourse began in June 2018 and was financed by bond sales and passenger facility charges, not by state taxpayer funds. The project is the first major terminal expansion at HNL in over 28 years. Notable features of the new concourse included the capability for six wide-body or 11 narrow-body gates; a new security checkpoint with capacity for up to six lanes; and ecofriendly design elements such as skylights and windows to make the best use of natural light, LED lighting, high-performance building envelope to reduce solar heat gain, and ventilation shafts to direct air conditioning at the human level instead of cooling the whole structure, and an eco-shaft design providing structural framing for the building, eliminating the need for interior walls. The modernized terminal facility accommodates six new gates, passenger hold rooms, TSA security screening lanes, USDA inspection stations, and public amenities such as concessions, retail spaces, restrooms, and information kiosks. DOT was on track to receive Leadership in Energy and Environmental Design (LEED) certification, expecting to receive LEED Silver Certification and hopeful to receive LEED Gold.

Completed Federal Inspection Service (FIS) facility at Kona airport (DOT)

DOT announced the opening of the permanent Federal Inspection Services facility at Ellison Onizuka Kona International Airport two months before the agreed deadline. U.S. Customs and Border Protection allowed the resumption of international flights to Kona in December 2016 based on DOT's commitment to providing a permanent inspection facility. In the case of the Federal Inspection Service facility at KOA, this modernization project allows use of Hawai'i Island as the second international entry point into the State. This makes the system more resilient should the other entry point at HNL be unusable. Prior to the resumption, the last regularly scheduled international flight to Kona was in October 2010. KOA FIS was built for \$58.7 million, more than half a million under budget under the contract price of \$59.4 million. The 32,700 square-foot facility met the technical design standards necessary for certification to receive international arrivals, ensuring the resiliency of international air routes into the state. It was expected to receive a Leadership in Energy and Environmental Design (LEED) Certification.

Developed Destination Management Action Plans to rebuild and reshape the tourism industry after the peak of the pandemic (DBEDT)

HTA, in partnership with the counties and respective island visitor's bureau, developed Destination Management Action Plans (DMAPs) for Kaua'i, Maui, O'ahu, and Hawai'i island. This work helped in recovery efforts and to rebuild the tourism industry after the peak of the pandemic.

As defined in HTA's Strategic Plan 2020-2025, destination management includes attracting and educating responsible visitors, advocating for solutions to overcrowded attractions, overtaxed infrastructure, and other tourism-related problems, and working with other responsible agencies to improve natural and cultural assets valued by both Hawai'i residents and visitors. The objective of DMAPs was to rebuild, redefine, and reset tourism's direction over a three-year period through a collaborative process, identify areas of need that require management for proactive mitigation planning, and collaborate and engage Hawaii's visitor industry, communities, other sectors, and other government agencies.

Making room for three advanced-energy projects at the Hawai'i Ocean Science and Technology Park (DBEDT)

HOST Park completed four CIP projects totaling \$16 million, five projects underway totaling \$6.5M., awarded six Federal and foreign grants in past four years totaling \$10 million, renovated warehouse/office building into 15,000 sf incubator office building with 17 offices and collaboration space for start-up companies, implementing three advanced energy projects including: the world's largest forward osmosis (FO) solar thermal desalination plant for a high visibility 'on sun' demonstration of seawater desalination for agricultural applications, construction of a PV and ESS testbed for testing artificial intelligence to reduce energy storage costs, and a grid scale advanced flow ESS demonstration project. Current energy use is 10 percent renewable and will increase to 25 percent within the next year. Increased energy efficiency of seawater pumping system by 15 percent in the past five years. Established one of the first global accelerators in the world to provide proof-of-concept and commercialization services to start-ups in Hawaii's aquaculture cluster and attracting new investment to Hawai'i.

Foreign Trade Zone Division developed of Homer A. Maxey International Trade Resource Center (DBEDT)

The DBEDT/Foreign-Trade Zone Division repurposed a portion of its existing Pier 2 warehouse to create a 35,000 sq. ft. office complex named the Homer A. Maxey International Trade Resource Center in honor of the FTZ's first Administrator who oversaw the program in 1965. Opening in 2015, this expansion was funded in part by a grant from the U.S. Economic Development Administration (EDA) and created to support Hawaii's international trade sector with facilities and resources which will help make Hawai'i businesses more competitive in the global marketplace. There was concern that the budget was insufficient to undertake the expanse of the project. Working with the builder and the construction management team, the project came in on time and on budget. It was deemed a great accomplishment by the EDA and touted as one of its most successful build projects in Hawai'i.

Empowering small businesses to generate increased local revenue and export sales

Awarded grants for small business development and financial literacy training on the Wai'anae Coast (DBEDT)

The CBED Technical Assistance Grant-writing Initiative, with funds of \$5,000 for the services of a grant writer, is proud to report that the Waianae Economic Development Council (WEDC), led by President Joseph Lapilio and representative community leaders from the Waianae Coast – Makaha, Waianae, Maili, and Nanakuli, has been awarded a 3-Year grant totaling \$1,118,550.00 from the Federal Department of Health and Human Services, Administration for Children and Families. Matching funds and in-kind contributions include an additional \$97,764.00 for a total of \$1,216,314.00 for small business development and financial literacy training on the Waianae Coast.

The Waianae Economic Development Council (WEDC) project will put \$1,216,314.00 into the Waianae Coast economy over next three (3) years with the development of an emerging Native Hawaiian Community Development Financial Institution (CDFI) targeting the Waianae Coast and small business development. This CDFI will provide community members with the tools and knowledge to create employment opportunities for themselves and others, consequently increasing income of Native Hawaiian households. The CDFI will offer all community members financial literacy and entrepreneurial courses as well as assist them in accessing capital for business

start-up and expansion. The development of a CDFI – a micro-loan program - providing financial assistance to small businesses wanting to expand, financial literacy and entrepreneurial educational courses to Waianae Coast entrepreneurs and residents in need of business assistance – addresses the Governor’s priorities in the areas of (1) Economic Development & Diversification and (2) business assistance to Native Hawaiian & Other Cultures. DBEDT and the CBED Program believes that successful community economic development integrates a community’s vision with the realities of economic viability. The CBED Program provides training and capacity-building opportunities and invests in community economic development projects that result in measurable economic impact.

Celebrated the Foreign Trade Zone Division’s 50 years of service to Hawai’i (DBEDT)

The DBEDT/Foreign-Trade Zone Division (FTZ) is a unique program, authorized and operated through a grant of authority from the federal government, but managed by a local state entity. This program allows for the deferral, reduction, or removal of duties and taxes to imported merchandise. With the State’s unique position in the middle of the Pacific, 2,500 miles from any land mass, and with the need to import the vast majority of goods for its people, the State wanted to leverage this federal program to enhance opportunities, build infrastructure, and create jobs. In the early 1960’s, Hawai’i State Economist, Dr. Shelley Mark, and Governor John Burns sought to regain Hawaii’s position in the Pacific as a critical port that it once held during whaling days using Foreign-Trade Zone procedures. The intent was to facilitate trade, create an export market for the State’s products, and develop energy independence. In 1964, the State sought funding from the legislature to start the process with the federal government to obtain a Grant of Authority for FTZs within Hawai’i. After a lengthy application and approval process with the U.S. Department of Commerce/Foreign-Trade Zones Board, and a concurrence from U.S. Customs, Hawai’i was given its designation as a Grantee in June of 1966, making Hawaii’s Foreign-Trade Zone the ninth Zone ever established in the U.S. under this unique program. It is important to note that the FTZ program was established in the U.S. in 1934. With the formation of Hawai’i as a Grantee, the program went on to attain many nationally recognized “firsts” within the FTZ program.

Under FTZ’s first Administrator, Homer A. Maxey, Hawai’i became the first FTZ in the nation to establish an oil refinery utilizing Foreign-Trade Zone Procedures – something that had never been considered before in the program’s history. FTZ9

went on to authorize the first garment manufacturer to produce product for export; the first synthetic natural gas plant to operate under FTZ procedures; the first flour mill to create and blend mixes for export; and the first can-making and food canning operation to use FTZ. FTZ9 was one of the original ten founders of the National Association of Foreign-Trade Zones, which today boasts close to 700 members across the U.S. and is a major player in U.S. trade policy, advocacy, and support for FTZs. Foreign-Trade Zone No. 9 was also the first FTZ in the country to receive the prestigious President's "E" award for excellence in export service. In 2016, FTZ9 celebrated 50 years of dedicated service to the State.

This totally self-funded program has worked relentlessly through the years to expand and support the international trade sector of the State's economy and make the State a competitive force in the global marketplace. Economy and Infrastructure – This program's main mission is to diversify and expand the State's economy through highly regulated import duty procedures. Places in the U.S. where FTZs have been established show an economic benefit to those communities where they are located. A study conducted by Trade Partnership, a Washington, D.C.-based trade research firm, found that FTZs have a positive effect on employment growth, wage growth and valued added growth. Zones were also shown to have a substantial ripple effect to those businesses and supply chains around those established zone locations. Throughout its history, Foreign-Trade Zone No. 9 has helped to stabilize energy costs, develop industries, and create jobs in the State. It has also adapted over the years as the economic structure of Hawaii's industries has evolved.

This program was established just six short years after Hawai'i became a State. Since practically the beginning, the FTZ program has been self-funded and self-sufficient, and has dutifully carried out its mission to expand the State's international trade economic sector, diversify and expand economic development statewide, and create jobs. To this day, Hawaii's FTZ remains one of the oldest and most respected Zone projects in the nation, and services the highest number of companies of any FTZ in the U.S.

Installed renewable energy generation system at Pier 2 (Honolulu Harbor) (DBEDT)

The DBEDT/Foreign-Trade Zone Division (FTZ) leveraged its location at Pier 2 to install a 300-kilowatt AC photovoltaic system capable of satisfying the program's day-time energy usage. The Honolulu Harbor area is known for its clear skies and

constant sunshine which made this location an ideal spot to install a photovoltaic array to generate electricity. This initiative helps to take Hawai'i a step closer to Governor Ige's 100 percent renewable energy goal with a state agency leading by example. It also helps to reduce the cost of one of the program's highest annual expenses, electricity. The Renewable Energy Generation System Photovoltaic is the first step in helping the program become fully energy sustainable as it also plans to install a solar battery system to optimize all the energy the system generates. In addition, it plans to install electric vehicle charging stations to optimize the use of the solar power as well. The program was lauded for its forward-thinking initiative. For this project, the FTZ won the "Distinguished Service in Procurement for the People of Hawai'i" award from the State Procurement Office in 2018. In June of 2015, Governor Ige signed the Clean Energy Initiative bill which set the goal of 100 percent renewable energy generation by 2045. In order to meet that goal, organizations started looking for ways to convert to renewable energy sources. The DBEDT/Foreign-Trade Zone Division, with its prime location at Pier 2, saw an opportunity to help reach this landmark objective. With no obstructions blocking sunlight to its roof and an average of 271 full sun days annually, FTZ's expansive facility was an ideal location to install a solar array large enough to generate sufficient energy to run its 78 office and warehouse complex. After several years of looking to find the right partner, FTZ contracted Island Pacific Energy to install and maintain a 300kW (575,000kW Annual) photovoltaic array on the roof of the Foreign-Trade Zone facility. The Foreign-Trade Zone is solely self-funded through its long-established Special Fund. All revenues needed to support the program are generated by FTZ's operations. All costs generated by the program must also be borne by the program as well. It was calculated that the annual cost for energy was roughly one-third of its operating budget. The FTZ was looking for a way to not only meet the Governor's 2045 mandate, but also lower its energy costs so funds could be redirected to support other areas under the program's mission.

Supporting and investing in emerging industries to inspire innovation

Supporting and growing Hawaii's defense economy (DBEDT)

DBEDT has undertaken this project to gain better understanding of the impact defense spending has upon our State's economy and what can be done to overcome challenges identified by our local businesses to access the defense sector. This project began prior to the onset of the Covid 19 pandemic with the goal of identifying strengths, weaknesses, and opportunities within the defense sector and what the State could do to facilitate more local competition for defense

contracting opportunities while also emphasizing the need for greater diversification both within the defense industrial base and for local businesses wishing to expand into the defense sector.

Along the way, DBEDT provided the public, through the defensive economy website, a comprehensive look into the billions of dollars the military spends in Hawai'i, the hundreds of industries benefiting from that spending, and the tens of thousands of local jobs supported by the military. As defense spending in Hawai'i represents over 7% of our GDP, and military procurement has risen from \$1.8 billion in 2015 to approximately \$2.6 billion in 2021, the Defense Economy project is vital to ensuring that the public has a broad understanding of the effect military spending has on our economy. This project emphasizes economic diversification, resiliency, innovation, and workforce development.

The collaborative effort between government, industry, educational institutions, and community resources educates local businesses about the opportunities and requirements of defense contracting, promotes military and industry partnerships to expand innovation, and prioritizes working relationships between industry, the military, and educational institutions to develop curriculum and training to broaden the base of skilled labor to meet the demands of both the public and private sectors. These projects have been funded through cooperative grants from the Office of Local Defense Community Cooperation, a DoD agency, and the State of Hawai'i, for a total of \$1.7 million over a 3-year period.

While there is a general understanding that the military has a significant impact on our state's economy, through this project DBEDT illustrates the diversity of that impact through the data presented on their website. Never had such a broad outreach campaign been undertaken to understand industry's perspective of the defense sector and what the State could do to address the challenges industry faces. Moving forward, through the establishment of the Hawai'i Defense Alliance DBEDT has empowered multiple stakeholders to work in a collaborative manner to address those challenges and strengthen the defense sector.

- Establishment of the Hawai'i Defense Alliance: A collaboration between government, industry, educational institutions, and community resources was established through this effort. The mission of the Alliance is to foster greater partnership among the stakeholders with the goals of strengthening the local defense sector and making our business community more resilient to the fluctuations of military spending.

- **Cyber security:** Due to evolving defense requirements surrounding cyber security, DBEDT initiated a project to ensure local contractors remain in compliance with federal regulations. Through this project, local businesses have free access to educational resources and one-on-one assistance if required.

Expanded services to the international trade sector through the Foreign-Trade Zone program (DBEDT)

The successful completion and implementation of this project has allowed the State to expand services to the international trade sector through the Foreign-Trade Zone program, offering additional office space and support services at a central, Honolulu location for Customs Brokers, logistics providers, the Stevedores, importers/exporters, and others in the maritime industry. The center's state-of-the-art conference room has also become the "go-to" place to hold meetings, seminars, and information briefings industry wide, with the HiSTEP Grant seminar series and the Hawai'i District Export Council holding all their in-person and streaming meetings at the facility. It has also become a gathering place for the creative sector and digital content providers. With the opening of the Homer A. Maxey Center, more companies have been able to leverage the resources of the Foreign-Trade Zone to grow their business profitability. Through the opening of this new facility, FTZ was able to enhance its revenue streams with more office space and a conference center. This revenue enhancement has allowed the FTZ to remain financially self-sustainable as it is a solely Special Funded program which does not utilize any funds from the State's General Fund. It has also allowed more businesses to participate in the program and leverage federal and state resources to enhance their business presence in order to build their business and diversify the State's economy.

Prioritizing workforce development: offering apprenticeship opportunities and free courses to diversify our local workforce statewide

Completed state-of-the-art Academy for Creative Media facility at UH West O'ahu (UH)

The modern facility cemented the campus as the destination for creative media education in the state by linking facilities and programs throughout the UH System and across the state as a catalyst for Hawaii's intellectual property workforce.

The opening of the new building aligned with one of the college's newest and fastest growing degree programs – the Bachelor of Arts in creative media. The program embraced digital media literacy and storytelling as experienced through video, animation, video games, design, social media, web and app development, virtual and augmented reality, and other new forms of media communication and design through concentrations in communication and new media technologies, design and media, game design and development, and general creative media.

Creative media was a the fastest growing major in 2020, with 258 majors. The facility features a Dolby Atmos 100 seat screening room and mixing stage, Esports arena, post-production suites, an emerging media lab, incubator space, and industry-standard sound stage. ACM partnered with high schools and UH Community Colleges to deliver creative media curriculum by bridging high school to college to the workforce. The UH West O'ahu Creative Media program has Early College partnerships with Wai'anae, Kapolei, Waipahu, and Campbell high schools. All UH Community Colleges have articulation agreements leading to a bachelor's degree in creative media at UH West O'ahu.

Providing financial incentives and rebate programs to encourage the growth and proliferation of green jobs

Secured \$1M for micro loans to help finance businesses and build new infrastructure for a more sustainable Hawai'i economy (DBEDT)

DBEDT successfully secured \$1 million grant from EDA (Economic Development Administration) to re-capitalize the CBED Revolving Loan Fund. Community-based Economic Development (CBED) is a bottom-up economic development initiative that can supplement more centralized or top-down approaches. This bottom-up approach begins by sourcing economic development opportunities from local communities and businesses themselves. These business opportunities, which usually become projects, not only have community-backing, but usually have some form of community involvement and/or impact.

The CBED Revolving Loan Fund (RLF) and its re-capitalization with federal EDA funds helps finance businesses and build new infrastructure for a more sustainable Hawai'i economy, based on decentralization, partnerships, human resource development, and innovation. The CBED program needed additional funding for the CBED RLF. A competitive grant proposal was submitted to the EDA, which then

awarded DBEDT \$1 million in funding with a 20% state match for community-based business loans.

The CBED RLF offers low interest loans to businesses and provides technical assistance that results in measurable community economic impact. Targeted businesses of the CBED RLF provide economic diversification and development in economically challenged areas of the state. Targeted businesses are those that would have difficulty in acquiring a loan from a commercial bank. Previously the CBED RLF relied exclusively on state funds. With this federal grant the program now can be substantially expanded including working with partner organizations to leverage funds. Since the CBED RLF is not large, creating partnerships and minimizing risk has been a crucial aspect of the program.

Currently, the CBED Program has working co-lending arrangements with the Hawai'i Department of Agriculture, Feed the Hunger Foundation and the Hawai'i Community Reinvestment Corporation (HCRC). Additionally, the CBED Program partners with other state, federal and private agencies to provide technical assistance and help build the capacity of small businesses, entrepreneurs, and community-based organizations through training workshops, conferences, conventions, and other events.

The primary purpose of the CBED RLF is to assist in the creation and/or retention of private sector jobs resulting from small business development, including the start-up or expansion of locally owned businesses; retention of existing commercial, manufacturing, agriculture and service industries jobs; modernization and rehabilitation of existing manufacturing facilities; support for the use of new technologies applied to existing industries and growth industries and lastly, the development of businesses owned and operated by economically challenged communities.

Hawai'i State Energy Office, The Diesel Replacement Rebate Program (DBEDT)

The Diesel Replacement Rebate program serves the public by providing Hawai'i - based organizations with access to funding to replace their medium- to heavy-duty vehicles with a zero-emission equivalent. Presented by the Hawai'i State Energy Office in partnership with the Hawai'i Department of Health, the DRR is funded by the Volkswagen Environmental Mitigation Trust and the Diesel Emissions Reduction Act. The program has approximately \$2.1 million in diesel replacement rebates

available. The applications opened on October 29, 2021, and received a significant number of applications on opening day.

As of one-week post-application opening, the program received application for 80% of the funding which are currently under review for eligibility. The DRR will fund up to 45 percent of the selected vehicle cost, including the charger if applicable. Applicant must cover the remaining cost of the vehicle, and this cannot include funding from federal sources including grants. The final rebate amount will be determined upon submission of all documentation. Vehicles purchased prior to project selection are not eligible for the rebate. Any single organization cannot reserve more than \$1.2 million in available funds, regardless of the number of applications submitted. Other eligibility requirements may apply, and funds are available on a first come-first served basis.

Hawai'i has a goal of a net-negative carbon economy as soon as practicable but no later than 2045. This goal is supported by Hawaii's objective to increase energy security and self-sufficiency by planning for the reduction and ultimate elimination of Hawaii's dependence on imported fuels for electrical generation and ground transportation. The Diesel Replacement Rebate is one way that Hawai'i is supporting its communities and encouraging the transition to zero-emission vehicles.

The Diesel Replacement Rebate Program reflects the governor's priorities of reaching 100 percent clean energy by 2045. The ground transportation sector is one of the largest emitters of greenhouse gas emissions in the energy sector, by providing organizations with the ability to replace their diesel powered medium- to heavy-duty vehicle with an electric equivalent. This program will help reduce the number of greenhouse gas emitting vehicles in Hawai'i, reducing the energy sectors impact on the environment.

In 2020, Hawai'i joined with 14 other states and the District of Columbia as signatories to the Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding (MOU) which, among other things, is an agreement to strive to make sales of all new medium- and heavy-duty vehicles in their jurisdictions zero emission vehicles by no later than 2050.

To ensure adequate progress toward the MOU 2050 goal, the signatory states aspire to make at least 30 percent of all new medium- and heavy-duty vehicle sales in their jurisdictions zero emission vehicles by no later than 2030. The Diesel

Replacement Rebate is one way that Hawai'i is supporting its community and encouraging the transition to zero-emission medium- and heavy-duty vehicles. This program will re-open annually through 2027 and consider changing market and local needs.

Building economic diplomacy and strategic partnerships to access global opportunities

Growing Hawaii's piece of the global pie (DBEDT)

The economic impact of export sales to Hawaii's economy is significant. During Governor Ige's administration, the Hawai'i State Trade Expansion Program (HiSTEP) helped 880 Hawai'i exporters earn almost \$103 million in export sales, generating a total amount of direct and indirect sales of \$170 million, state tax revenues of \$7 million, household income of \$42 million, and supporting over 900 jobs. The HiSTEP meets the Governor's priority in Economic Development & Diversification.

HiSTEP has resulted in 1) Expanded exports and revenue from exports of Hawai'i-produced goods and services; 2) A larger overall number and a larger percentage of Hawai'i-based companies that are active in global markets; and 3) Penetration of new markets for Hawai'i produced goods and services. Prior to the implementation of HiSTEP, there was no comprehensive export development program to help Hawaii's small businesses enter the global market or expand export sales.

Fostering global partnerships builds community diversity (DBEDT)

DBEDT has an important role in connecting international activities with economic development priorities. International Students in Hawai'i contributed \$381.2 million in economic output generated and 3,756 jobs that were supported by international student spending. These figures were from 2019, pre-pandemic. Through this initiative, DBEDT actively engages with the Department of Education, Colleges and Universities in the state that enhances workforce development priorities with economic development. International relations through sister-state relationships engages the community in establishing complementary relationships with off-shore partners. These connections help to pave the way in other economic development priorities such as business/investment attraction and international student attraction. Governor Ige has firmly believed that global relationships strengthen communities. With connectivity to people, places and innovation, Hawai'i is a bridge between people of all nations and DBEDT plays a critical role in forging these relationships through its program priorities. The emphasis on Hawaii's international

role through educational initiatives and developing people-to-people relationships has been accelerated during the past eight years. Unfortunately, the pandemic prevented many initiatives from occurring, however, DBEDT will continue to leverage greater opportunities, through its network of business and community organizations, to support business and investment attraction to the state that includes global education priorities.

2022

Prioritizing the deployment of broadband

Installing and providing free broadband to Hawai'i Public Housing Authority (HPHA) communities (DOT)

In March 2022, the project team completed installation of the equipment necessary to provide free high-speed broadband internet service to the seven HPHA properties. These properties include Puahala I, II, III, IV, Halia Hale, Hale Poai, and Hauiki Homes. Upon completion of this project, 390 households will have free access to reliable internet for distance learning, telework, and telehealth appointments. As of April 2022, 160 people are accessing the free broadband service daily. Residents can call the help desk for basic technical support and language support to connect to the network. For Nanakuli and Wai'anae, DOT is completing the planning and design phase for the eight intersections that will be fiber-enabled on the Farrington Highway corridor. As well as working on a proof-of-concept test for easily accessible and free public broadband.

Expanding workforce development initiatives (DLIR)

The DLIR administered a four-month information technology internship program with forty-one participants. The participants were placed with sister departments and received hands-on training and work experience in state IT. The participants were also encouraged to pursue careers with the state. At the conclusion of the program, five participants were hired as state employees.

The DLIR also administered the Summer Youth program. The Summer Youth program provides students from low-income areas placement with employers where they receive job training and learn skills that will enable them to successfully

enter the workforce. The DLIR expanded to the program to include lessons in financial literacy. At the conclusion, fifty-one participants completed the program and received certificates of financial literacy.

Looking Ahead

The DLIR received \$5.3 million in funding from the Hawai'i State Legislature to expand internship programs and to have 330 interns. The DLIR internship programs include programs in IT, healthcare, hospitality, and agriculture. The DLIR is conducting outreach to ensure that participants can be placed in private businesses such as hotels and also with sister departments like the DOE. As part of the hospitality internship program, the DLIR will also cover the tuition and schooling costs for four participants that pursue degrees in travel industry management and who will work in Hawai'i.