



Hawaii Island Small Business Resource Seminar August 2023

Department of Business, Economic Development and Tourism



**Small Business
Technical
Assistance**



Drive the economic sustainability of Hawai'i by assisting businesses to form, grow, and thrive.

WHO are we?

Federal+State Partnership

State of Hawai'i
(UH-Hilo –special legislative
allocation)

**Small Business
Administration**
(SBA –federal funding)

America's SBDC Nationwide Network

over 1,000 SBDCs
nationally

organized as 60+
networks
(essentially by
State/Territory)

Hawai'i

5 advising centers:

**Maui, Oahu, Hawaii
Island and Kauai**



UNIVERSITY
of HAWAII
HILO



Small Business
Technical
Assistance



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WHAT do we do?

1-on-1 Business Advising & Assistance

StartUp/Pre-venture
(form of orgn, business plans,
registrations, feasibility
studies)

Financing (loans, grants,
crowdfunding)

Marketing
eCommerce

No Cost, Confidential

over 1,000 clients
annually Statewide

Training

Workshops, Seminars,
Conferences
in-person, virtual,

coming soon.
videos on-demand



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of HAWAII
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AMERICA'S
SBDC



2022	Hawai'i	Big Island	2023 YTD
Capital Infusion	\$26.7M	\$5M	\$5M
Business Starts	54	21	14
Jobs Created	573	365	71
Sales Increase	\$23.5M	\$6M	\$4M
Clients	1342	516	335

#1



U.S. Small Business
Administration

#1



U.S. Small Business
Administration

#2

Startup's only

*Drive the economic sustainability of Hawai'i by
helping businesses to form, grow and thrive*



**Not just new businesses
2022: 2 Start ups/3 In Business**

#1



U.S. Small Business
Administration

#3

“Only SBA Loans”

SBA guarantees

Commercial Banks

Other Financial Institutions

USDA guarantees

#2

Startup's only

*Drive the economic sustainability of Hawai'i by
helping businesses to form, grow and thrive*



Not just new businesses

2022: 2 Start ups/3 In Business

Small Business
Technical
Assistance



Drive the economic sustainability of Hawai'i by assisting businesses to form, grow, and thrive.

hisbdc.org

“Sign up for no cost Advisory Services”



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Department of Business, Economic Development and Tourism (DBEDT) Business Development and Support Division (BDSD)

In collaboration with our resource partners BDSD assists with growing businesses in Hawaii in the following areas...

- Financing/small business loans
- Scaling up operations/manufacturing assistance
- Technology development and commercialization
- Export development
- Programs to save on state taxes as businesses expand



- Financing/small business loans
- Scaling up operations/manufacturing assistance
- Technology development and commercialization
- Export development
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Community Based Economic Development (CBED)

The CBED program of loans, grants and technical assistance helps small businesses to develop viable, sustainable ventures that serve local needs and are compatible with the vision, character and cultural values of their communities.

The CBED loan program supports a broad range of small businesses. CBED loans especially focus on businesses involved in Manufacturing, Wholesaling and Value-added Agricultural Production. Loans should result in an economic development outcome, e.g., new jobs, services, increase in business for local suppliers (product inputs), etc.



CBED Loan Program

- Loans usually range from \$50,000 to \$125,000.
- Interest rates range from 3 -6% with up to a 10-year term.
- Co-lending participation loan arrangements with other lending organizations.
- Loan can be used for 1) working capital; 2) construction or improvement of facilities; 3) purchase of equipment; 4) payment of production and marketing expenses.
- One (1) turn-down from a commercial financial institution.
- More info at: <https://invest.hawaii.gov/business/cbed/loans-to-help-businesses/>

HI-CAP Collateral Support Program

- **Objective:** Assist small businesses obtain funds to start, enhance or grow their operations, which in turn will retain or create jobs, generate state tax revenue and generate an economic multiplier impact for the State.
- **How:** Provides a credit enhancement to help reduce the Participating Lender's credit risk, in the form of cash collateral to Participating Lenders, to increase access to capital for eligible small businesses and nonprofit organizations.
- **Why:** Potential to support a wide assortment and large number of businesses and industries statewide.
- SSBCI Funds Allocated: \$21,000,000

Eligibility Requirements

- Business must be headquartered in Hawaii
- Borrower must have no more than 750 employees, including full-time, part-time, or obtained from a temporary employee agency.
- Maximum loan amount not to exceed \$20 million, with a loan term of 10 years or less
- Cash collateral provided of no more than 20% of the loan amount or \$1 million, whichever is less
- Minority, Women, or Veteran-owned or controlled business enterprises are encouraged to apply.

Eligible Loan Purposes



START-UP COSTS



FRANCHISE FEES



PURCHASE, CONSTRUCTION,
RENOVATION, OR TENANT
IMPROVEMENTS

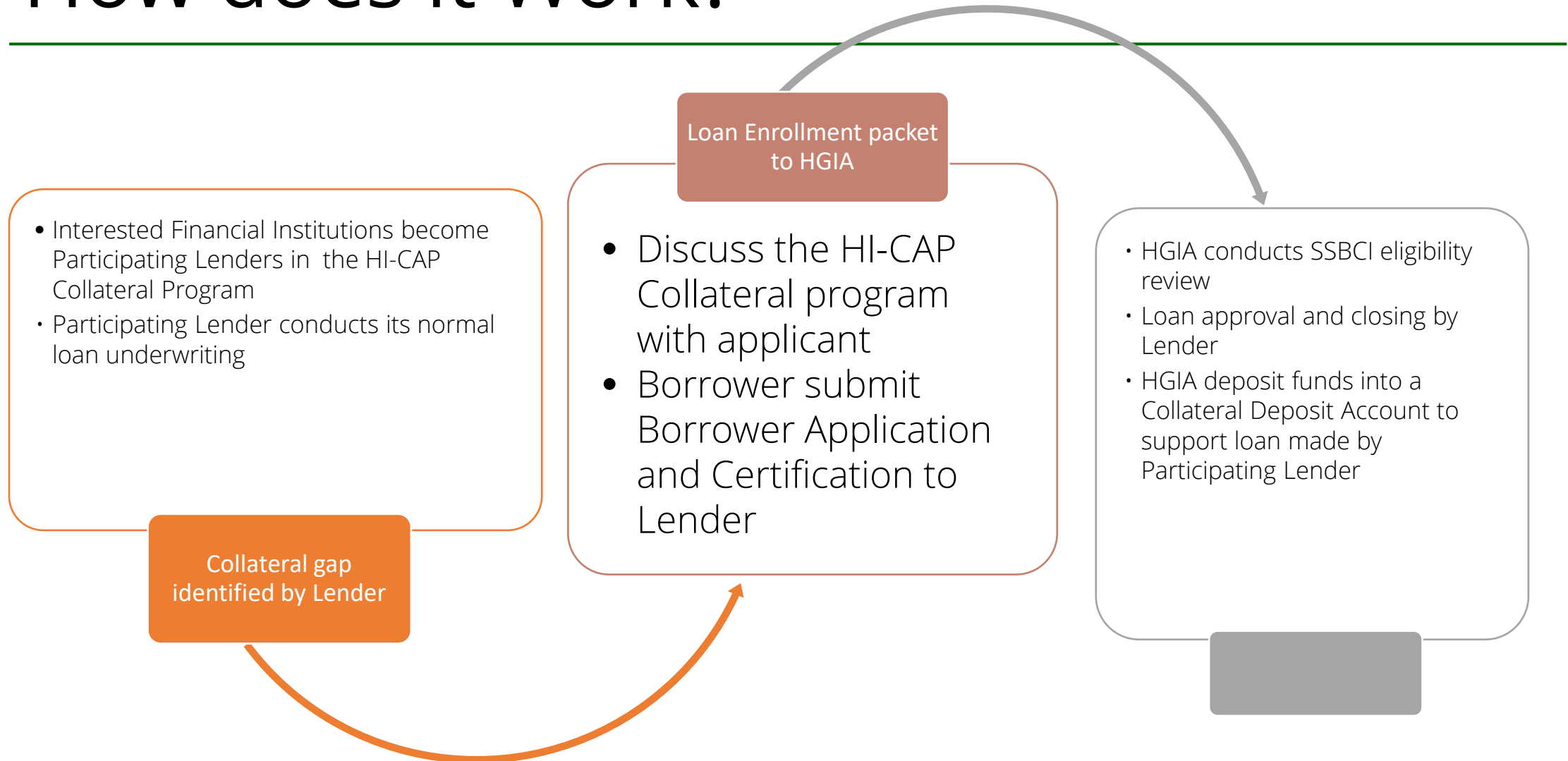


BUSINESS ACQUISITIONS AND
EXPANSION



EQUIPMENT PURCHASES

How does it Work?



HI-CAP Loans Program

- **Objective:** Provide below market loan capital to kick-start strategic initiatives or industries.
- **How:** Financing may be in the form of a direct loan, a participation loan or a subordinate loan (similar to HGIA's GEMS financing program)
- SSBCI Funds Allocated: \$20,500,000

High Level Overview

- Co-lend with Social Impact Funds, Banks and Private Lenders
- Finance “catalytic” projects and initiatives that will help advance the state’s goals, which may include:
 - Kick-start social impact lending in Hawaii
 - Community solar projects, etc.



Questions?

Hawaii Green
Infrastructure Authority

HI-CAP Programs
dbedt.hicap-loans@hawaii.gov

Phone: 808-587-3868



- Financing/small business loans
- **Scaling up operations/manufacturing assistance**
- Technology development and commercialization
- Export development
- Programs to save on state taxes as businesses expand



MEP
National
Network™

*The Go-To Experts for Advancing
U.S. Manufacturing*

Coverage in all 50 states and Puerto Rico



- Public-private partnership that delivers solutions to U.S. manufacturers
 - Training programs
 - Direct Service / Implementation
- Advancing manufacturing in Hawaii

GO TO MARKET SERVICES

Food Manufacturing



FOOD SAFETY TRAINING

- FSMA, HACCP, GFSI,
- Allergens, Nutritional Labels
- Sensory Evaluation, Quality Shelf Life

PROCESS OPTIMIZATION

- Lean Manufacturing
- 5S
- Six Sigma
- Continuous Improvement

SCALING UP / MANUFACTURING EQUIPMENT

- Robotics and Automation
- Process and Packaging Equipment
- Metal Detection

AUDIT PREP / ASSESSMENTS

- Costco
- Whole Foods
- Walmart/Sam's Club
- Safeway

Innovate Hawaii Services



Production Efficiency



Food Safety & Quality



Workforce Development



Scaling Up



Cybersecurity



Quality Management Systems

MANUFACTURING ASSITANCE PROGRAM (MAP)



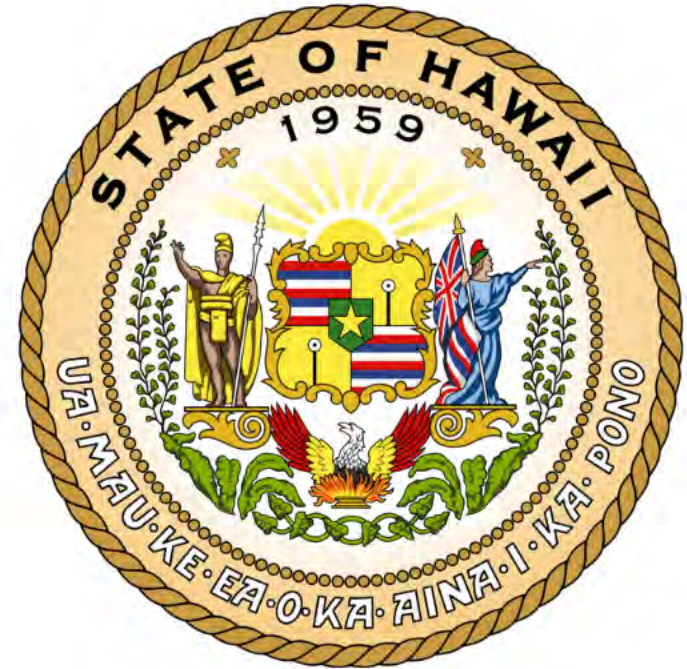
MANUFACTURING ASSISTANCE PROGRAM (MAP)

- \$1M funding for State FY23
(JUL '22 - JUN '23)
- Minimum grant \$1,500
- Maximum grant \$100K
- One grant award per
company per year



MANUFACTURING ASSISTANCE PROGRAM (MAP)

- Reimbursement award
- Up to 20% of cost for qualified manufacturing expenses
- Purchased (final payment) on or after July 1, 2020



**PURCHASE OF
MANUFACTURING
EQUIPMENT**

**TRAINING ON THE USE
OF MANUFACTURING
EQUIPMENT**

**QUALIFIED
MANUFACTURING
EXPENSES**

**ENERGY
EFFICIENCY PROJECTS IN
MANUFACTURING
PROCESS**

**STUDYING OR PLANNING
A NEW MANUFACTURING
FACILITY**

TIPS FOR APPLICATION

- **IMPORTANT** - Manufacturing activities that result in economic and employment growth in Hawaii
- **REMEMBER** - Review committee determines distribution of funds
- **EXPECTATION** - Submitting an application does not guarantee an award



Certificate of Vendor Compliance (HCE)

- Proof of compliance:
 - Hawaii Revised Statutes
 - Hawaii Administrative Rules
- **Compliant** = eligible for State funding
- **Not compliant?**
 - Contact the respective department for assistance (DOTAX, IRS, DCCA, DLIR)

Start.Process.Now.



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

Vendor Name: ABC Company

DBA/Trade Name: ABC Company

Issue Date: 08/13/2019

Status: Compliant

Hawaii Tax#: 1234567
New Hawaii Tax#: GE123456789
FEIN/SSN#: XX-XXX1234
UI#: No record
DCCA FILE#: 412345

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service (Compliant for Gov. Contract)	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant



Hawaii Compliance Express (HCE)

<https://vendors.ehawaii.gov/hce>

Must be complaint at time of application and remain complaint to receive State funds



What is Hawaii Compliance Express?

Hawaii Compliance Express (HCE) is an electronic system that provides vendors, contractors and service providers doing business with state or county agencies to quickly and easily document that they are compliant with applicable laws. HCE expedites your ability to furnish proof of compliance with the requirements of [103D-310\(c\)](#), [HRS](#).

This single certificate eliminates the need to obtain individual copies of clearances with the following agencies:

- Internal Revenue Service (IRS) - Form 8821
- Department of Labor & Industrial Relations (DLIR) - Form LIR27
- Department of Commerce and Consumer Affairs (DCCA) - Form COGS
- Department of Taxation (DOTAX) - Form A-6

Under Hawaii law, you must provide proof of compliance in order to receive a contract worth \$2,500 or more with state and county government entities in Hawaii.



- Financing/small business loans
- Scaling up operations/manufacturing assistance
- Technology development and commercialization
- Export development
- Programs to save on state taxes as businesses expand

HAWAII SMALL BUSINESS INNOVATION RESEARCH PROGRAM (HSBIR)





- One of the largest sources of seed capital in the United States
- Over 4 billion set aside annually
- Not a loan - no payback
- Non-dilutive funding
- Supports R&D and financing of cutting-edge technologies

Participating Government Agencies



NIST



USDA

HAWAII SBIR (HSBIR) MATCHING GRANT

- Up to 50% of Federal Phase I, II, and III awards
- Helps Hawaii companies compete
- Flexible expenses
- Technical and business assistance



HSBIR Phase 0

- Phase 0 funding up to \$3,000
- Only first time Phase I applicants are eligible
- Reimbursement for grant review assistance
- Proof of submission, invoice



Questions?



innovate
H FI VV FI I I

Mahalo!

cindy@htdc.org

Phone: (808) 539-3621



- Financing/small business loans
- Scaling up operations/manufacturing assistance
- Technology development and commercialization
- **Export development**
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What is HiSTEP?



Funded in part through a Grant with the U.S. Small Business Administration (SBA), the Hawaii State Trade Expansion Program, known as HiSTEP, is a comprehensive program designed to assist Hawaii small businesses with their export development.



HiSTEP Partners



Success Metrics for HiSTEP



- Expanded exports and revenue from exports of Hawaii produced goods and services;
- A larger overall number and a larger percentage of Hawaii-based companies that are active in global markets;
- Penetration of new markets for Hawaii produced goods and services.

Eligibility for HiSTEP



Companies wishing to participate in any of the HiSTEP activities must meet at least the following requirements:

1. Federal definition of an 'eligible small business concern.'
2. Certify that the company is not barred from receiving federal funds.
3. Be registered in good standing with the State Department of Commerce and Consumer Affairs' Business Registration Division.
4. Have a current general excise tax license with the State Department of Taxation.

Program Components



The Hawaii State Trade Expansion Program (HiSTEP) is an export development program comprised of three integrated components:

- 1) HiSTEP – Export Readiness Program (HiSTEP-ERP): A series of training programs and one-on-one business advising services.
- 2) HiSTEP – Market Entry and Expansion Activities: Participation in Hawai‘i Pavilions at major international trade and consumer shows; sales and promotions on e-commerce platforms.
- 3) HiSTEP – Company Assistance (HiSTEP-CA): Direct financial assistance for export market development costs.

HiSTEP – Export Readiness Program (HiSTEP-ERP)



A foundation program that involves a series of export webinars/seminars and one-on-one business advising that prepare Hawaii companies to begin or expand their export market plans.

- Sessions cover general background as well as country- and issue-specific topics.
- One-on-one business advising is offered through the HiSTEP Partners.
- At program conclusion, companies have the tools to develop or revise their go-to-market strategy and export plan.
- Monthly training sessions are scheduled monthly from December through September. Check the HiSTEP website (<https://invest.Hawai'i.gov/exporting/histep/>) for specific topics and dates, and to register to attend.

HiSTEP – Market Entry and Expansion Activities

Trade and Consumer Shows



Trade Shows - DBEDT and the Hawaii Department of Agriculture organize groups of Hawaii companies to participate in major international trade shows in a Hawaii pavilion. Majority of the trade show costs are subsidized by HiSTEP. Companies pay a small participation fee and are responsible for their own travel expenses, shipping, and meeting product import requirements.



Tokyo International Gift Show

Consumer Shows – HiSTEP supports consumer shows as a way to test products in foreign markets directly to consumers. One example is the Hankyu Hawaii Fair Department Store event in Osaka, Japan that attracts 150,000-200,000 consumers during a six-day-long promotion of Hawaii products and lifestyle.



Hankyu Hawaii Fair

HiSTEP – Market Entry and Expansion Activities

E-Commerce Platforms



Hawaii companies are increasing the use of digital platforms to sell their products and services worldwide, helping to attract and grow international customers. HiSTEP offers these digital platforms aimed at Japanese consumers:

- Makuake - Makuake.com, Japan's leading pre-sales e-commerce platform, will give Hawaii small businesses access to Japanese high-end consumers to sell and promote Made In Hawaii products and help strengthen their Direct-To-Consumer (DTC) capabilities.
- Hankyu Hawaii Life - Extending the success of the annual Hawaii Fair, Hankyu created a new online channel, #Hawaii Life, reaching consumer fans of the Hawaii lifestyle and encouraging those fans to purchase Made In Hawaii products online.

HiSTEP – Company Assistance (HiSTEP-CA)



- Assists individual Hawaii companies with export market development costs.
- Two categories: New To Export (NTE) and Market Expansion (ME)
- NTE companies can request a maximum of \$5,000.
- ME companies can request a maximum of \$15,000. ME companies must also have at least \$200,000 in revenue to apply.
- A Request for Proposal (RFP) will be issued in early November for companies to apply for funds. Deadline is early January of the following year. Anticipate awards made by end of January.
- Funds awarded are paid on a reimbursement basis.

My company is eligible. What do I do now?

A screenshot of the HiSTEP website page. The page header includes the State of Hawaii seal and the text "Business Development and Support Division". A search bar and social media icons are also present. The main navigation menu includes "Home", "About", "Helping Business", "Exporting", "International Student Attraction", "International Relations", and "Events". The page title is "HAWAII STATE TRADE EXPANSION PROGRAM (HiSTEP)". The main content area features the HiSTEP logo and a paragraph describing the program: "Funded in part through a Grant with the U.S. Small Business Administration (SBA), the Hawaii State Trade Expansion Program, known as HiSTEP, is a comprehensive program designed to assist Hawaii 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. Today it is easier than ever for companies, regardless of size, to sell goods and services across the globe and this program can help achieve that." Below this, it states "HiSTEP has three integrated components:" and lists three bullet points: "Export Readiness Program (HiSTEP-ERP)", "Hawaii Pavilions (HiSTEP-HP)", and "Company Assistance (HiSTEP-CA)". A sidebar on the right contains a "What is HiSTEP?" section with links for "Benefits", "Eligibility", "How to Prepare", and "Registration". Below that, it lists "HiSTEP Programs" including "Export Readiness Program (HiSTEP-ERP)", "Hawaii Pavilions (HiSTEP-HP)", and "Company Assistance (HiSTEP-CA)". At the bottom, it lists "HiSTEP Resources" including "E-Commerce Resources", "Japanese Service Providers", and "E-Commerce and Digital Marketing Service Providers". A footer note states: "The RFP for 2021 HiSTEP Company Assistance has closed. Please check back at <https://invest.hawaii.gov> later in Fall 2021 for information on our 2022 HiSTEP activities. You can also [sign up for our BDS D email newsletter here](#)."

Visit the HiSTEP website:

<https://invest.hawaii.gov/exporting/histep/>

and complete the online
registration.

HiSTEP Registration Process



Register



<https://invest.hawaii.gov/exporting/histep/>



Business Advising (part of HiSTEP-ERP)



HiSTEP-ERP
(Attend Training Sessions)

HiSTEP-MEE Activities
(Separate Applications by Activity)

HiSTEP-CA
(Respond to RFP)

QUESTIONS?



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Business Development and Support Division
State of Hawaii, Dept. of Business, Economic Development & Tourism
<https://invest.hawaii.gov/exporting/histep/>

INTERESTED IN HiSTEP? Please complete form: <https://dbedtbdsd.tfaforms.net/56>

TO LEARN MORE ABOUT OTHER BDS D PROGRAMS: <https://dbedtbdsd.tfaforms.net/55>



- Financing/small business loans
- Scaling up operations/manufacturing assistance
- Technology development and commercialization
- Export development
- Programs to save on state taxes as businesses expand

Enterprise Zones Partnership Program (EZ)



The EZ Program offers State & County tax and other benefits to companies in exchange for job preservation and job creation in economically-challenged areas of the State.

Business must meet eligibility requirements to enroll in the program. Most participants are in Manufacturing, Wholesaling and Agricultural Production. Benefits can be for up to seven years.



Eligible Business Activities

- ✓ Agricultural production or processing
- ✓ Manufacturing (wholesaling)
- ✓ Wholesaling/Distribution
- ✓ Biotechnology research, development, production, or sales
- ✓ Aviation or maritime repair or maintenance
- ✓ Telecommunications switching and delivery systems
- ✓ Information technology design and production
- ✓ Medical research, clinical trials, and telemedicine
- ✓ For-profit training programs in international business management or environmental remediation
- ✓ Repair or maintenance of assistive technology equipment
- ✓ Certain types of call centers
- ✓ Wind energy producers



State Benefits

- ✓ 100% exemption from the General Excise Tax (GET) and Use Tax every year. The GET exemption applies only to gross revenues from EZ eligible business categories within an EZ.
- ✓ An 80% reduction of state income tax the first year. (This reduction goes down 10% each year for six more years.)
- ✓ An additional income tax reduction equal to 80% of annual Unemployment Insurance premiums the first year. (This reduction goes down 10% each year for six more years.)

Year	1	2	3	4	5	6	7
State Income Tax Credit	80%	70%	60%	50%	40%	30%	20%
Unemp. Ins. Credit	80%	70%	60%	50%	40%	30%	20%

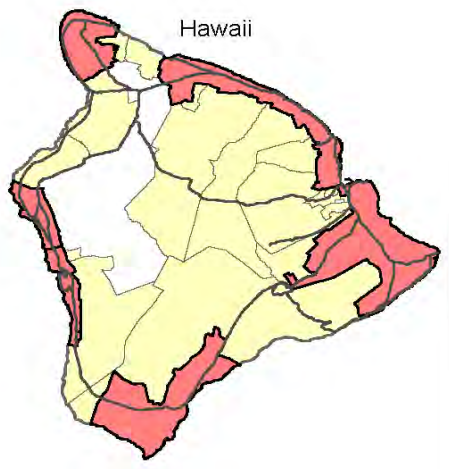
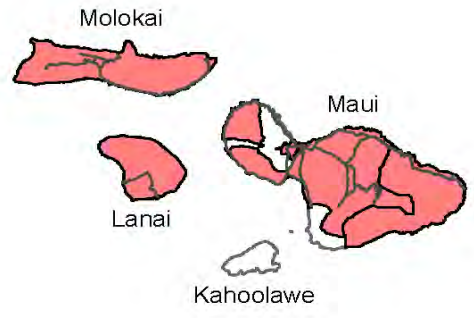
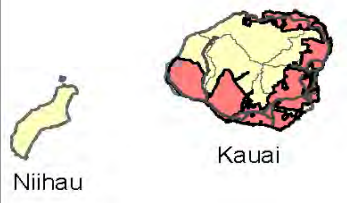


Annual Certification

- ✓ Increase your staff – new business example starts with 10 employees.

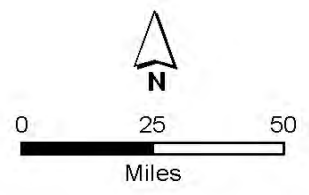
Years	% increase in number of employees	Number of employees
1	+10%	11
2	maintain	11
3	maintain	11
4	maintain	11
5	maintain	11
6	maintain	11
7	maintain	11

More info at: <https://invest.hawaii.gov/business/ez/>



State of Hawaii

- Enterprise Zones (EZ)
- Other census tracts eligible for inclusion in the EZ



This map was produced by the Office of Planning (OP) for planning purposes. It should not be used for boundary interpretations or other spatial analysis beyond the limitations of the data. Information regarding compilation dates and accuracy of the data presented can be obtained from OP.
Date: 06/20/06
Sources:
Enterprise Zones - DBEDT, 2000 Census Tracts
Major Roads - USGS, 1983
Eligible EZ Census Tracts - US Census Bureau, 2000.

QUESTIONS?

MAHALO FOR ATTENDING!