



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
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Department of Business, Economic Development, and Tourism

before the
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS
CONCERNS**

Tuesday, February 5, 2008

8:30 a.m.

State Capitol, Conference Room 325

in consideration of

HB 3358

RELATING TO HIGH TECHNOLOGY.

Chair Yamashita, Vice Chair Wakai, and Members of the House Committee on Economic Development and Business Concerns.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB 3358, which appropriates funds to DBEDT for the planning, design, land acquisition and construction of the infrastructure for a new high technology park on Oahu, in consultation with the High Technology Development Corporation which would manage and oversee the park's operations in cooperation with other public and private sector entities, provided that its passage does not replace or adversely impact priorities as indicated in the Executive Biennium Budget.

The Administration recognizes that there is a critical need for additional, appropriate infrastructure to support the growth of Hawaii's emerging dual use sector which can provide Hawaii with a source of high wage jobs and a way to ensure the State's future prosperity and global competitiveness. We express our unqualified support for this sector and the entrepreneurs and companies in it.

However, as I noted in my testimony on a similar proposal last year, I am concerned that a State investment should be the right amount and at the right time. If this is a priority of the State and its policymakers, as I believe it should be, then I suggest the following:

- A clear statement of intent of the Legislature that a technology and innovation center for the State's dual use companies is desired and necessary;
- Direct the High Technology Development Corporation (HTDC) to forthwith solicit a partnership with other State and federal agencies, non-profits and private sector firms, including developers, to come up with a specific business plan (not a mere plan) with siting, sizing, lay-out and design parameters, project budget and financials, cash flows, and project timeline;
- Express the desire of the Legislature that private or other non-State general fund sources of financing be tapped to the fullest extent possible and that the State's support, in cash¹ or in-kind, be the "tipping point" of getting a project built;
- Direct that this work be commenced and completed in as expeditious a time schedule as possible, with a full report to the Legislature by the 2009 session if no business plan is completed by then; and
- Appropriate funds for the hiring of consultants or other professional services, if necessary; I will defer to HTDC as the lead to provide advice on the amount.

On that basis, if there is a "gap" in capital that justifies public funds, the business plan, projections and numbers should make that clear. The Legislature – and the public – would then know the basis of any public subsidy and the basis of appropriating the same in any particular budget year.

It has been our experience that in the face of a clear State interest and intent, private sector developers and investors will spend their own resources to come up with a business plan. Townsend Capital has spent close to three years on the Cancer Research Center of Hawaii

¹ Should project NOI (net operating income) be sufficient, a state tax exempt revenue or project bond may be a possibility.

project. KUD has spent possibly even longer on the pre-planning of various projects. The key is to attract developer interest with clear and definitive legislative intent language.

We have always envisioned that the “innovation” effort would be a multi-year one. Perhaps if the Legislature directs and “seeds” the professional services, such a Technology and Innovation Center can be part of next year’s package.

Thank you for the opportunity to provide these comments.

Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS
Tuesday February 5, 2008
8:30 AM
State Capitol, Conference Room 325

In consideration of
HB 3358 RELATING TO HIGH TECHNOLOGY.

Chair Yamashita, Vice Chair Wakai, and Members of the House Committee on Economic Development and Business Concerns.

The High Technology Development Corporation supports HB 3358 which provides for a technology park on Island of Oahu. There have been many good ideas introduced this legislative session that support the State's economic development goals. We note, however, that this appropriation was not included in the Executive's Supplemental Budget, and request that this appropriation not displace the priorities contained in that budget.

We envision the employment of engineers, life and physical scientists, mathematical specialists, science technicians, and similar technical position counts in the private sector will begin to exceed the numbers currently in State government with initiatives such as HB 3358. And, the economic opportunities that come with growth of technology parks will contribute to the number of higher paying and sustainable jobs in our local economy.

Big Island has two technology parks – one adjacent to the university's Hilo campus and the other at NELHA, in Kihei you have the Maui Research & Technology Park, Kauai has one in Waimea, but Oahu does not. The Big Island's technology parks have utilized local community

and natural resources; Maui has succeeded with federal contractors and the Maui Supercomputing Center; and, Kauai with federal contractors and proximity to the Pacific Missile Range. The Mililani Technology Park structure of selling off fee simple lots is not conducive to developing a technology industry and should not be defined as a technology park.

There already are many national and international studies that support the need for technology parks to contribute to economic competitiveness of regions, states and nations. To quote:

- "A survey of 134 university research parks in the United States and Canada revealed that: More than 300,000 workers in North America work are located in a university research park. Every job in a research park generates an average of 2.57 jobs in the economy resulting in a total employment impact of more than 750,000 jobs."
- "A new model is emerging," said Walter H. Plosila, Vice-President, Battelle TPP. "What we're seeing are strategically planned, mixed-use campuses designed to create an environment that fosters collaboration and innovation and promotes the development, transfer and commercialization of technology," he said. Research parks have become a key element of the technology infrastructure supporting the growth of today's knowledge economy."
- "Research parks are key drivers of regional development," said J. Michael Bowman, President of the AURP Board of Directors and Chairman & President, Delaware Technology Park. Research parks were traditionally established to recruit R&D and technology companies to locate near a university in order to build a cluster of high technology companies.
- "Research and technology parks have exhibited a strong ability to attract and retain talent, which in turn, allows us to create a critical mass that can yield high economic opportunities for our regions," said Dale Gann, President of AURP Canada and Vice President-Technology Parks, Vancouver Island Technology Park.

Today, research parks increasingly spur homegrown business startups, retention and expansion with a focus on providing commercialization and business development support in addition to space for talent retention and innovation infrastructure. Technology parks are emerging as strong sources of entrepreneurship, talent and economic competitiveness.

We offer these additional comments: (a) in addition to the Department of Land and Natural Resources, we suggest that all other state departments and agencies assist to facilitate technology parks when it is appropriate and proper given their mission and purpose; (b) it is

vital that each community be represented in this initiative because technology projects (incubators, innovation centers, research centers, technology parks, etc.) succeed when there is buy-in and collaboration within the community; and, (c) the Island of Oahu has sufficient critical mass to start a technology park today as a planned incremental development, and current site planning needs to contain growth and expansion needs.

Thank you for the opportunity to submit comments in support of HB 3360.