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Statement of  
**THEODORE E. LIU**  
**Director**

Department of Business, Economic Development, and Tourism

before the

**HOUSE COMMITTEE ON FINANCE**

Friday, March 28, 2008

2:00 P.M.

State Capitol, Conference Room 308

in consideration of

**SB 2394 HD 1**

**RELATING TO HIGH TECHNOLOGY**

Chair Oshiro, Vice Chair Lee, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers the following comments on SB 2394 HD1, which would amend Act 150, Session Laws of Hawaii 2007, which appropriated \$150,000 for FY 2007-2008 and \$250,000 for FY 2008-2009 to the High Technology Development Corporation (HTDC) to support the development of the life sciences industry in Hawaii by providing funding for a ten year lease and the operations and programs of a state operated technology incubator and innovation center in a life sciences research to be developed in the Kakaako district of Honolulu.

SB 2394 HD1 recognizes that circumstances have changed regarding the Kakaako development since Act 150 was adopted last year and that there is no longer a role for HTDC to play in leasing the space for a new home for the incubator functions carried out at the Manoa Innovation Center (MIC). One of the objectives in providing State support for the Kakaako project was to address the need for a new incubator facility and home for HTDC created by the impending loss of the MIC lease from the University of Hawaii in seven years. That need still exists. The proposed amendment to Act 150, SLH 2007, would redirect the funding to planning for a new technology park on Oahu which could meet this need, as well as the development of a science and technology master

plan. These are functions that are now being considered in other proposed legislation. In particular, HB 3358 HD1 directs DBEDT to consult with HTDC on the planning of a technology park for Oahu.

We would like to suggest that this bill more appropriately places the function of planning for the technology park with HTDC, an organization that has experience in developing facilities to support high tech industry development. DBEDT would provide assistance and participate in the planning process.

The need for the technology park is apparent. Oahu, with the State's largest population and the greatest concentration of technology enterprises, has no true technology park to provide the infrastructure to support growth in the high tech sector and the high-wage jobs that would be generated.

Thank you for the opportunity to provide these comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
Friday, March 28, 2008, 2 p.m.  
Conference Room 308

by  
James R. Gaines  
Vice President for Research, University of Hawai'i System

### **SB 2394, HD 1      RELATING TO HIGH TECHNOLOGY**

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

The University of Hawaii opposes SB 2394, HD 1 which would appropriate funds to the High Technology Development Corporation for planning a technology park on Oahu and preparing a State Master Plan for Science and Technology (S&T).

As the largest science and technology organization in the State of Hawaii, the University has a vested interest in the creation of a State Master Plan for Science and Technology. In fact, many of our Federal funding agencies require evidence that their awards--especially in infrastructure and large, center-like awards--are not only meeting the needs of the nation, but also those of the state, as defined in an overarching S&T plan.

As you are aware, HB 2931 and SB 2860 were also introduced this session for the purpose of creating a Science and Technology Task Force that would bring together a broad range of stakeholders and resources from industry, academia, and government to develop a comprehensive master plan for the State. Specifically, the University supports SB 2860 Relating to a Technology Master Plan which has not been heard by the House Committee on Economic Development and Business Concerns. That bill (SB 2860) is much more comprehensive in that it specifies the various stakeholders needed to produce the plan, calls for review of the plan every two years, and will assist the Legislature in maintaining an overall framework to guide the development of science and technology in the State, including the development of new technology parks.

It is the view of the University that the planning for a technology park on Oahu, as called for in this bill, may well be a result of needs identified in a comprehensive science and technology master plan. However, until that need is identified and prioritized in the larger framework of the development of the technology industry in the State, it would be premature to proceed with such technology park planning.

We respectfully request that this bill be deferred and that the Legislature provide the resources needed to fund the Science and Technology Task Force pursuant to SB 2860. Thank you for the opportunity to testify on this bill and for the continued recognition and support of the role of university research and education in the economic diversification of our State.

Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Friday March 28, 2008  
2:00 PM  
State Capitol, Conference Room 308

In consideration of  
**SB 2394 HD1 RELATING TO HIGH TECHNOLOGY.**

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance.

The High Technology Development Corporation (HTDC) strongly supports the passage of SB 2394 HD1 with one recommended change, which amends Act 150, 2007 Session Laws of Hawaii, Relating to High Technology; and, appropriated funds in FY 2007-2008 and FY 2008-2009 to the High Technology Development Corporation to negotiate a ten-year lease to facilitate the development of commercial wet laboratory space in a life sciences research complex in Kakaako and for planning, development, and operational costs of the center. Act 150 further provided that expenditures would include the hiring of consultants and analysts to conduct necessary due diligence, costs of planning and pre design phases, and more.

This HD1 measure supports the two planning initiatives needed by the State to have a coherent roadmap for our many stakeholders, while reappropriating the funding from Act 150. We would like to offer these summary points to support this HD1:

1. First, HD1 supports the State's need to develop a collaborative and comprehensive plan to help ensure growth of Hawaii's technology industry, as presented in HB 3360 HD1.
2. Secondly, this measure supports the planning for the technology park on this island of Oahu, as presented in HB 3358 HD1.

3. Given the current budget constraints, redirecting appropriated funds from Act 150 would help to satisfy the funding needs for these two initiatives. Funding requirements of a successful tech plan are estimated to be \$300,000 to \$500,000 by the State Science and Technology Institute ([www.ssti.org](http://www.ssti.org)), and feasibility and development planning for a tech park estimated to be around \$100,000.

4. HTDC was asked to participate in the negotiation process with the life sciences research complex project alongside Kamehameha Schools Bishop Estate and their selected developers KUD International and Phase 3 Properties. HTDC gladly welcomed this opportunity because we originally identified Kakaako to be a potential future home for HTDC and Manoa Innovation Center (MIC), as we prepare for a transition plan for when the MIC lease expires in 2015. Today, the deal structure has changed considerably since the beginning of the negotiation processes, and for a variety of economic and logistical reasons, HTDC recently learned that HTDC is no longer needed to participate in this project as a master lessee.

5. The underlying objective of Act 150 still lives in this HD1, where Act 150 addressed a very specific implementation of a technology subcluster, namely the life sciences sector, and a possible plan for HTDC and its programs transition from MIC when the university's land lease with HTDC expires in 7 years. It took five (5) years of planning and funding to open MIC. With only seven (7) years remaining on our land lease with the University of Hawaii, the lack of available adjacent land in Manoa for expansion into a technology park, this proposed measure would not only be able to make progress on future plans for MIC but to also plan and implement a larger statewide network that could realize the State's potential to diversify our economy.

HTDC recommends Section 1, 2. be amended to allow the appropriation out of the general revenues of the State of Hawaii in the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2007-2008 be allowed to lapse and in turn the sum for fiscal year 2008-2009 be appropriated for the sum of \$400,000 or so much thereof as may be necessary. The amount of \$400,000 for fiscal year 2008-2009 represents the sum of the amounts appropriated for both years. The reasons for the recommended language change is because Section 3 of this bill will

make this act take effect on July 1, 2008 but the appropriation out of the general revenues of the State of Hawaii for the sum of \$150,000 or so much thereof as may be necessary for fiscal year 2007-2008 will lapse on June 30, 2008 if not obligated. The timing is such that the funds are almost certain to lapse. Even if Section 3 was changed to make this act effective upon signing, there would not be sufficient time to execute contract(s) to obligate the funds by the end of the current fiscal year.

For the reasons above, we support and appreciate the committee's efforts to enable and facilitate these important initiatives and hope HTDC's recommendation to change the appropriation amount for FY2008-2009 is strongly considered.

Thank you for the opportunity to submit testimony in support of SB 2394 HD1.



**SB2394 HD1: RELATING TO HIGH TECHNOLOGY**

**DATE:** March 28, 2008  
2:00PM, Conference Room 308

**TO:** Committee on Finance  
Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair

**FROM:** Lisa H. Gibson  
President  
Hawaii Science & Technology Council

**RE:** Comments on **SB2394 HD1**

Aloha Chair, Vice Chair, and Members of the Committee:

The Hawaii Science & Technology Council supports the concept of the creation of adequate facilities for science and tech companies and the creation of a science and technology plan for the state. However, HiSciTech supported and continues to support bills which create a science and tech task force administratively attached to the University of Hawaii i.e. SB2860. This is because it is critical that the University drive this process because its upcoming proposal for \$15 million in EPSCoR funds requires that a coordinated science and tech plan be part of the application. As the state's largest science and technology enterprise the University's administrative role in this process is critical. Moreover, because this plan is so critical, EPSCoR has already convened the appropriate stakeholders around the issue of such a plan. Therefore, we do not support the bill's intent to administratively attach the Science & Tech plan to HTDC.

The Hawaii Science & Technology Council is a private tax-exempt 501(c)6 industry association with a 28-member board. The council serves Hawaii companies engaged in ocean sciences; agricultural biotechnology, astronomy, defense aerospace, biotech/life sciences, information & communication technology, energy, environmental technologies, and creative media.

Thank you for the opportunity to testify on this important bill.

Lisa H. Gibson  
President