

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

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GOVERNOR

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Statement of  
**RICHARD C. LIM**  
Interim Director  
Department of Business Economic Development and Tourism  
before the  
**HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS  
AND  
HOUSE COMMITTEES ON WATER, LAND, & OCEAN RESOURCES**

February 15, 2011  
11:00 AM  
State Capitol, Conference Room 312

in consideration of  
**HB 526**  
**RELATING TO HIGH TECHNOLOGY.**

Chairs McKelvey and Chang, Vice Chairs Choy and Har, and Members of the House Committees on Economic Revitalization and Business & Water, Land & Ocean Resources.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports HB 526, which requires DBEDT to work with the Department of Land and Natural Resources (DLNR) to identify appropriate lands for a high technology park on Oahu and to consult with the High Technology Development Corporation to plan for the establishment of the high technology park

This initiative is very much in alignment with Governor Abercrombie's plan. As discussed in his document, "A New Day in Hawaii", building of tech development centers is needed for Hawaii's technologies to mature and to be commercialized. Further, it is in alignment with the four major themes within this document that I have selected to focus DBEDT's efforts:

- Energy (Hawaii Clean Energy Initiative)
- The Creative Economy
- Technology and Innovation (with a major focus on a Hawaii Broadband Initiative)
- Small Business and Entrepreneurship (including permit facilitation)

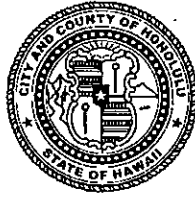
While DBEDT lacks both the financial resources and personnel, we welcome this initiative because it can potentially address all of the areas above.

This bill also identifies HTDC as a key stakeholder. We find it appropriate since HTDC has been leading the charge for the State's tech-based economic development. DBEDT stands behind HTDC to secure an equal or better facility for its incubation mission, should the land lease for Manoa Innovation Center not be renewed.

Thank you for the opportunity to submit testimony in strong support of this bill.

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PETER B. CARLISLE  
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DIRECTOR OF ECONOMIC DEVELOPMENT

February 14, 2011

The Honorable Agus L.K. McKelvey, Chair  
House Committee on Economic Revitalization & Business

The Honorable Jerry Chang, Chair  
House Committee on Water, Land and Ocean Resources

Twenty-Sixth Legislature  
Regular Session of 2011  
State of Hawaii

**RE: Testimony of Ann Chung, Director of Economic Development for the City & County of Honolulu on H.B. 526, Relating to High Technology**

Chair McKelvey, Chair Chang, and members of the House Committees on Economic Revitalization & Business and Water, Land and Ocean Resources, thank you for this opportunity to submit testimony on HB 526 and for your support of the technology industry in Hawaii. As part of a team supporting and funding the Oahu Technology Commercialization Center Master Plan comprised of the City & County of Honolulu, the US Department of Commerce Economic Development Administration and Enterprise Honolulu, my office thanks you for the spirit in which this Bill was developed and supports part of the Bill that encourages State funding for infrastructure development.

Through our two years of outreach to the technology community, we have documented strong interest among technology firms for an employment anchor facility particularly to support technology commercialization. We have matched federal and City funds through a US Department of Commerce Economic Development Administration (EDA) planning project to conduct extensive research for the development of a draft master plan for an Oahu Technology Commercialization Center. We have posted an RFP this month for this purpose for which the deadline is March 3, 2011. Under this RFP, a developer/landowner that controls the property has as their incentive the opportunity to manage and oversee park operations. This RFP and potential follow-on funding are vehicles for Hawaii to leverage federal, City, private-sector and other funding for economic development purposes.

We encourage the Legislature to consider appropriating funds for infrastructure to build the park, and to possibly respond to the RFP for the Master Plan of the Oahu Technology Commercialization Center currently posted on the City's Procurement website. Thank you for this opportunity to submit this testimony.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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House Committees on Economic Revitalization & Business  
and  
Water, Land, & Ocean Resources  
February 15, 2011 at 11:00am  
by  
M.R.C. Greenwood,  
President, University of Hawai'i

### HB 526 RELATING TO HIGH TECHNOLOGY

Chairs McKelvey and Chang, Vice Chairs Choy and Har, and Members of the House Committees on Economic Revitalization and Business and Water, Land, and Ocean Resources:

At the recent E Kamakani Noi'i summit convened by the University to address the topic of innovation for Hawai'i's future growth, I was able to share the recommendations of a council of experts appointed in April 2010 to advise the University on how best to create the 21<sup>st</sup>-century capacity for innovation and technology transfer to achieve a high-value economy in Hawai'i. Their recommendations were to:

- Identify research as an industry in Hawai'i;
- Establish the Hawai'i Innovation Technology Exchange;
- Identify key areas for commercialization opportunities; and
- Integrate entrepreneurship into the curriculum.

The measure before you furthers this agenda by creating a technology park on O'ahu, where the highest concentration of University research, innovation, and population resides, but which is the only county without a technology park today.

We support HB 526 and the efforts of the High Technology Development Corporation to advance this initiative. We believe that a technology park on O'ahu with an incubation center and space for innovators, entrepreneurs and mature high tech companies will help the State create a climate of research and innovation with new high value job opportunities for the citizens of Hawai'i.

Written Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS**  
**AND**  
**WATER, LAND, & OCEAN RESOURCES**  
February 15, 2011  
11:00 AM  
State Capitol, Conference Room 312

In consideration of  
**HB 526 RELATING TO HIGH TECHNOLOGY.**

Chairs McKelvey and Chang, Vice Chairs Choy and Har, and Members of the House Committees on Economic Revitalization and Business and Water, Land, and Ocean Resources.

The High Technology Development Corporation (HTDC) strongly supports HB 526 for several reasons:

1. Infrastructure and capacity building, which an establishment of a tech park would be, is a clear role for government;
2. There is currently no tech park on Oahu;
3. Incubation centers have produced successful industries around the world, and right here in our state;
4. Investments made to establish incubation centers are considered the most effective in job creation compared to other construction projects; and
5. The Manoa Innovation Center's land lease is set to expire in April 2015.

**Infrastructure = Role of Government**

As Hawaii takes on the challenges to embrace the knowledge-intensive or innovation economy, many communities are testing out new initiatives waiting to reap the benefits. There seems to be no consensus as to the extent to which the state government must underwrite the cost of research and development (R&D), offer tax incentives, or to provide mentorship to further their innovation goals. However, states focused on innovation economy building have all initiated and supported establishment of tech parks. With land allocation and use, permitting, operation models focused on economic development, community planning, and more, private sector cannot bear the burden alone.

**No Tech Park on Oahu**

Despite the fact that Oahu boasts the highest concentration of population, R&D activities, and tech companies, Oahu currently does not have a tech park. While the Mililani Tech Park bears the title, it is in name only, as it operates as an industrial park. On Oahu, the only operation

closest to activities one would expect at a tech park, such as tech transfer, entrepreneurship development, flexible leasing of small offices to startups, is the Manoa Innovation Center (MIC) operated by HTDC. MIC is an incubator, meaning it assists startups, and “graduate” them as they develop. Once they achieve financial and/or strategic stability, they move into commercial real estate spaces. There is currently no specific areas those companies move out to. They can be found scattered in office spaces downtown or among the warehouse areas around the island able to provide specific physical and technical needs. Establishing synergies among the tech companies become harder to achieve once they leave MIC.

### **Tech Parks and Incubation Centers Lead to Successful Industries**

Tech parks are often anchored by State-operated incubation centers. The combination is not just a coincidence. Incubation Centers’ collocation help produce successful companies who will then become tenants in buildings within the tech park so they can continue to benefit from the synergies among companies within the same sector. Tech parks also allow for industry and community organizations with shared economic development missions to align their efforts better by often locating themselves in the same building within the tech park. Startups do not have to wonder which entity offers what type of support. They simply need to walk the hallways of one building to get all the help they need.

### **Investments in Incubation Center = Effective Job Creation**

It is unclear at this point, how large a tech park Oahu can host, given the limited state lands. If it is a given that an incubation center should anchor the tech park, the legislators will be interested to know that this type of construction projects continue to create jobs even after it’s built. A Grant Thornton study commissioned by the Economic Development Administration (EDA) of the US Department of Commerce showed that business incubation generated the most number of jobs per EDA dollars invested (\$144–216 per job).

### **Manoa Innovation Center (MIC) May Require a New Home**

The only technology incubation center of its kind on Oahu, and the headquarters of HTDC, MIC currently is on land assigned to the University of Hawaii (UH). That land lease is set to expire on April 2015. If the land lease is not extended by the UH administration, HTDC will not only require a new location. The arrangement will also need to accommodate a similar business model, where HTDC’s operations can be partially funded by its rent revenues, as it does not receive sufficient general funds to cover all expenses. Regardless of the fate of the land lease, HTDC fields industry feedback of genuine challenges in trying to integrate into our commercial real estate sector used to handling office needs of traditional sectors. A tech park on Oahu would address the future location of MIC, its expanded space, and/or commercial spaces more appropriate for our “graduating” tenants.

Having been a member of the Association of University Research Park, a current active member and Hawaii State representative to the State Science and Technology Institute, HTDC is poised to spearhead this project with the legislators’ blessing.

Thank you for the opportunity to submit testimony on this bill.



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February 14, 2011

The Honorable Angus McKelvey, Chair  
House Committee on Economic Revitalization & Business  
The Honorable Jerry Chang, Chair  
House Committee on Water, Land & Ocean Resources  
State Capitol, Room 323  
Honolulu, Hawaii 96813

Dear Representative McKelvey, Representative Chang and Members of the Committees:

On behalf of the Hawaii Technology Development Venture (HTDV), I am supporting HB 526, Relating to the Establishment of a High Technology Park.

HTDV is a federally funded program whose mission is to support defense and dual use technology development for Hawaii based small businesses. We believe that we understand some of the complexities of technology development and challenges faced by Hawaii technology companies. One limitation faced by these companies is the inability to have a central location where product prototyping, commercialization and manufacturing facilities are available.

A currently ongoing planning activity, funded by the U.S. Department of Commerce, is soliciting proposals for the design and development of an Oahu Technology Commercialization Center. We believe that HB 526 is supportive of this parallel initiative.

Please feel free to contact me at 237-5160 should you have any questions.

Very Sincerely,

Harold S. Masumoto  
Project Director

Written Statement of  
**BRIAN GOLDSTEIN**  
Vice Chair  
HTDC Board of Directors  
before the  
**HOUSE COMMITTEES ON ECONOMIC REVITALIZATION & BUSINESS  
AND  
WATER, LAND, & OCEAN RESOURCES**  
February 15, 2011  
11:00 AM  
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In consideration of  
**HB 526 RELATING TO HIGH TECHNOLOGY.**

Chairs McKelvey and Chang, Vice Chairs Choy and Har, and Members of the House Committees on Economic Revitalization and Business and Water, Land, and Ocean Resources.

My name is Brian Goldstein and I am Vice Chair of the High Technology Development Corporation and have been on the board for approximately seven years. I strongly support HB 526, which requires the DBEDT to work with the DLNR to identify appropriate lands for a high technology park on Oahu and to consult with the high technology development corporation to plan for the establishment of the high technology park.

As you know, HTDC provides business incubation for high technology startups including office space, or incubation space, for these companies. HTDC's incubator space in Manoa is the Manoa Innovation Center (MIC). Numerous successful companies have graduated from HTDC including; Digital Island (IPO), Blue Lava Wireless (Tetris), Hoku Scientific (IPO), Oceanit and Adama Materials (just raised \$4.5MM in venture capital).

Incubation space for startups is critical to nurturing a high technology industry. Tech startups frequently do not have the operating history or financial resources to sign long term leases that most building owners require.

MIC currently is on land assigned to the University of Hawaii (UH). The MIC land lease between HTDC and UH is set to expire on April 2015. If the land lease is not extended by the UH administration, HTDC will require a new location or will essentially cease to exist. I urge these Committees and the Legislature help ensure that HTDC will continue to be able to remain at MIC until a new home is found.

Thank you.