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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
ECONOMIC DEVELOPMENT & BUSINESS

February 5, 2013

9:00 AM

HB 70

RELATING TO ECONOMIC DEVELOPMENT.

Chair Tsuji, Vice-Chair Ward, and members of the committee, thank you for the opportunity to submit testimony on HB 70. The State Procurement Office (SPO) testimony is limited to SECTION 1, adding new language to section 206M-54, specifically page 1, lines 11 and 12 of the bill.

The SPO opposes the amendment in SECTION 1 proposing to exempt the High Technology Innovation Corporation from HRS chapter 103D, Hawaii Public Procurement Code (Code). The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

We request that SECTION 1, page 1, lines 11 and 12 of the bill be deleted. Thank you.

Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation &
High Technology Innovation Corporation
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Tuesday, February 5, 2013
9:15 AM
State Capitol, Conference Room 312
In consideration of

HB 70 RELATING TO ECONOMIC DEVELOPMENT.

Chair Tsuji, Vice Chair Ward, and Members of the Committee on Economic Development.

The High Technology Development Corporation (HTDC) and High Technology Innovation Corporation (HTIC) would like to submit testimony in **support** of deleting the repeal of the High Technology Innovation Corporation and support the intent of exemption from the public procurement code.

In 2005, The High Technology Innovation Corporation (HTIC) was created by the Hawaii State Legislature as a 501(c)(3) public not-for-profit corporate body, to facilitate the growth and development of the commercial high technology industry in Hawaii.

The not-for-profit structure was envisioned to facilitate public private partnerships, federal and state funding of high technology programs, and identifying other funding resources. The structure offers great financial leverage to HTDC and the State of Hawaii government. In particular, the State government saw it as a vehicle to receive donations from the private sector to leverage the tax deductible status.

The not-for-profit structure is a model that has been successfully utilized by other states to support technology based economic development. The HTIC currently has a voluntary moratorium on all activities amidst well documented legislative concerns about its effective use.

While HTDC does not have any immediate plans to utilize the HTIC, it does not cost the state any money to maintain and it provides a potential public private funding opportunity for the State to fund high technology economic development programs. Creating a replacement for HTIC takes a fair amount of time and requires a lot of education and political support. Adding an exemption from Chapter 103D public procurement could facilitate more public private funding opportunities.

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



Written Statement of

**Karl Fooks
President**

Hawaii Strategic Development Corporation

Before the
COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

February 5, 2013

9:00 AM

State Capitol, Conference Room 312

In consideration of
HB 70 RELATING TO ECONOMIC DEVELOPMENT

Chair Tsuji, Vice Chair Ward and Members of the Committee on Economic Development & Business:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **support of HB 70**, legislation deleting the repeal of the High Technology Innovation Corporation (HTIC).

The Hawaii State Legislature created HTIC in 2005 as a 501(c)(3) public not-for-profit corporate body to facilitate the growth and development of the commercial high technology industry in Hawaii. The not-for-profit structure was envisioned to facilitate public private partnerships, federal and state funding of high technology programs, and identifying other funding resources - offering great financial leverage to HTDC and the State of Hawaii government.

The not-for-profit structure is a model that has been successfully utilized by other states to support technology based economic development. The National Governors Association recently recommended a greater reliance on public private partnerships in the implementation of economic development policies.

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



Written Recommendation for Amendment

James P Karins, PhD
President, Pukoa Scientific
before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

February 5, 2013

9:00 AM

State Capitol, Conference Room 312

In consideration of

HB 70 RELATING TO ECONOMIC DEVELOPMENT

Chair Tsuji, Vice Chair Ward, and Members of the Committee on Economic Development & Business:

Pukoa Scientific supports the deletion of the repeal of the high technology development corporation. We also support the exemption the high technology development corporation from the public procurement code.

The proposed exemption would expand the ability of the corporation to support economic development for the high technology community.

Therefore, we urge the committee to **pass this measure**. Thank you for the opportunity to express our views.

James P. Karins, PhD
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