

HB858 HD1

Appropriates funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an investment program to develop an ecosystem to support high-growth entrepreneurial companies in the State. Appropriation.

Effective July 1, 2030. (HB858 HD1)



NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

Testimony in **support** of HB858 HD1
Relating to the HI Growth Initiative

Committee on Economic Development, Government Operations, and Housing
Senator Donovan Dela Cruz, Chair
Senator Sam Slom, Vice Chair

March 20, 2013
2:50 pm Room 016

Chair Dela Cruz, Vice-Chair Slom, and members of the Economic Development, Government Operations, and Housing Committee:

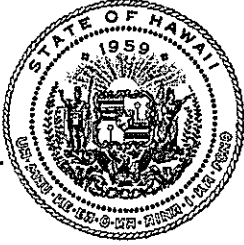
The Office of the Governor **supports** House Bill 858, Relating to the HI Growth Initiative. This measure appropriates funds for the Hawaii Strategic Development Corporation (HSDC) to implement an investment program designed to catalyze and leverage targeted private sector entrepreneurial initiatives.

This comprehensive investment program represents a commitment to reinvigorate state efforts to fuel an innovation economy in order to diversify and grow Hawaii's economic base. This initiative will keep our established industries competitive and create new areas of opportunities to allow our young people to pursue their dreams here in Hawaii.

Although the current draft appropriates blank amounts, we note that the original draft of this bill appropriated \$20 million in general funds over two fiscal years to HSDC.

The Department of Business, Economic Development, and Tourism (DBEDT) and HSDC are available to answer any questions you may have.

Thank you for the opportunity to testify.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT
OPERATIONS AND HOUSING**

Wednesday, March 20, 2013
2:50 p.m.
State Capitol, Conference Room 16

in consideration of
HB 858, HD1
RELATING TO THE HI GROWTH INITIATIVE.

Chair Dela Cruz, Vice Chair Slom, and Members of the Committee.

The Department of Business, Economic Development and Tourism strongly supports HB 858, HD1 as it provides the resources to catalyze an innovation infrastructure that will enable Hawaii's creative and entrepreneurial talent to turn ideas into high growth business ventures.

High growth businesses are the engines of job creation. Creative and technology business ventures, in particular, create new jobs in high-wage, knowledge-based industries. The HI Growth Initiative will build on the momentum created by the venture accelerator program funded by the Legislature last session through investments in the innovation ecosystem that will provide the tools and capital for entrepreneurs to build sustainable businesses and quality jobs for our community.

The Hawaii Strategic Development Corporation (HSDC) is requesting a \$10 million general fund infusion in both FY14 and FY15. These are to fund a new State investment initiative that will partner with the private sector in three key areas: 1) commercialization of research; 2) support for incubators and accelerators; and 3) investment funds to grow and scale Hawaii businesses.

HSDC has demonstrated that it can implement investment programs cost effectively by working closely with private sector partners. HSDC seeks to invest where there are gaps in the

private sector's ability to support commercialization and innovation and does not duplicate or compete with private sector efforts.

We respectfully defer to the Hawaii Strategic Development Corporation, the expending agency, to provide the specifics on the initiative's objectives, but we would like to voice our support of the bill as we believe the future success of Hawaii's economy will come from the growth and development of high growth entrepreneurial businesses.

Thank you for the opportunity to offer these comments.



Written Statement of

KARL FOOKS
President

Hawaii Strategic Development Corporation

Before the
**COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND
HOUSING**

March 20, 2013
2:50 PM
State Capitol, Conference Room 16

In consideration of
HB 858 HD1 RELATING TO THE HI GROWTH INITIATIVE

Chair Dela Cruz, Vice Chair Slom, and Members of the Committee on Economic Development, Government Operations and Housing:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of HB 858 HD1, legislation appropriating \$20 million to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an economic development initiative to invest in high growth businesses that create high wage jobs for Hawaii. HB 858 HD1 has the same intent as SB718 SD2 and SB718 SD2 was previously passed by both EGH and WAM.

Hawaii needs new strategies to promote long term sustainable growth because we cannot continue to rely on tax increases and cuts to government services as the only measures to address the resource demands of our aging population, our aging infrastructure and our large unfunded liabilities.

Hawaii's dominant industry sector, the tourism sector, is now a mature industry and as a result, Hawaii's economy has averaged only 0.8% growth over the past 20 years. This compares to the 2.6% average growth rate of the US economy over the same period.

Supporting the growth of entrepreneurial businesses in the knowledge intensive and creative industries makes sense for Hawaii as these industries leverage our key assets: our educated workforce, our global relationships and our high quality of life. These industries do not require large land development and can tolerate the higher cost of doing business in Hawaii.

By supporting new opportunities for economic growth we can diversify and grow important new economic sectors. More importantly, we need to keep talented people in Hawaii by providing opportunities for challenging, high wage jobs.

Investing in new locally-based businesses is the key to creating a new generation of business leaders vested in the long term success of our economy. We have the entrepreneurial talent in Hawaii. Hawaii entrepreneurs are building businesses that are changing the world and doing it here in Hawaii. If Hawaii is to remain competitive in the global economy we need to provide our entrepreneurs the resources to build viable global businesses here at home.

The ***HI Growth Initiative*** will provide \$20 million of investment capital that will focus on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. **Without the upfront availability of \$20 million committed to this program by the State, it will be extremely difficult to catalyze private sector interest and participation in this initiative.**

The HI Growth Initiative will partner with the private sector to start and grow creative and innovative companies. This comprehensive investment program represents a bold new approach to reinvest state efforts to fuel an innovation economy.

The advantages are clear. Entrepreneurial high growth businesses:

- bring dollars into Hawaii,
- have minimal impacts on the environment,
- lead our drive towards a sustainable economy and
- create high paying jobs for our local families.

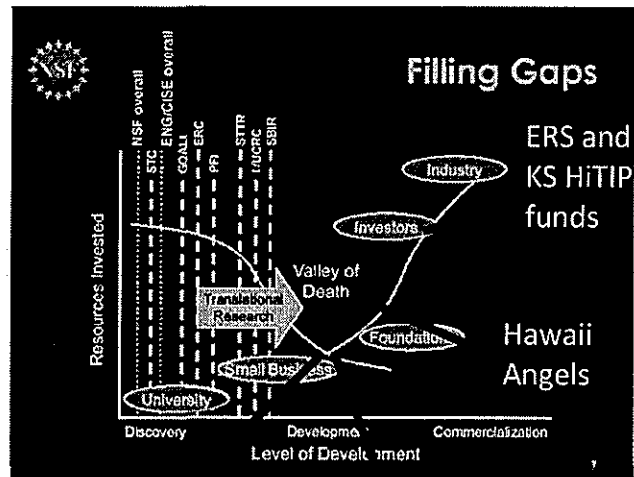
The HI Growth Initiative will allocate its investments to focus on the critical building blocks of an innovation ecosystem: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

On an annual basis, \$2.5 million will be allocated to support the establishment of a Proof of Concept Center (POC) for research commercialization, \$2 million will be allocated to support LAVA program incubators/accelerators as well as to establish new accelerators in new areas such as the food, creative industries/digital media and clean tech. \$5 million will be allocated to support existing seed funds as well as to establish new seed funds, for example in the clean tech sector. Final investment allocations will be based on the quality of potential investment opportunities, the quality of potential investment teams available to manage these funds, and the availability of private sector investors to invest along side HSDC.

Additionally, \$500 thousand is allocated to support the costs of implementing and monitoring this program over several years, marketing and promoting this initiative to the private sector through meetings and conferences, and developing survey and reports to measure the impact and effectiveness of this initiative.

HI Growth Initiative Will Build on the Initial Success of the State's Investment Programs

- Attacking gaps
 - Less expensive
 - High impact
 - Engage private sector
- HSDC Seed Capital Funds (SSBCI)
 - University \$6 million
 - Healthcare \$10 million
 - Web/Mobile \$8 million (targeted)
- LAVA Program
 - Empowering entrepreneurs
 - Establishing accelerators in Tech and Creative Sectors



Launch Akamai Venture Accelerator (LAVA) Program

HSDC Seed Capital Funds

Thank you for the opportunity to provide testimony.

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT
OPERATIONS AND HOUSING**
Wednesday, March 20, 2013
2:50 p.m.
State Capitol, Conference Room 16

In consideration of
HB 858 HD1 RELATING TO THE HI GROWTH INITIATIVE.

Chair Dela Cruz, Vice Chair Slom, and Members of the Committee on Economic Development, Government Operations and Housing.

The High Technology Development Corporation (HTDC) respectfully submits testimony in **strong support** of HB 858 HD1, legislation appropriating \$20 million (\$10 million in FY 2013-2014 and \$10 million FY 2014-2015) to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

The HI Growth Initiative will provide \$20 million of investment capital that will focus on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. The initiative reflects a shared vision between HTDC and HSDC not only on the critical needs of the tech entrepreneurial community but also the holistic approach it takes to nurture the ecosystem. Further, it follows the nation's best practices. Innovation extends beyond just the technology sector. Supporting innovation helps keep our established industries competitive and leads our drive for a sustainable economy.

Thank you for the opportunity to offer these comments.



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)
1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Wednesday, March 20, 2013
TIME: 2:50 p.m.
PLACE: Conference Room 16

TO:

COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND
Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair

FROM: Hawaii Food Industry Association - Lauren Zirbel, Executive Director

Re: HB 858, HD 1 RELATING TO THE HI GROWTH INITIATIVE

In Support.

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Thank you for the opportunity to provide this testimony.

Hawaii Venture Capital Association
805 Kainui Dr.
Kailua, HI 96734
808-225-3579

Date: March 18, 2013

To: Chair Dela Cruz, Vice Chair Slom – Senate Committee on Economic
Development, Government Operations and Housing

Subject: **HB858** Relating to High Growth Initiative scheduled to be heard on **House
Finance Committee on March 20 at 2:50 PM in Room 016**

Dear Chair Dela Cruz, Vice Chair Slom and Members of the Committee

The member supported Hawaii Venture Capital Association (HVCA), formed in 1988, strongly supports HB858 regarding the HI Growth Initiative. My name is Bill Spencer and I have been the President of the Hawaii Venture Capital Association since 1999 and a board member since 1995.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

The \$20 million of investment capital originally proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

I urge your committee to pass this bill.

Sincerely,

Bill Spencer
President
bspencer@hawaii.rr.com



March 17, 2013

Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair

Committee: Testimony to the Senate Committee on Economic Development, Government
Operations and Housing
Bill Title: HB 858 HD1, Relating to the HI Growth Initiative
Date, Time: Wednesday, March 20, 2013
2:50 p.m.
Place: State Capitol, Conference Room 16

Chair Donovan M. Dela Cruz, Vice Chair Sam Slom and Members of the Committee on
Economic Development, Government Operations and Housing:

I am Jared I. Kuroiwa and one of the founding members of the Hawaii Innovation Alliance (HIA). The Hawaii Innovation Alliance is an organization formed in 2012 that aims to create a more unified voice representing the islands' innovation community to foster innovation, educate lawmakers, and advocate appropriate policy.

The Hawai'i Innovation Alliance **strongly supports HB 858 HD1, Relating to the HI Growth Initiative**. This measure appropriates funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an investment program to develop an ecosystem to support high-growth entrepreneurial companies in the State.

The Hawai'i Innovation Alliance is keenly focused on fostering an entrepreneurial environment and building high-growth businesses that the HI Growth Initiative will support. The HI Growth Initiative builds on top of the Launch Akamai Venture Accelerator Program to develop the next step in creating a successful funding pipeline for technology businesses. This ecosystem of private industry, investors, academia, and government needs the HI Growth Initiative to provide funds, mentorship, network with global investors, and provide a pathways to follow-on capital to support technology businesses and the high wage jobs they create.

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



HAWAII Angels

HB 858 HD1

We strongly support this bill

Hawaii Angels is Hawaii's only private angel investment network. We have 80 members statewide and have invested \$30 million into over 60 companies in the last 10 years. The growth initiative will help to fuel new company development and investment in Hawaii creating a more robust investment environment for angel investing.

The *HI Growth Initiative* will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Sincerely,

Chenoa Farnsworth
Managing Director



THE QUEEN'S HEALTH SYSTEMS

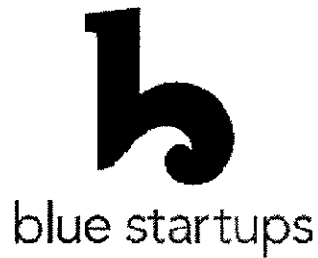
1301 Punchbowl Street • Honolulu, Hawaii 96813 • Phone (808) 691-5900

H.B. 858, H.D. 1, RELATING TO THE HI GROWTH INITIATIVE
Senate Committee on Economic Development, Government Operations,
and Housing
March 20, 2013, 2:50 p.m.
Room 016

Thank you for the opportunity to provide testimony in **support** of H.B. 858, HD1 Relating to the HI Growth Initiative. My name is Paula Yoshioka, Senior Vice President of Corporate Development for The Queen's Health Systems.

Queen's fully supports the furtherance of innovation and technology in the state of Hawaii. In the health care field, continuous advancement of technology and innovation improves the delivery of patient care every day. Queen's invests in these technologies (e.g., robotics, advanced imaging) in order to provide the best quality care. Most recently, Queen's, Hawaii Pacific Health, and the Hawaii Strategic Development Corporation, have partnered to develop a local company called Kinetikor. With Kinetikor's technology, a new way of providing motion correction of patients who receive imaging will enable radiologists to more accurately read advanced imaging tests.

We look forward to many more successful endeavors as the state smart growth public infrastructure takes shape.



HB 858 HD1

We strongly support this bill

Blue Startups is a venture accelerator program which aims to seed approximately 15 new companies a year with funding and mentorship in order to grow the next generation of high growth companies in Hawaii. State support through the LAVA program has helped get this program off the ground and additional funding for the investment sector will assist the program and the companies graduating from it to thrive.

The *HI Growth Initiative* will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Sincerely,

Meli James
Program Manager



Cardax Pharmaceuticals, Inc.

2800 Woodlawn Drive, Suite 129, Honolulu, HI 96822

telephone 808.457.1400 fax 808.237.5901

www.cardaxpharma.com

Testimony in Support of HB 858 HD1
Relating to HI Growth Initiative

Committee on Economic Development, Government Operations, and Housing
Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice-Chair

March 20, 2013
2:50 PM Room16

This is David G. Watumull, President and CEO of Cardax Pharmaceuticals, Inc. ("Cardax"). We strongly support HB858 HD1, Relating to HI Growth Initiative.

Cardax is developing a new class of powerful anti-inflammatory compounds with the efficacy of aspirin and steroids but with the safety of food. We have been fortunate to raise more than \$25 million for our company but start-ups in the life science industry, in Hawaii and elsewhere, face a daunting task to find sufficient financing.

While many people, including many economists, believe that all or most "good" companies with important breakthroughs will be funded by the "market," reality suggests a far different picture. Across the globe, hundreds of promising "early stage" companies or technologies, particularly in the life science arena, are not being funded by traditional venture capital and pharmaceutical company sources. Instead, most of this funding goes to "late stage" companies. To counteract this dynamic, many states, cities, and foundations across the country and around the world are contributing to the creation and support of "early stage" life science companies. To be competitive, Hawaii must do the same if it wants to participate in what many consider to be the largest growth opportunity of the 21st century.

In particular, the *HI Growth Initiative* is a good start. It will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring, and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, including the life science companies, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs, keeps talented people here, and brings talented kamaaina home.

Sincerely,

David G. Watumull
President and CEO, Cardax Pharmaceuticals, Inc.
2800 Woodlawn Dr. Suite 129
(808) 457-1375
dwatumull@cardaxpharma.com

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 6:34 PM
To: EGHTestimony
Cc: therays430@mac.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Denyse Ray	Lady Ease DBS Ease Collection	Support	No

Comments: Testimony following in email. Thank you.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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March 16, 2013

TO: COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING

Senator Donovan M. Dela Cruz, Chair

Senator Sam Slom, Vice Chair

DATE: Wednesday, March 20, 2013

TIME: 2:50 p.m.

PLACE: Conference Room 016

Re: HB 858 D1 - RELATING TO THE HI GROWTH INITIATIVE

FROM: Gerard Elmore, What Would MacGyver Do? Productions

Dear Chair, Vice Chairs and Members of the COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING

The Hawaii Association of Media Arts and myself strongly support HB858 D1 regarding the HI Growth Initiative.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

As professionals and members of the Hawaii Association of Media Artists, we believe the \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

Our digital media industry provides high quality jobs with broad opportunities for growth. The digital media industry not only requires creative development teams to write scripts, create digital artwork and music, but employs technicians who are skilled in 3D technologies, information technology, computer science, engineering, app development and programming. Digital media companies provide a long-term, sustainable opportunity for jobs and development of products, while maintaining a work-force of Hawaii residents.

The HI Growth Initiative will provide millions of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the

mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

I urge your committee to pass this bill and support our industry in Hawaii.

Thanks and aloha,

Gerard Elmore



2800 Woodlawn Drive #265
Honolulu, HI 96822

125 University Ave., Suite 125
Palo Alto, CA 94301

Chairman De La Cruz
Committee on Economic Development & Government Operations & Housing
House of Representatives,
State Capitol, Conference Room 106
415 Beretania Street
Honolulu, HI 96813

SUBJECT: TESTIMONY IN SUPPPORT OF HB858

Dear Chair De La Cruz & :

On behalf of Startup Capital Ventures, a venture capital firm that has invested over five million dollars (\$5,000,000) in high-technology Hawaii startup companies, all of which are prospering, we strongly support HB858.

HB858, the HI Growth Initiative, will provide \$20 million of investment capital that will invest in the building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of angels and venture capital.

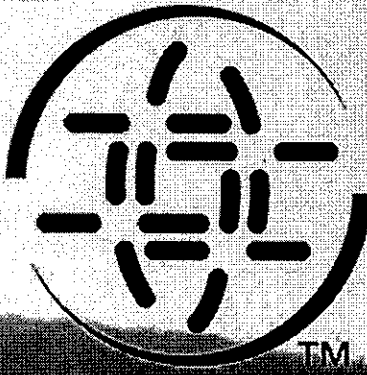
This early stage capital represents a critical rung on the "ladder of finance" that is necessary to the establishment of high-growth & high-tech. businesses that provide real opportunities to diversify Hawaii's economy.

The HI Growth Initiative will help create sustainable, high wage jobs that will help keep talented people here and bring talented kama`aina home.

Mahalo for your consideration,

Timothy Dick
General Partner

Internet Society



March 19, 2013

Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair

Committee: Testimony to the Senate Committee on Economic Development,
Government

Operations and Housing

Bill Title: HB 858 HD1, Relating to the HI Growth Initiative

Date, Time: Wednesday, March 20, 2013

2:50 p.m.

Place: State Capitol, Conference Room 16

Chair Donovan M. Dela Cruz, Vice Chair Sam Slom and Members of the Committee on
Economic Development, Government Operations and Housing:

I, Lindsea K. Wilbur, am the current Chair of the Internet Society-Hawai'i Chapter (ISOC-HI). A global organization, the Internet Society's motto is "The Internet is for Everyone." The Hawai'i Chapter shares the mission of the Internet Society to promote a free and open Internet, connect and work with others, and advocate for equal access to the Internet.

The Internet Society- Hawai'i Chapter, only recently again active, will engage in a wide range of educational activities, advance relevant local issues, promote open Internet and technical development, stimulate recruitment and job market development in local technology industries, provide forums for professional networking and knowledge sharing; and support the local culture of Hawai'i by forwarding visual, performing, culinary and literary arts through use of the Internet and technology.

ISOC-HI strongly supports **HB 858 HD1, Relating to the HI Growth Initiative**. By forming this investment program to develop an ecosystem to support high-growth entrepreneurial companies in the State, the Hawai'i Strategic Development Corporation for HI Growth will provide the foundation for a thriving innovation economy, technical development, and allow for opportunities of meaningful, longterm growth in our islands.

We will work to support other local groups like the Hawai'i Innovation Alliance, Hawai'i Open Data, HI Capacity, and any other organization that upholds these values.

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

Aloha,
Lindsea K. Wilbur

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 19, 2013 2:49 PM
To: EGHTestimony
Cc: clyde@thrustcycle.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM
Attachments: testimony.doc

HB858

Submitted on: 3/19/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Clyde Igarashi	Thrustcycle Enterprises LLC	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Thrustcycle Enterprises LLC was formed in Hawaii three years ago. We develop innovative transportation solutions that combine safety and energy efficiency, for use throughout the world. Though our technology has received national and international attention with articles mentioning us in outlets such as Autoweek, Hemmings, Edmunds, Wired Japan, and Gizmag, we have received very little local attention because there is not much of an ecosystem to support the entrepreneurial spirit in Hawaii.

Our R&D is currently being done in Oregon, but we would love to shift some of the development, manufacturing, and distribution to Hawaii in the near future if we are able to justify the costs. HB858 HDI would be a step in the right direction towards building an entrepreneurial ecosystem.

SENT VIA EMAIL

March 19, 2013

Senator Donovan M. Dela Cruz
Chair, Committee on Economic Development, Government Operations and Housing
Senator Sam Slom
Vice Chair, Committee on Economic Development, Government Operations and Housing
Hearing on House Bill 858 HD 1 - Relating to the Hawaii Growth Initiative
State Capitol, Conference Room 16

Aloha Chair Dela Cruz and Vice Chair Slom!

Enterprise Honolulu stands in strong support of House Bill 858.

As Hawai'i continues to improve and build upon our current economic condition – the Hawaii Growth Initiative provides a means to support an entrepreneurial ecosystem that helps Hawaii's businesses expand capacity and move toward long term health.

We ask for your legislative support with this important initiative.

Please feel free to contact me directly should you have any questions.

Sincerely,



Pono Shim
President & CEO
Enterprise Honolulu, Oahu Economic Development Board



ENTERPRISE
HONOLULU

THE BUSINESS CLIMATE OF PARADISE

735 Bishop Street, Suite 424, Honolulu, Hawaii 96813 • 808-521-3611
Fax: 808-536-2281 • www.enterprisehonolulu.com



To: Senator Donovan M. Dela Cruz, Chair; Senator Sam Slom, Vice Chair; of the Committee on Economic Development, Government Operations and Housing

Subject: HB858, HD1 and is scheduled to be heard on March 20 at 2:50PM in Room 016 of the State Capitol

StartupHui LLC strongly supports HB858, HD1 relating to the HI Growth Initiative.

My advisory firm directly supports startup entrepreneurs in early-stage product development, customer acquisition, revenue generation and fundraising. All of these companies face the valley of death in fundraising. Having a local funding community that is supportive of local startup entrepreneurs paves the way for additional investors. Funding leads to shipping product and quality job creation.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

The \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy. I urge your committee to fund and pass this bill.

Sincerely,
Russel Cheng
Founder, StartupHui LLC
Co-director, Founder Institute HI Chapter

AKAMAI CAPITAL

March 19, 2013

COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING
Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair
State Capitol
415 South Beretania Street, Conference Room 16
Honolulu, HI 96813

RE: SUPPORT FOR HB858 SD1 - THE HIGH GROWTH INITIATIVE

Aloha Chair Dela Cruz and Vice-Chair Slom,

We strongly support HB858 SD1 and humbly request your support for this initiative.

My name is Louis Perez and I am the founder of The AKAMAI Foundation and AKAMAI Capital LLC. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI Finance Academy and AKAMAI Capital LLC. The AKAMAI Finance Academy (AFA) is a five-year program providing specialized training for students in the areas of social entrepreneurship and business. AKAMAI Capital LLC is a wholly-owned subsidiary of The AKAMAI Foundation and it provides students in the AFA with real-world work experience by hiring students as Analysts into its Pan-Asia Equity Fund or its emerging Community Development Venture Capital (CDVC) fund. The CDVC makes investments into and provides technical assistance & training for companies operating within socioeconomically disadvantaged communities statewide or companies owned by socioeconomically disadvantaged persons.

This bill will make a very significant impact upon the Hawaii economy by providing the Hawaii Strategic Development Corporation with the necessary capital to make investments into investment funds such as our AKAMAI CDVC Fund. The funding provided by HB858 SD1 would allow the AKAMAI CDVC Fund to provide the technical assistance, training and capital to small businesses and entrepreneurs who need it most, but are often overlooked.

The *HI Growth Initiative* will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

If you have any questions or require any additional information, please call me at 808-664-3240 or email me at l.perez@akamaicapital.com.

Mahalo,

Louis F. Perez III
Founder & Managing Director

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 3:45 PM
To: EGHTestimony
Cc: valerie@waikikialoe.com
Subject: *Submitted testimony for HB858 on Mar 20, 2013 14:50PM*

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Valerie Lamoureux	Waikiki Aloe, Ltd.	Support	No

Comments:

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 10:26 PM
To: EGHTestimony
Cc: bchua@hibeam.org
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Bee Leng Chua, PhD	HiBEAM	Support	No

Comments: We strongly support this bill. I am Bee Leng Chua, executive director of HiBEAM. HiBEAM is a nonprofit organization that aims to help Hawaii tech companies with advice and with mentoring will be ready to pitch to potential tech companies and be connected to global resources.. In the long term, the bill will encourage more companies to start up and take root. HiBEAM requires a constant flow of tech companies to fulfill its mandate. "The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home."

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March 17, 2013

TO: Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair
Members of the COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT
OPERATIONS AND HOUSING

DATE: Wednesday, March 20, 2013
TIME: 2:50 p.m.
PLACE: Conference Room 016

Re: HB858 HD1 - RELATING TO THE HI GROWTH INITIATIVE

FROM: Todd J. Robertson, President/CEO
Hyperspective Studios, Inc.

Hyperspective Studios strongly supports HB858 D1 regarding the HI Growth Initiative. In order to attract investment capital to Hawaii businesses, as quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

We believe the investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed. Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

Our digital media industry provides high quality jobs with broad opportunities for growth. The digital media industry not only requires creative development teams to write scripts, create digital artwork and music, but employs technicians who are skilled in 3D technologies, information technology, computer science, engineering, app development and programming. Digital media companies provide a long-term, sustainable opportunity for jobs and development of products, while growing a work-force of Hawaii residents.

The HI Growth Initiative will provide critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

I urge your committee to pass this bill and support our industry in Hawaii.

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 10:07 AM
To: EGHTestimony
Cc: cbrown@zenbanx.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Cleota Brown	ZenMoney	Support	No

Comments: Hawaii must improve wages and retain talent for economic growth. Markets such as New York, Denver, Austin, San Jose and Los Angeles are years ahead of Honolulu in developing entrepreneurial ecosystems. HB 858 HD1 starts to put the investment capital in place to make this happen. The days of depending on tourism and government are behind us. We need diversification. I strongly request the passing of HB 858 HD1

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March 18, 2013

RE: In Support of HB858, HI Growth Initiative

To whom it may concern:

Times continually change and for Hawai'i to maintain a viable economy, we must continually look toward seeding new opportunities for future generations. As a champion of innovation and entrepreneurship in Hawai'i, I have had the honor of creating and partnering with many quality agencies and programs that I know should be supported in the future.

I urge you to support HB858.

With aloha,

A handwritten signature in black ink that reads "Steve Sue". The signature is fluid and cursive, with the first name "Steve" and last name "Sue" clearly distinguishable.

Steve Sue, founder
BizGym.com, Lemonade Alley, LeiHut.com
steve@bizgym.com

www.bizgym.com
www.lemonadealley.com
www.leihut.com

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 10:55 AM
To: EGHTestimony
Cc: akubird@gmail.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
James Freese	Aku Shaper	Support	Yes

Comments: I strongly support this bill. I have a locally based software company that designs surfboards and we make a machine in Australia that interfaces with our software to mill the boards. We license our software and machines world wide. We are the industry standard in CAD/CAM of surfboards, Stand Up Paddle Boards and have a big impact in windsurf, kite and even skate board design. We have plans for 2 spin off companies based on our current technology and our presence in the Surfing world. This bill would greatly help us during this expansion period. Surfing and especially Stand up paddling are high grow sports worldwide and wer'e in a unique position to capitalize on that. Please support this bill as there is a thriving entrepreneurial community in Hawaii. Thanks James Freese Aku Shaper <http://www.akushaper.com>

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My name is Faruq Ahmad, and I am writing in support of the HI Growth Initiative, to appropriate \$20m for the purposes of research commercialization, entrepreneur mentoring, and startup capital. Subject to proper implementation, it is my opinion that such a program will be essential to the success of Hawaii's innovation and entrepreneurial ecosystem.

Thank you for this opportunity to provide testimony, and I would be happy to clarify or expand on any aspect of my comments.

I am resident in Silicon Valley, with a home in Hawaii. I have over the past seven years developed and maintained close connections with the innovation and entrepreneurial community in Hawaii. I have had the honor to serve several times as finals' judge at the UH Manoa PACE business plan competition, and as a Virtual Professional in Residence; I am privileged to have been and continue to be advisor to startup companies in Hawaii, and to some in the venture capital community; and, I have personally been a Hawaii startup-company investor.

I am currently a lead mentor at Blue Startups, an HSDC funded accelerator.

In Silicon Valley, I have over the years been founder of two software companies (one venture-capital backed), a venture capitalist and Board member at startup companies, and an investor in venture capital funds, so that I have personal experience with all these levels of the innovation ecosystem. In my professional capacity I have invested in the "startup markets" of India and China during their early days, as well as in startup companies and funds in Silicon Valley. I currently advise companies, as well as venture capital funds.

I have also observed how through investments such as those proposed by HSDC through the HI Growth initiative, geographically insular communities like Singapore were able to connect globally to train their entrepreneurs and attract investment, establish high standards and best practices, promote their competitive edge to investors and entrepreneurs, and more successfully manage their offshore venture fund portfolios to strategic benefit. Most important, to evolve their cultures to be hospitable to the technology based entrepreneurial mindset. This almost always requires some break with tradition. All these communities (India, China, Singapore, etc.) benefited from strong links to Silicon Valley and to their diaspora, and European companies today are similarly leveraging their historic ties (see recent article authored by me at <http://venturebeat.com/2013/01/11/european-startups-now-is-your-time-to-shine/>).

Based on my experience in Silicon Valley and my observations in Hawaii over the past several years, I would add the following comments pertinent to this initiative:

--To attract private capital and to build a sustaining ecosystem in Hawaii, investment projects must focus relentlessly on investor returns. Such a focus is not always in harmony with near-term community goals, nor with comfort zones. If Boards were encouraged to recruit a mix of kama'aina and non-Hawaii members of suitable caliber, this could help surface issues and sharpen the discussion.

--While the top-tier of the Hawaii entrepreneurial community are successful, sophisticated and global, an effective way to empower the middle ranks is to invest in "cultural" links to Silicon Valley by supporting regular and routine interaction by Hawaii entrepreneurs. This could be accomplished by (for example) renting workspace at a Silicon Valley incubator and budgeting for split teams where appropriate.

--It is in vogue to say that one learns from failure, but the fact is that failure is hard on egos and reputations, and learning is not always so easy. With long memories and a small community, this is especially difficult in Hawaii where in some instances may be possible to keep a company going indefinitely on life-support. Investments by off-island venture capital firms in Hawaii companies will help promote best practices, including encouraging the restart of failed ventures, and thereby giving entrepreneurs the prospect of a fresh start.

The common theme in my suggestions is active and purposeful bridge building to the outside (such as, to Silicon Valley) with team members, Board members, mentors, capital sources, customers and

partners. Such activities may involve expenditures outside Hawaii, but if properly managed it will be money well spent.

March 17, 2013

Testimony in support of HB858 HD1 – Relating to the HI Growth Initiative

Committee on Economic Development, Government Operations and Housing

Chair: Senator Donovan M. Dela Cruz / Vice Chair Senator Sam Slom and members of the Committee on Economic Development, Government Operations and Housing

DATE: Wednesday, March 20, 2013

TIME: 2:50PM

PLACE: ROOM 16

I, Edmund H. Oshiro, strongly support HB858 HD1 that appropriates funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an investment program to develop, and, support high-growth entrepreneurial companies in the State.

With the approval of HB858 HD1, diversification of Hawaii's economic development will ensure growth of existing companies, and, create new opportunities for business incubators that are currently in the concept phase.

Thank you for the opportunity to testify.

Sincerely,

Edmund H. Oshiro

Thank you for the opportunity to testify.

Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 11:29 AM
To: EGHTestimony
Cc: alan.hayashi@baesystems.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Hayashi	Individual	Support	No

Comments: I comment in support of the internet of HB858. For Hawaii to be successful in the creation of local jobs the entrepreneurial ecosystem / environment discussed in the preamble of the bill is what is necessary for entrepreneurs and businesses to succeed in growth and sustainability. This measure will assist with the capital formation portion of the ecosystem and SB1349 "Relating to Economic Development" will assist with the sustainability. Both the capital formation and sustainment support are necessary for small business to grow and create jobs for our Hawaii economy. Thank you for the opportunity to submit my comments and for your vision in support of growing our economy. All best wishes! Mahalo.

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 3:48 PM
To: EGHTestimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/17/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: I support urgent passage of this bill to create more entrepreneurs and more jobs while building and expanding hawaii economy

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 6:37 PM
To: EGHTestimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: I support urgent passage of bill for entrepreneurs to help build coporations build dreams in hawaii that will create jobs and take hawaii out of the grave and to the promise land

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 17, 2013 7:25 AM
To: EGHTestimony
Cc: Infinitefilms@gmail.com
Subject: *Submitted testimony for HB858 on Mar 20, 2013 14:50PM*

HB858

Submitted on: 3/17/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Jonathan Yudis	Individual	Support	No

Comments:

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 15, 2013 8:02 PM
To: EGHTestimony
Cc: w9w@hotmail.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/15/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
kurt	Individual	Oppose	No

Comments: This is another waste of taxpayer money.

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Dane Wicker

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 18, 2013 12:36 PM
To: EGHTestimony
Cc: coraspearman@hotmail.com
Subject: Submitted testimony for HB858 on Mar 20, 2013 14:50PM

HB858

Submitted on: 3/18/2013

Testimony for EGH on Mar 20, 2013 14:50PM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Cora Spearman	Individual	Support	No

Comments: I am a small business owner and this will be extremely beneficial to helping my business grow and be more successful. I manufacture, buy supplies and sell here in Hawaii, it is more expensive for me to do so but I believe in being a positive contributor to our local economy. I believe if supported and we all do our part we can be successful as a community and a state in the overall development of not just small businesses but the local economy as a whole.

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