



Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308
In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

The High Technology Development Corporation (HTDC) **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

In 2015, the legislature appropriated \$2 million to establish a manufacturing grant program. HTDC has prepared the rules for the grant program, completed all of the steps required by Administrative Directive 09-01 including conducting a public hearing, and awaiting Governor's final approval to adopt the rules and implement the program.

Because the due process for rule adoption takes time and the appropriated funds lapse at the end of the fiscal year, HTDC has been proactive in marketing the new grant program concurrent with the rule adoption process. HTDC has recruited industry, trade, and public partners to assist in marketing the program and has conducted outreach workshops in Honolulu, Hilo, Kona, Kihei, and Lihue. Interest in the program has been very high with over \$1.5 million of grant applications anticipated as soon as the program opens from the businesses HTDC hosted at the workshops. The program limits reimbursement to 20% of qualified expenses capped at \$100,000, therefore, companies will be investing over \$7.5 million of their own money toward growing their businesses. While some companies may not qualify, there will likely be a greater number of applicants not accounted for yet. HTDC believes this program provides leverage and positive economic development value for the State. HTDC respectfully requests the appropriation amount be restored in the bill and comments that next year there would likely be sufficient qualified applications to justify the Economic Development and Business committee's recommendation of \$2 million for the program.

Thank you for the opportunity to offer these comments.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION**

BEFORE THE COMMITTEE ON FINANCE

Wednesday, February 24, 2016
3:00 p.m.

**HOUSE BILL NO. 2262 H.D. 1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION**

Chairperson Luke and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports House Bill No. 2262 H.D. 1 which appropriates funds for the continuation of the manufacturing grant program within the High Technology Development Corporation (“HTDC”).

The ADC is an agency attached to the Hawaii Department of Agriculture (“HDOA”) tasked with transitioning fallow plantation land into cropland to provide economic opportunities for diversified agriculture operations, and providing solutions to certain bottleneck issues facing today’s agriculture industry.

The development of a manufacturing industry is a vital component for increasing agriculture production. The ADC believes that the manufacturing grant program, which this measure seeks to extend, could foster startup

businesses that can develop new technologies to optimize cost-effectiveness and farm management efficiencies.

The potential development of new technologies such as apps, software, robotics and machinery through this program could lead to the creation of a unique and comprehensive level of industry integration and synergy where manufacturers strive to meet the ever-increasing needs of our local farmers as they look towards the future and diversify their farming operations.

In addition to the significant impacts a manufacturing industry can have on agriculture, the development of such a program may fuel the innovation that can make Hawaii a world-class producer and exporter of advanced farming technologies.

Thank you for the opportunity to testify.



Pacific International
Space Center for
Exploration Systems

February 23, 2016

Robert M. Kelso
Executive Director, PISCES
99 Aupuni St.
Suite 212-213
Hilo, HI 96720

TESTIMONY IN SUPPORT OF:

HB 2262 HD1– RELATING TO THE MANUFACTURING GRANT PROGRAM

Dear Members of the 28th Hawaii State Legislature,

As Executive Director for PISCES, I am writing in support of the passage of HB 2262 HD1.

In 2015, the legislature established a manufacturing grant program within the corporation. This bill HB2262 HD1 requests the continuation of the manufacturing grant program within HTDC.

Your consideration for support of this bill will be deeply appreciated.

Mahalo,

Robert M. Kelso

Executive Director, PISCES

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 9:29 AM
To: FINTestimony
Cc: jmorris@oceanit.com
Subject: *Submitted testimony for HB2262 on Feb 24, 2016 15:00PM*

HB2262

Submitted on: 2/23/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Sullivan	Oceanit Laboratories, Inc.	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.

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Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 24, 2016 at 3:00 P.M.
Conference Room 308, State Capitol**

**RE: HOUSE BILL 2262 HD 1 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 2262 HD 1, which appropriates funds for the continuation of the manufacturing grant program within the High Technology Development Corporation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports this bill as part of its economic development package. There are approximately 1,000 active manufacturers in the state that employ almost 17,000 people at an average compensation rate of \$42,896 or over \$6,000 more than the average private non-farm employee. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

The bill extends the manufacturing grant program, which has become a positive resource to aid companies with their investments for manufacturing equipment, training of their employees on newly purchased equipment, energy efficiency, and feasibility studies. We believe that the continuation of this program will help fuel manufacturing in Hawaii to grow and provide more products for both local consumption and export. There is movement to begin to manufacture more back in the U.S. At the same time, Hawaii still has some competitive disadvantages. This bill will help companies in Hawaii to start or grow their operations.

According to the National Association of Manufacturers, every new manufacturing job created adds another 1.6 jobs to the local service economy, and for every dollar in manufacturing sales, another \$1.34 is added to the economy. Investments in manufacturing have a stronger impact than investments in most other economic sectors.

The Chamber is committed to working together with others in the business and innovation community to grow Hawaii's manufacturing sector and the economy.

Thank you for the opportunity to testify.

Statement of
David Y. Morikawa
Vice President - Operations
Aloha Shoyu Company, Ltd.
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

The **Aloha Shoyu Company, Ltd.** supports HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

We look to your committee for favorable consideration of this bill and also our utilization of the grant program to supplement our efforts in modernizing our plant to remain current with changes occurring in the industry. The grant will assist our efforts to improve efficiency as we look forward to expanding our growth into new markets with diversified products made in Hawaii.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



Meadow Gold Dairies



HB 2262hd1, Relating to The High Technology Development Corporation
House FIN Committee – Wednesday, February 24, 2016
3:00 pm - Room 308
Agenda #2

Written Testimony By: Glenn Muranaka

Position: Support

Chair Luke and Members of the House FIN Committee:

My name is Glenn Muranaka, President and General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—119 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 330 employees that are committed to providing superior quality products.

Manufacturers in Hawaii have certain challenges that are the result of being an island-State. Nonetheless, there are approximately 1000 active manufacturers in the state that employ almost 17,000 people at an average compensation rate of \$42,896 or over \$6,000 more than the average private non-farm employee. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

The continuation of second year funding of the manufacturing grant program will contribute to the growth and stability of local manufacturers.

Your support of this measure is appreciated. Thank you for the opportunity to submit testimony.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 2:05 PM
To: FINTestimony
Cc: brian@hfbf.org
Subject: *Submitted testimony for HB2262 on Feb 24, 2016 15:00PM*

HB2262

Submitted on: 2/23/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Cabral	Hawaii Farm Bureau	Support	Yes

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.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 9:59 PM
To: FINTestimony
Cc: mklynch@hawaii.edu
Subject: *Submitted testimony for HB2262 on Feb 24, 2016 15:00PM*

HB2262

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Matthew Lynch	Asia-Pacific Center for Regenerative Design	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.

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February 22, 2016

TO: Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance

RE: **HB2262 HD1, RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION**

The Hawaii Food Manufacturers Association (HFMA) **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

HFMA is a non-profit organization that serves as a conduit for resources, tools and expertise to benefit existing and start-up companies in the state's \$900 million food manufacturing industry. Established in 1977, HFMA is the only statewide food manufacturing association in the United States, representing more than 150 member companies and industry stakeholders. HFMA advocates on behalf of the local manufacturing community and works to increase public awareness of Hawaii's unique, locally made food and beverage products.

Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Respectfully submitted,

Bernie Coleman, President
Hawaii Food Manufacturers Association

HAWAII FISH COMPANY, INC.

Since 1978

P. O. Box 740
Waialua, HI 96791, USA
Contact: 808-429-3147
E-mail: hawaiifish@gmail.com

City Bank TIGR Award
US SBA Tibbitts Award
US SBA Small Business Award
Special Congressional Recognition

THE HOUSE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Scott Y. Nishimoto, Vice Chair

DATE: Wednesday, February 24, 2016
TIME: 3:00 P.M.
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

RE: HB 2262 HD1 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION. Appropriates funds for the continuation of the manufacturing grant program, within High Technology Development Corporation.

Aloha Chair Luke, Vice Chair Nishimoto, and Committee Members:

Hawaii Fish Company Inc. (HFC) strongly supports HB 2262 HD1.

HB 2262 HD1 provides important continuing support for Hawaii's manufacturing sector to help offset Hawaii's high level of imported manufactured goods, and the high costs of upgrading or planning and starting a manufacturing project in Hawaii. With increasing public demand and Federal and State regulations, oversight, and enforcement of food safety, there is increased need and market opportunities for agriculture farms such as HFC to process and manufacture value-added products for sale to local, domestic, and export markets. The HTDC manufacturing grant program will assist Hawaii companies in designing and developing increased local manufacturing capacity to produce goods for these new markets, resulting in increased local employment opportunities, production, sales revenue, and taxes.

Mahalo for your support of HB 2262 HD1.

Sincerely,

Estralita Weidenbach, HFC Co-Owner

Statement of
Collin Kobayashi
President
3D Innovations
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

3D Innovations **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

3D Innovations and other manufacturing companies can benefit by reducing our costs to procure equipment while increasing our productivity which will allow us to become more competitive.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Statement of
KŌLOA RUM COMPANY
2-2741 Kaumuali`i Highway, Ste. C
Kalaheo, Kaua`i, Hawai`i
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Kōloa Rum Company supports HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Since starting production operations in 2009, Kōloa Rum Company now has 24 employees in its retail, manufacturing and agricultural operations. KRC is finalizing plans to construct its new Distillery, Tasting Room & Store, Café and Museum on the outskirts of Kōloa Town. The site will also feature 10 acres of sugarcane that will be processed for rum production and other products. HB2262 HD1 will potentially provide us with access to critically important funding that we otherwise do not have.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Bob Gunter
President & CEO
Kōloa Rum Company

« Recipient's Name »
« Subject »

February 22, 2016

2

Statement of
David Y. Morikawa
Vice President - Operations
Aloha Shoyu Company, Ltd.
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

The **Aloha Shoyu Company, Ltd.** supports HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

We look to your committee for favorable consideration of this bill and also our utilization of the grant program to supplement our efforts in modernizing our plant to remain current with changes occurring in the industry. The grant will assist our efforts to improve efficiency as we look forward to expanding our growth into new markets with diversified products made in Hawaii.>

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



Executive Officers:
Derek Kurisu, KTA Superstores - Chairperson
John Erickson, Young's Market Company – Vice Chair
Bob Stout, Times Supermarkets – Secretary/Treasurer
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

TO: COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, February 24, 2016
TIME: 3:00 p.m.
PLACE: Conference Room 308

RE: HB2262, HD1

Position: 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.

This bill's proposed extension of the manufacturing grant program will complement existing efforts in building and diversifying our economy; keeping more dollars in Hawaii; decreasing our dependence on imports; and growing and strengthening the Made in Hawaii brand.

Research has shown that a diversified economy and a business friendly tax climate are key factors in keeping unemployment low. This bill allows manufacturers in our state to continue to grow their businesses and also incentivizes production in Hawaii. This means more jobs and a stronger economy for the entire state.

Increasing manufacturing will also mean we are less reliant on imported goods. Hawaii currently imports over 90% of the products used in the state. This reliance leaves us vulnerable to potential supply chain interruptions, adds shipping cost to almost every product and sends millions of dollars per year out of the state- millions of dollars that could be spent and reinvested here. Importing less and manufacturing more could have a wide reaching positive impact on everyone- from manufacturers to consumers.

This bill will also open the door for more products to earn the proud distinction of being "Made in Hawaii." Hawaii made products have a worldwide reputation for quality and excellence and

are in demand both within the state and abroad. Extending the grant program will help our manufacturing industry meet that demand while concurrently growing and expanding our economy.

For these reasons we ask that you please vote yes on this measure.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 5:11 PM
To: FINTestimony
Cc: billd.sustainable@gmail.com
Subject: Submitted testimony for HB2262 on Feb 24, 2016 15:00PM

HB2262

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
William Denham	Hawaii-Solutions	Oppose	No

Comments: As a Private Small Company Owner this Bill as written does not support the actual needs that supports manufacturing in Hawaii. What needs to be supported a priori is financial support towards Intellectual Capital in cost areas such as Patents, Nationally Recognized Testing Laboratory (i.e. UL), etc. first. Spending money towards manufacturing equipment competing on a global scale, lacking an education system that supports technical trade skills, etc. is "lose-lose" proposition. First things first please.

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Statement of
Shanah Trevenna
Director
Impact Hub Honolulu
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Impact Hub Honolulu **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Impact Hub Honolulu is a gathering epicenter of business and innovation. We have Members who either directly or indirectly engage with manufacturing, especially in the tech industry, and it is funding opportunities like this that make innovative companies possible in Hawaii. We strongly support this bill.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



Shanah Trevenna
Director
Impact Hub Honolulu



THE HOUSE
THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2016

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair

DATE: Wednesday, February 24, 2016
TIME: 3:00 P.M.
PLACE: Conference Room 308
State Capitol
415 South Beretania Street

RE: HB 2262 HD1 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.

Appropriates funds for the continuation of the manufacturing grant program,
within High Technology Development Corporation.

Aloha Chair Luke, Vice Chair Nishimoto, and Committee Members:

The Hawaii Aquaculture & Aquaponic Association strongly supports HB 2262 HD1. This measure provides important continuing support for Hawaii's manufacturing sector to help offset Hawaii's high level of imported manufactured goods, and the high costs of upgrading or planning and starting a manufacturing project in Hawaii. With increasing public demand and Federal and State regulation, oversight, and enforcement of food safety, there is increased need and market opportunities for aquafarms to process and manufacture value-added seafood and aquaponic products for sale to local, domestic, and export markets. The HTDC manufacturing development program will assist Hawaii companies in designing and developing local manufactured goods for these new markets, resulting in increased local employment opportunities, production, sales revenue, and taxes.

Thank you for the opportunity to testify in strong support of this important measure.

Sincerely, Ron Weidenbach, HAAA President

KAIKINI

– BIKINIS –

Statement of
Desirea Aguinaldo
Owner
KaiKini, LLC
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

KaiKini, LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

KaiKini, LLC has been manufacturing 100% Hawaii made swimwear for the last five years and exporting our product worldwide on a daily basis. During the lifetime of our business we have employed dozens of employees. While it may be easier and more cost effective to outsource manufacturing, like most of the United States, our vision includes keeping jobs in our state. With the help of the High Technology Development Corporation the grants affords opportunities to expand our market beyond the state of Hawaii, increase revenue, bring new products to life, and to purchase equipment needed to keep up with growth. In 2016, we have expanded our line to include women's apparel and beach accessories. Additionally, we have officially opened our manufacturing warehouse to other local designs and now offer the opportunity to work with KaiKini to produce their line so they can also be made in Hawaii. We are able to expand and offer such services with the help of HTDC. By expanding our market and purchasing the necessary equipment KaiKini has a positive impact on the state of Hawaii by increasing revenue, creating new job opportunities, and contacting work with several local businesses.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Mahalo,

Desirea Aguinaldo,
Owner

934 B Kipuni Way
Kapaa, HI 96746
(808) 633.8083
www.kaikini.com

Statement of
Darren Strand
President, Maui Gold Pineapple Co.

before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Maui Gold Pineapple Company **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Access to capital and funds for producer/processors is one of the most difficult aspects of managing a successful agriculture enterprise. HB2262 immediately recognizes and remedies this. For our company, a grant program like this gives us the nudge to go forward on projects that are feasible but hard to fund independently. Maui Gold employs 83 Full Time workers on Maui and expanding our processing operation will make us more stable and allow us to grow our operation.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



HYPERSPECTIVE
INSPIRE BELIEF

Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of

HB2262 HD1

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Hyperspective **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Hyperspective is a digital creative agency, focused on developing cutting edge communications, media and marketing within the State of Hawaii for global export. The manufacturing industry creates an economic ecosystem that is important for the sustainability of the Hawaii economy. Hyperspective relies on customers like those in the manufacturing industry to thrive. Therefore, the continuation of the manufacturing grant program to support growth and development manufacturing businesses is crucial to the success of our company and the state as a whole.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



KYD, Inc. dba k. yamada distributors

An independent leader in packaging and wholesale distribution

P.O. BOX 29669, Honolulu, Hawaii 96820 Phone: (808) 836-3221 Fax: (808) 833-8995

HB 2262hd1, Relating to The High Technology Development Corporation

House FIN Committee – Wednesday, February 24, 2016

3:00 pm - Room 308

Agenda #2

Written Testimony by: Dexter Yamada

Position: Support

Chair Luke and Members of the House FIN Committee:

I am Dexter Yamada, President of KYD, Inc. dba: K. Yamada Distributors. KYD, Inc. is a local family run business that originated in the 1940's as a florist and florist supply distributor, and in 1958, evolved into a packaging company. Today, KYD, Inc and its sister company, Hawaii Foam Products, LLC, employ about 90 to 100 employees and contribute to Hawaii's economy through taxes and payroll. Our companies manufacture packaging materials such as food-grade EPS (Expanded Polystyrene) food containers, and distribute a variety of supplies, to include compostable containers, for food processors, food establishments, supermarkets, hotels hospitals and other institutions.

We appreciate this measure that continues to support Hawaii's manufacturing industry. Locally manufactured products contribute to import replacement, and help with local job creation.

The continuation of funding to the newly created (2015) grant manufacturing program is a vote of support for local companies with their investments for manufacturing equipment, necessary employee training on newly purchased equipment, energy efficiency and feasibility studies.

Thank you for the opportunity to testify.





Sharing Heartwarming Aloha since 1921

House Finance Committee, HB2262 HD1

Hawaii State Capitol

415 South Beretania Street, Room 308

Honolulu, HI 96813

Wednesday, February 24, 2016 at 3:00pm

Chair Sylvia Luke, Vice Chair Scott Nishimoto and Members of the Finance Committee:

I would like to submit testimony in **support** of HB 2262 HD1 regarding continuation of the Manufacturing Assistance Program established by the Legislature in 2015.

This program represents a simple, but critical and direct program in support of our competitively challenged manufacturing industry in the State of Hawaii. I very much appreciate that the Legislature has determined that participating in the investment of equipment, related training, energy efficiency projects, and manufacturing feasibility studies with local manufacturers is a key Legislative initiative in support of the economic vitality of our State.

As the application process of the 2015 program is in process, if we are fortunate enough to be awarded a reimbursement, and if this program were to continue in 2016, Diamond Bakery would be able to invest in critical equipment upgrades that would allow us to increase efficiency and product quality. These investments would further allow us greater production capability to innovate for revenue, market share, and profit growth, thereby creating the opportunity for job growth and further contribution to our local economy.

Please move HB 2262 HD1 forward and support its passage and continuation of the Manufacturing Assistance Program into 2016. On behalf of our Board of Directors and our employees, Diamond Bakery truly appreciates your support of our Company and of our local manufacturing industry. Mahalo nui loa!

Yours Truly,

A handwritten signature in black ink, appearing to read "Gary T. Yoshioka".

Gary T. Yoshioka

President, Diamond Bakery Co., Ltd.

P.O. Box 17760 • 756 Moowaa Street • Honolulu, HI 96817
Phone 808.847.3551 • Fax 808.847.7482 • www.diamondbakery.com



Hawaii's largest Baker of Crackers and Cookies

Statement of
S. Morris Wise
Owner
Ko Bakery
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Ko Bakery Kauai **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

We are a small bakery company on Kauai that has seen outstanding growth over the last two years and we are in the process of buying large equipment that will allow us to continue to build our brand and add to our sales growth and production. We specifically purchased equipment this year knowing that there was a grant to help us grow our business. This growth will allow us to not only grow, but also to employ more people as we do so. It is a win-win for us and for Hawaii.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Sincerely,
S. Morris Wise, Owner



ISLAND MAID, INC.
94-125 LEOKANE STREET
WAIPAHU, HAWAII 96797

Phone #: 671-9049

Fax #: 671-3130

Statement of
Tina Tsunoda Lau
Vice President
Island Maid, Inc

before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.

State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Island Maid, Inc. **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Island Maid, Inc is a beverage manufacturer and has been a family owned business for 34 years. Over these years the costs of being a manufacturer in Hawaii has constantly increased whether it is freight, raw materials, utilities, etc. and it is very difficult to remain in business and remain competitive with products from the mainland. For example, we formerly had the DOE bid of school juices however lost this bid to Nestle's Juicy Juice product. It is imperative for us to continue to introduce new products when competition has taken away some of our business. This grant will not only greatly aid us in this but also in giving our employees work and perhaps even hiring more employees. Hawaii Manufacturers have been overlooked for so many years. We do so much for the Hawaii economy and workforce. Please continue the manufacturing grant program within HTDC and help us manufacturers continue to help grow Hawaii's economy.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Tina Tsunoda Lau
ISLAND MAID, INC.



Statement of
Doug Nelson
President
Studio Kinection, Inc. (dba Kinection)
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Kinection **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Kinection designs and develops innovative digital solutions for the education and healthcare sectors. As a software developer, we aren't the typical candidate for HTDC's manufacturing grant program. But we believe that a vibrant, diversified local economy is critical to Hawaii's sustainability.

We applaud HTDC's efforts to support local manufacturers, and believe that this matching grant program, which requires investment on the part of the grantee, is an excellent way to continue to grow the manufacturing sector. The program limits reimbursement to 20% of qualified expenses, and is capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



Statement of
Tyler Rodighiero
General Contractor
Pac Build
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Pac Build **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

I am a business owner in Hawaii and an active member of the Kauai Chamber of Commerce. My wife Taryn Rodigheiro is the co-owner of KaiKini, LLC. KaiKini is currently Hawaii's largest swimwear manufacturer. With the help of the High Technology Development Corporation the grants assist KaiKini expand their market and purchase necessary equipment to increase production efficiency. KaiKini has a positive impact on Kauai by increasing revenue, creating new job opportunities, and contracting work with several other local businesses.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Mahalo,

Tyler Rodigheiro
General Contractor



Manini Holdings, llc
vision, community, destination

Statement of

Mattson C. Davis / Managing Member

Manini Holdings LLC before the **House Committee on Finance**

Wednesday, February 24, 2016 3:00 p.m. / State Capitol, Conference Room 308

In consideration of

HB2262 HD1

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Manini Holdings LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Manini Holdings LLC supports this bill because the manufacturing industry is a crucial part of development and allows the economy to flourish – it provides self reliance and we need more of that living on an island where isolation is prevalent. Also, we can decrease our carbon foot print by making goods locally and not having to ship everything in and or out.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Mattson C. Davis

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 5:11 PM
To: FINTestimony
Cc: g@mauibrewingco.com
Subject: Submitted testimony for HB2262 on Feb 24, 2016 15:00PM

HB2262

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Garrett W. Marrero	Individual	Support	No

Comments: Aloha, I am writing in support of the manufacturing grant program. Hawaii has long been too dependent on service driven industry and we need to shift some of the focus to manufacturing authentic local products. This will help to diversify Hawaii's economy and grow the job base. Mahalo.

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

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 23, 2016 8:38 AM
To: FINTestimony
Cc: ktk@biodiesel.com
Subject: Submitted testimony for HB2262 on Feb 24, 2016 15:00PM

HB2262

Submitted on: 2/23/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly King	Individual	Support	No

Comments: It is extremely important to Hawaii's economy to encourage manufacturing and help local businesses to keep revenue in our state. HB2262 supports a program that needs to continue for at least five years to show the increase in local manufacturing which will strengthen our economy. I know from my experience on the State Board of Education that too often pilot programs get shelved early, or even after they have shown success. Please support this bill and our local businesses!

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KAIKINI

– B I K I N I S –

Statement of
Marina Loew
Technical Designer
KaiKini, LLC
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

KaiKini, LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

I have been employed with KaiKini, LLC since 2013 and recently promoted to Technical Designer. I am proud to work for a company that produces Made in Hawaii products. I am also proud to know we are going to be helping other local businesses afford to also be made in Hawaii by producing their line for them at our warehouse in Kauai. With the help of the High Technology Development Corporation the grants assist our company to increase our product line, expand our market, and purchase necessary equipment to increase production efficiency. KaiKini has a positive impact on the state of Hawaii by increasing revenue, creating new job opportunities, and contracting work with several other local businesses.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Mahalo,

Marina Loew
Technical Designer

934 B Kipuni Way
Kapaa, Hi 96746
(808) 633.8083
www.kaikini.com

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 6:06 PM
To: FINTestimony
Cc: mlspadaro@yahoo.com
Subject: Submitted testimony for HB2262 on Feb 24, 2016 15:00PM

HB2262

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary	Individual	Comments Only	No

Comments: I have attended some of the events held by this group showcasing their entrepreneurs. There is a lot of creative work being done by bright young minds. The ProtoHub gives them access not only to cost-effective work space, but also to seasoned business professionals who complement their skills with experience and knowledge of the business environment. This type of forum is tremendously valuable to help Hawaii diversify its economy and slow down some of the "brain drain" that holds us back.

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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KAIKINI

– B I K I N I S –

Statement of
Luvimin Bechard
KaiKini, LLC
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

KaiKini, LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

I am employed with KaiKini, LLC. Before KaiKini I worked as a seamstress in the mainland for over a decade. It took a long time for me to find work I love on Kauai and I finally have. I am proud to work for a company that produces Made in Hawaii products. With the help of the High Technology Development Corporation our company can make new products and purchase necessary equipment to do so. KaiKini has a positive impact on the state of Hawaii by increasing revenue, creating new job opportunities, and contracting work with several local businesses.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Mahalo,

Luvimin Bechard
Seamstress

934 B Kipuni Way
Kapaa, Hi 96746
(808) 633.8083
www.kaikini.com



Statement of
GEORGE JOEPH
MANAGER
HAWAII KAI TECHNOLOGIES LLC
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Hawaii Kai Technologies LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

1. Hawaii Kai Technologies LLC (HKT) has already leased a 3-acre lot within the Natural Energy Laboratory of Hawaii Authority (NELHA) facility in order to start and operate this new expansion of Hawaiian sea salt and healthy beverage products. At this facility HKT intends to use energy efficient equipment using green energy such as solar and hydrogen fuel technologies.
2. Products from two NELHA tenants are the top three export items from State of Hawaii.
3. HKT plans to hire 2-3 people during its first year of production and plans to expand its employment to 25 -30 people during its first 5-year expansion.
4. Additionally, its business will support many local farmers (locally grown agricultural products as ingredients) and other service providers – involving many number of employments.



According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

KAIKINI

– B I K I N I S –

Statement of
Kimberly Oakes
Technical Designer
KaiKini, LLC
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

KaiKini, LLC **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

I have been employed with KaiKini, LLC since 2013 as a seamstress. I am proud to work for a company that produces Made in Hawaii products. With the help of the High Technology Development Corporation the grants assist our company to increase our product line, expand our market, and purchase necessary equipment to increase production efficiency. KaiKini has a positive impact on the state of Hawaii by increasing revenue, creating new job opportunities, and contracting work with several other local businesses.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Mahalo,

Kimberly Oakes
Seamstress

934 B Kipuni Way
Kapaa, Hi 96746
(808) 633.8083
www.kaikini.com

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 22, 2016 10:45 PM
To: FINTestimony
Cc: Gjoseph@hawaiiikaico.com
Subject: *Submitted testimony for HB2262 on Feb 24, 2016 15:00PM*

HB2262

Submitted on: 2/22/2016

Testimony for FIN on Feb 24, 2016 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
George Joseph	Individual	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.

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Statement of
Lesley Harvey
President
LHX Industries LLC dba Grant Writing & Consulting (GWC)
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

GWC supports HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

As a grant writer who has worked with Hawaii companies statewide, and a small business owner, I profoundly understand the challenges facing Hawaii businesses. Those involved in manufacturing, in particular, create jobs and revenue for the state, despite those challenges. Grant funds are one mechanism that worthwhile companies can use to positively impact the community, their business, and/or the economy. The continuation of HTDC's program will help to support businesses leading to positive economic return. Additionally, there are very few grant programs that allow for equipment cost to be considered. This is an enormous benefit to Hawaii companies, giving them a competitive advantage in the global marketplace.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Statement of
Megan Collins
Owner
Paradise Meadows
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Paradise Meadows **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Paradise Meadows is located in the Ka'u district of the Big Island, a depressed area with few jobs available. This grant is important for a multiple of reasons; we need to upgrade our current equipment and purchase more equipment to make this company more economically viable, which in turn, will allow us to hire additional labor we need to continue to grow the company. Paradise Meadows is a small company that grows and processes coffee, macadamia nuts, cookies, honey, and chocolate covered macadamia nuts. We are purchasing a larger chocolate tempering machine which will save us a significant amount of time. We will be graduating from a 12 lb. chocolate melter to a 35 lb. melter, which will save us at least an hour every time we make a batch of chocolate. Over the course of one day of chocolate making, this translates to at least 3 hours of saved time.

We have also identified a bagging machine that is specifically designed for the type of cookie bags we use, and is much more energy and time efficient.

This program is also allowing us to look at upgrading our coffee processing equipment. For instance, a new coffee pulper will pulp our coffee in a quarter of the time it takes our old machine to do it, and be much more energy and water efficient. This equipment will also allow us to maintain the quality of our coffee so that we can compete on both the local and world market with our coffee despite the arrival of the Coffee Berry Borer.

Beyond these points, this manufacturing grant is important because it assists us with shipping costs. Shipping anything to Hawaii is burdensome for any business here, and can in many cases cost as much as the item itself.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



TO WHOM IT MAY CONCERN:

O Ka Aina Fuel, LLC is a small manufacturing startup company located and doing business in the State of Hawaii. Our developing technology is on the cutting edge of waste to fuel conversion.

The LLC members have been advancing their own funds and efforts to further the company's objectives and technologies. But we are running out of resources and the grant program under HB2262 offers our company hope.

Imagine machines that will reduce the amount of waste in our local landfills and the conversion byproduct will be various fuels which will help reduce the State's dependence on oil. All of which will further help meet Hawaii's goal of making us 100% renewable energy by 2045.

Our company will add skilled local workforce to its ranks as more machines are manufactured here in Hawaii.

This grant funding program provides an opportunity for O Ka Aina Fuel to continue its important work with groundbreaking technology development.

We hope to be one of the beneficiaries of the grant program. If the Bill is not enacted, we may not receive this important funding to continue running our company.

For the reasons stated above, we urge support HB2262HD1.

Stephen Capone, President

HAWAII COFFEE COMPANY™



1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900
www.hicoffeeco.com

LATE

Written Testimony of
Daniel Dinell
President, Hawaii Coffee Company

before the
House Committee on Finance
Wednesday, February 24, 2016; 3:00 p.m.
State Capitol, Conference Room 308

RE: HB2262 HD1 "RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION"

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance:

Hawaii Coffee Company **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation (HTDC).

Hawaii Coffee Company has been in the coffee roasting business since 2000 and today is the world's largest roaster of Kona Coffee in the world. Our 100 plus employees at our plant in Kalihi and other locations around the state earn a livelihood milling, roasting, packing, distributing, and retailing coffee. We have a major retail presence throughout Hawaii, are a leading provider of coffee to Hawaii hotels and restaurants and export our products around the globe.

One of the most surprising things I've learned since assuming the role leading this company in June 2015 is the terrific support provided through the Legislature of state government entities such as HTDC, DOA and DBEDT to back Hawaii businesses. This kind of grant program is important to leverage dollars by encouraging investment and growth to further strengthen and diversify Hawaii's economy.

We thank you for your vision. Mahalo for your support and consideration.

LATE



TO WHOM IT MAY CONCERN:

O Ka Aina Fuel, LLC is a small manufacturing startup company located and doing business in the State of Hawaii. Our developing technology is on the cutting edge of waste to fuel conversion.

The LLC members have been advancing their own funds and efforts to further the company's objectives and technologies. But we are running out of resources and the grant program under HB2262 offers our company hope.

Imagine machines that will reduce the amount of waste in our local landfills and the conversion byproduct will be various fuels which will help reduce the State's dependence on oil. All of which will further help meet Hawaii's goal of making us 100% renewable energy by 2045.

Our company will add skilled local workforce to its ranks as more machines are manufactured here in Hawaii.

This grant funding program provides an opportunity for O Ka Aina Fuel to continue its important work with groundbreaking technology development.

We hope to be one of the beneficiaries of the grant program. If the Bill is not enacted, we may not receive this important funding to continue running our company.

For the reasons stated above, we urge support HB2262HD1.

A handwritten signature in black ink, appearing to read 'Stephen Capone', is written over a large, faint circular watermark or stamp.

Stephen Capone, President

LATE

Statement of
Fred Cowell
General Manager
Kauai Coffee Company, LLC.
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Kauai Coffee Company **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Kauai Coffee strives to produce world-class coffee in Hawaii's costly business environment. High labor costs compared to other coffee growing regions force us to innovate constantly. Only through greater efficiency can we gain and maintain our edge in agricultural production here in Hawaii. State support for technology innovation in our manufacturing and production processes is extremely valuable.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Respectfully,

Fred Cowell,
General Manager, Kauai Coffee Company

LATE

HAWAII COFFEE COMPANY™

1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900
www.hicoffeeco.com



Written Testimony of
Daniel Dinell
President, Hawaii Coffee Company

before the
House Committee on Finance
Wednesday, February 24, 2016; 3:00 p.m.
State Capitol, Conference Room 308

RE: HB2262 HD1 "RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION"

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance:

Hawaii Coffee Company **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation (HTDC).

Hawaii Coffee Company has been in the coffee roasting business since 2000 and today is the world's largest roaster of Kona Coffee in the world. Our 100 plus employees at our plant in Kalihi and other locations around the state earn a livelihood milling, roasting, packing, distributing, and retailing coffee. We have a major retail presence throughout Hawaii, are a leading provider of coffee to Hawaii hotels and restaurants and export our products around the globe.

One of the most surprising things I've learned since assuming the role leading this company in June 2015 is the terrific support provided through the Legislature of state government entities such as HTDC, DOA and DBEDT to back Hawaii businesses. This kind of grant program is important to leverage dollars by encouraging investment and growth to further strengthen and diversify Hawaii's economy.

We thank you for your vision. Mahalo for your support and consideration.

LATE

Statement of
Neal Arakaki
President
Hawaiian Candies & Nuts, Ltd.
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Hawaiian Candies & Nuts, Ltd. **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Hawaiian Candies & Nuts, Ltd. has been producing high quality macadamia nut chocolates and confections in Hawaii since 1939 under the Menehune Mac brand of products. We strongly support the continuation of the manufacturing grant program under the HTDC as it has proven to be a critical tool for Hawaii's food manufacturers and is a necessary component for the growth and development of all manufacturers in the State of Hawaii.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Yours truly,



Neal Arakaki, President
Hawaiian Candies & Nuts, Ltd.



LATE

February 22, 2016

TO: Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance

RE: **HB2262 HD1, RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION**

The Hawaii Food Manufacturers Association (HFMA) **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

HFMA is a non-profit organization that serves as a conduit for resources, tools and expertise to benefit existing and start-up companies in the state's \$900 million food manufacturing industry. Established in 1977, HFMA is the only statewide food manufacturing association in the United States, representing more than 150 member companies and industry stakeholders. HFMA advocates on behalf of the local manufacturing community and works to increase public awareness of Hawaii's unique, locally made food and beverage products.

Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Respectfully submitted,

Bernie Coleman, President
Hawaii Food Manufacturers Association

Statement of
Elizabeth Watanabe
President
HAUTE CONFECTIONERY BOUTIQUE
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

LATE

In consideration of
HB2262 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

Haute Confectionery Boutique **supports** HB2262 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

This grant has enabled our small locally run and operated business to continue thriving. It is vital that small businesses such as ourselves receive the support this bill has allowed.

We have been able to expand our facility and acquire needed equipment as well as train and better equip our employees. This has enabled us to better position ourselves and make us more competitive within our market.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

LATE

Statement of
Bartholomew Watson, PhD¹
Chief Economist
Brewers Association
before the
House Committee on Finance
Wednesday, February 24, 2016
3:00 p.m.
State Capitol, Conference Room 308

In consideration of

HB2262 HD1

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance.

I would like to provide the following comments for the consideration of HB2262 HD1.

Over the past forty years, the American beer industry has seen a dramatic and ongoing transformation away from the market consolidation of the post-war years and toward a more diffuse, localized system of local and regional producers. Economic theory has long described how geographic systems of

¹ Dr. Bartholomew Watson holds a BA from Stanford University and a PhD from the University of California Berkeley. Prior to his current position as Chief Economist at the Brewers Association, he was a Lecturer at the University of California Berkeley, a Visiting Assistant Professor at the University of Iowa, and an Associate at The Barthwell Group, a management consulting firm. His academic research focused primarily on the political and economic effects of increasing market consolidation in distribution channels.

production can have varying levels of economic benefits and general consumer welfare based on the particular characteristics of locations and the products being produced.²

In the case of the Hawaiian alcoholic beverage industry, there are likely to be two major benefits from localized production. Note: while my expertise and data draw from local beer production, these arguments equally apply to local spirits and soft drink production.

The first is economic impact. In 2014, the Brewers Association investigated the economic impact of the craft beer industry on state economies. In Hawaii, it found that the state and national craft beer industry contributed \$231.5 million to the Hawaiian economy.

Hawaii's current impact is quite low in comparative terms given the current size of the Hawaiian craft brewing industry, implying that the economic value in Hawaii could sharply increase with future industry growth. The Hawaiian impact per capita in 2014 was \$221.22, below the national average and only 31% of the per capita impact seen in the state of Colorado (the state ranked first in per capita impact, at \$709.39 per 21+ adult). This suggests that the further development of localized Hawaiian beer production could potentially be worth more than \$500 million in additional GDP growth for the state at the current upper bound (in 2014 dollars).³

These benefits occur due to the high percentage of overall value added accrued in the production stage of the three-tier system (the system of producer-wholesaler-retailer that delivers beer to consumers). Although Hawaii, or any state, will continue to generate economic value from beer distributors and retailers regardless of the location of production, a large percentage of value is generated via the initial production stage.

Running a counterfactual model wherein no production occurs in Hawaii, the impact of the national craft beer industry alone implies that 28% of Hawaii's current impact comes from local production (this is roughly in line with the brewer's share of the overall value chain). Again, this percentage and overall value of economic impact have the possibility of increasing were Hawaiian brewers to raise production in line with leading states.

² The literatures on these topics are too numerous to summarize here, but include gains from trade, the benefits of regional production networks and/or clusters, the regulatory state, resource theories, and a host of other literatures from economics, geography, political science, and industrial organization.

³ Some portion of this gain might be offset by decreased consumption and/or production of other consumer goods. This substitution effects would likely be minor as the majority of the increased impact would derive from capturing more of the production stage of the value chain.

In addition, the value of production for a particular location is likely to increase when producers use a higher percentage of local inputs during the production process. Total economic impact is calculated via direct, indirect, and induced impacts. The indirect impacts in particular derive from supplier industries. In the case of the beer industry, these are largely raw material agricultural inputs and capital equipment expenses. For example, Maui Brewing Co. uses local pineapple, guava, mango, coffee cherry, citrus, lemongrass, and Maui beef in their business. This will increase the indirect impact of the primary activity by keeping more of the spending on raw material inputs in the local economy. Given that many of the inputs for beer (hops/barley) are not currently grown in large percentages in Hawaii, it is likely that the percentage of economic value added captured by Hawaii would be higher in products with a larger share of local ingredients. Depending on their formulations, spirits and soft drinks would both fall into this category.

The second benefit has specific applications to Hawaii. In many cases, the benefits of localized production may compete with overall general welfare. The reason is known as gains from trade/comparative advantage, wherein there may be increases in the overall general welfare from producing goods for which a regional has specific advantages or expertise.

However, this trade-off is less apparent in Hawaii, where an overall increase in general welfare/consumer benefits may occur from localized production due to reduced shipping/transport costs. The final price of any consumer good is made up of a series of value added components. For instance, when you purchase a beer at a local bar, you are paying for the total accumulated value plus margins accrued across the value chain, from producer, to distributor, to retailer. In the case of an imported good, this includes “value added” from transport and shipping costs.

Given Hawaii’s unique geographic position, the higher price of goods in Hawaii derives largely from this additional cost of importing products.⁴ In turn, this means that Hawaiian consumers are prevented from allocating more of their spending toward products with a higher percentage of their value added providing direct consumer benefits. Note that this argument only applies when reasonable or superior domestic substitutes cannot be provided (i.e. it may be worth the additional costs of transport and shipping for a good that consumers perceive as superior and cannot be produced locally). In the case of beer however, the increasing growth of production implies that consumers perceive local products as

⁴ The Census Bureau cost of living index estimated that in 2010 groceries were 60% more expensive in Honolulu than in an average American urban area. Honolulu had the highest cost score among all urban areas on that measure of the cost of living index.

meeting or exceeding the substitutability threshold. This means that increased local production will increase the percentage of consumer spending going toward products with direct consumer benefits and decrease the percentage allocated toward shipping/transport.

Although it is probable that there is an equilibrium below 100% local production where consumer preferences for the overall goods-mix and lower-priced imported alternatives mean that the scale advantages of large production on the mainland outweigh the additional transport and shipping costs, the continued increase in sales for local producers suggest that this equilibrium has not yet been met.

In conclusion, local production in the Hawaiian beer industry provides a substantial economic impact while simultaneously having the potential to increase the general economic welfare of the state.

Although both of these benefits occur in other locations, they are likely to be more mutually beneficial in the Hawaiian case due to its unique geography and consequently economic circumstances. There is every reason to believe that this same pattern would hold for additional products, such as spirits and soft drinks made by local producers, with the additional benefit of using similar infrastructure to produce more value added goods.

Thank you for the opportunity to offer these comments.