
A BILL FOR AN ACT

RELATING TO MANUFACTURING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 215, Session Laws of Hawaii 2015, is
2 amended by amending section 2 to read as follows:

3 "SECTION 2. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$2,000,000 or so much
5 thereof as may be necessary for fiscal year 2015-2016 to
6 facilitate the provision of grants by the high technology
7 development corporation to manufacturing businesses in Hawaii
8 for certain purchases and employee training purposes[-];
9 provided that this appropriation shall not lapse at the end of
10 fiscal year 2015-2016; provided further that all moneys that are
11 unencumbered as of June 30, 2017, shall lapse as of that date.

12 The sum appropriated shall be expended by the high
13 technology development corporation for the purposes of this
14 Act."

15 SECTION 2. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 3. This Act shall take effect on June 29, 2016.

18



S.B. NO. 3109
S.D. 1

Report Title:

High Technology Development Corporation; Manufacturing
Development Program; Appropriation

Description:

Requires that the fiscal year 2015-2016 appropriation to HTDC
for the manufacturing development program shall lapse by 6/30/17
and not at the end of fiscal year 2015-2016. Takes effect on
6/29/16. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is
not legislation or evidence of legislative intent.*





Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development and Business
Tuesday, March 15, 2016
9:00 a.m.
State Capitol, Conference Room 312

In consideration of
SB3109 SD1
RELATING TO MANUFACTURING.

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development and Business.

The High Technology Development Corporation (HTDC) **supports** SB3109 SD1 that requires that the fiscal year 2015-2016 appropriation to High Technology Development Corporation for the manufacturing development program shall lapse by 6/30/17 and not at the end of fiscal year 2015-2016.

In 2015, the legislature appropriated \$2 million to establish a manufacturing grant program. HTDC prepared the rules for the grant program, completed all of the steps required by Administrative Directive 09-01 including conducting a public hearing, and on 2/29/16 received Governor's approval to adopt the rules and implement the program.

Because the due process for rule adoption has taken 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. HTDC believes this program provides leverage and positive economic development value for the State. The extension to the lapse date will allow the program to continue.

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

LATE

SB 3109sd1, Relating to Manufacturing
Hse EDB Committee Hearing
Tuesday, March 15, 2016
9:00 am - Room 312
Written Testimony by: Dexter Yamada
Position: Support

Chair Kawakami and Members of the Hse EDB 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.

Appreciation is expressed for this measure that recognizes that local manufacturers make finished products in Hawaii, provide employment and contribute to the State's economy.

We appreciate this measure that continues to support Hawaii's manufacturing industry.

Thank you for the opportunity to testify.



LATE



Meadow Gold Dairies



SB 3109sd1, Relating to Manufacturing
House EDB Committee
Tuesday, March 15, 2016
9:00 am, Room 312
Written Testimony By: Glenn Muranaka

Position: Support

Chair Kawakami and Members of the House EDB 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 funding by extending the lapse date of funds appropriated in the 2015 Session for 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.



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

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LATE

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Representative Derek S.K. Kawakami, Chair
Representative Sam Satoru Kong, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: Tuesday, March 15, 2016

TIME: 9:00 a.m.

PLACE: Conference Room 312

RE: SB3109, SD1

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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Tuesday, March 15, 2016 at 9:00 A.M.
Conference Room 312, State Capitol**

LATE

RE: SENATE BILL 3109 SD1 RELATING TO MANUFACTURING

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3109 SD1, which requires that the fiscal year 2015-2016 appropriation to HTDC for the manufacturing development program shall lapse by 6/30/17 and not at the end of fiscal year 2015-2016.

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 is a wealth of potential in Hawaii's manufacturing industry, which has 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.

We appreciate the intent to extend the manufacturing grant program and ask that the appropriation language from the House version be included as well. This program 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.