

# SB 3109

Measure Title: RELATING TO MANUFACTURING.

Report Title: High Technology Development Corporation; Manufacturing Development Program; Appropriation (\$)

Description: Extends the appropriation to HTDC for the manufacturing development program through fiscal year 2016-2017.

Companion:  
Package: None

Current Referral: EET/WAM

Introducer(s): WAKAI, CHUN OAKLAND, ESPERO, GALUTERIA,  
HARIMOTO, INOUYE, NISHIHARA, SHIMABUKURO,  
Baker, Keith-Agaran, Kidani, Riviere, Slom, Taniguchi



**Testimony to the Senate Committee on Economic Development, Environment,  
& Technology and Committee on Ways & Means  
Friday, February 19, 2016 at 10:00 A.M.  
Conference Room 211, State Capitol**

**RE: SENATE BILL 3109 RELATING TO MANUFACTURING**

Chairs Wakai and Tokuda, Vice Chairs Slom and Dela Cruz, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3109, which extends the appropriation to HTDC for the manufacturing development program through fiscal year 2016-2017.

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.

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  
**Robbie Melton**  
Executive Director & CEO  
High Technology Development Corporation  
before the  
**Senate Committees on Economic Development, and Technology**  
**And**  
**Ways and Means**  
Friday, February 19, 2016  
10:00 a.m.  
State Capitol, Conference Room 211

In consideration of  
**SB3109**  
**RELATING TO MANUFACTURING.**

Chairs Wakai and Tokuda, Vice Chairs Slom and Dela Cruz, and Members of the Committees.

The High Technology Development Corporation (HTDC) **supports with requested amendments** SB3109 that extends the appropriation to High Technology Development Corporation for the manufacturing development program through fiscal year 2016-2017.

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. HTDC believes this program provides leverage and positive economic development value for the State.

HTDC supports the intent of this bill to extend the lapse date of the appropriation made last year. However, we respectfully suggest the language be amended to follow the format referenced in the legislative drafting manual for non-lapsing appropriations.

Thank you for the opportunity to offer these comments.



THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2016

COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY  
Senator Glenn Wakai, Chair  
Senator Sam Slom, Vice Chair

COMMITTEE ON WAYS AND MEANS  
Senator Jill N. Tokuda, Chair  
Senator Donovan M. Dela Cruz, Vice Chair

DATE: Friday, February 19, 2016

TIME: 10:00am

PLACE: Conference Room 211, State Capitol, 415 South Beretania Street

**RE: SB 3109 RELATING TO MANUFACTURING.**

Extends the appropriation to HTDC for the manufacturing development program through fiscal year 2016-2017.

Dear Chair Wakai, Vice Chair Slom, Chair Tokuda, and Vice Chair Dela Cruz, and Committee Members

The Hawaii Aquaculture & Aquaponic Association strongly supports SB 3109. 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



# Meadow Gold Dairies



SB 3109, Relating to Manufacturing  
Senate EET/WAM Committee  
Friday, February 19, 2016  
10:00 am, Room 211  
Written Testimony By: Glenn Muranaka

Position: Support

Chairs Wakai and Tokuda and Members of the Senate EET/WAM Committees:

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.



**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

SB 3109, Relating to Manufacturing  
Senate EET/WAM Committee Hearing  
Friday, February 19, 2016  
10:00 am - Room 211  
Written Testimony by: Dexter Yamada  
Position: Support

Chairs Wakai and Tokuda, and Members of the Senate EET/WAM Committees:

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.

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.

Your support of this measure that continues to support Hawaii's manufacturing industry is requested.

Thank you for the opportunity to testify.

