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Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax: 808-791-0702
Telephone: 808-533-1292
<http://www.hawaiiifood.com>

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Representative Mark Nakashima Chair
Representative Jarrett Keohokalole, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: Wednesday, Feb. 8, 2017
TIME: 9:00 a.m.
PLACE: Conference Room 309

RE: HB1327 (Manufacturing Development Program)

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 continuation 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 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.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

The High Technology Development Corporation (HTDC) **supports** HB1327 that appropriates funds for the Manufacturing Development Program.

HTDC supports local manufacturers through our INNOVATE Hawaii program which was recently awarded \$2.5 million (\$500k a year over 5 years) in federal funding by the U.S. Department of Commerce, National Institute of Standards and Technology's (NIST) to continue the Manufacturing Extension Partnership (MEP) program.

The Hawaii manufacturing industry provides export and import substitution opportunities to improve our economy and has been identified nationally as a key driver for innovation. Hawaii manufacturers face the additional challenge of the high cost of energy and shipping. The grant program can assist to make the manufacturers more competitive.

In 2015, the legislature appropriated \$2 million to establish a manufacturing grant program and in 2016, appropriated \$1 million to continue the program in the current fiscal year.

In FY16, the first year of the program, HTDC awarded \$1.9 million to 51 companies who invested \$31.4 million of their own money into growing their businesses. There were a total of 69 applicants. The projected economic impact of the program, as reported by the applicants, was 363 new employees, 70 earning over \$80k per year, and 266 jobs saved.

45% of the funding was awarded to food manufacturers, 20% to beverage and tobacco, 13% to chemical, plastics, etc. 29 awards were made in City and County of Honolulu, 7 in Maui County, 6 in Hawaii County, and 9 in Kauai County.

Interest in the program remains high and HTDC anticipates awarding all of the \$1 million fiscal year 2016-2017 appropriated funds. HTDC suggests that \$1.5 million is an appropriate

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

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.



Statement of
Bob Gunter
President & CEO
Kōloa Rum Company
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Kōloa Rum Company supports HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Since beginning business in 2009, Kōloa Rum Company has grown to include 31 employees and now distributes its portfolio of Kauaʻi-made products to 22 mainland states and 4 foreign countries. An HTDC grant that we received in 2016 was instrumental in enabling us to purchase equipment needed to meet the increasing demand for our products and improve operational efficiencies. HTDC is a tremendous resource for Hawaii manufacturers and we urge you to continue funding this important program.

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,

Bob Gunter
President & CEO

2-2741 Kaumualiʻi Highway, Suite C, Kalaheo, Hawaiʻi 96741
808-332-9333 Phone / 808-332-7650 Fax
WWW.KOLOARUM.COM



Meadow Gold Dairies



HB1327, Relating to Hawaii Technology Development Corporation
House EDB Committee

Feb. 8, 2017

9:00 am, Room 309

Written Testimony By: Glenn Muranaka

Position: Support

Chair Nakashima 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—120 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. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

The continuation of 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.



MAUI
BREWING CO

February 6, 2017

House Committee on Economic Development & Business
Wednesday, February 8th, 2017, 9am
State Capitol, Conference Room 309

Re: HB1327, RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Aloha Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Maui Brewing Co. supports HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation. In fact, we would encourage the expansion of funding in order to bring manufacturing back to Hawaii. As a State, we often focus on film, military and technology but we seem to ignore supporting local manufacturing which would bring a number of skilled jobs to the islands.

Maui Brewing Co. is a small, independent craft brewery that began with just 23 on our team in 2005. We are now 355 strong and Hawaii's largest craft brewery. We did this in the face of significant challenges to growth at all levels; financial, shipping, taxation, legislative and more. We were a recipient of a portion of grant funds last year and that has allowed us to continue growth in job creation and production. We will again be spending more than 2 million dollars in 2017 just on direct manufacturing investments.

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 currently limits reimbursement to 20% of qualified expenses capped at \$100,000. This amount should be expanded and perhaps share a tax credit aspect that would allow for more direct investment in our local small businesses. 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,

Garrett W. Marrero
CEO/Founder

Handcrafted Ales & Lagers Brewed with Aloha
605 Lipoa Parkway, Kihei, HI 96753
808.213.3002



Lanikai Brewing Company
175 Hamakua Drive, Unit C
Kailua, Hawaii 96734
www.lanikaibrewing.com

Statement of
Steve Haumschild
CEO
Lanikai Brewing Company
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the
Committee on Economic Development and Business.

Lanikai Brewing Company **supports** HB1327 that makes an appropriation
for the continuation of the manufacturing grant program within the High
Technology Development Corporation.

We applied and received the grant last year and it was extraordinarily
helpful to our small growing business

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
Byron Goo
CEO
The Tea Chest
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

The Tea Chest **supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

The Tea Chest and Tea Chest Hawaii pioneered sales of gourmet tea in Hawaii since opening in 1995. At the time, there wasn't a company in the state serving the needs of the hospitality industry for tea on a full time basis. The Tea Chest revolutionized product availability, equipment support, education and service.

In 2004 the firm's Original Blend Nilgiri Iced Tea was selected Best Iced Tea in America in the first national tea tasting competition sponsored by the US Tea Association. The company has been recognized for using organic certified, natural and sustainable ingredients. It works with local farmers to cultivate and process local ingredients to create products that distinctly represent Hawaii which are served by distinguished establishments like Alan Wong's Restaurant, Halekulani Hotel, The Westin Moana, The Four Season Resorts, Mauna Kea Beach Resort and The Prince Hotel Waikiki.

The company has been featured nationally in *Gourmet Magazine*, *Business Week*, *CNN* and *Hawaii Magazine*.

Byron Goo, Blend Master for the company, conducts training for industry professionals and teaches classes on specialty tea at Community Colleges around the state. He is a Past President of the Hawaii Food Manufacturers Association. He is a founding member of the Hawaii Tea Society and the Hawaii Tea Club.

This grant will benefit The Tea Chest by allowing the company to continue education and continue to grow as a business.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing

HB1327

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.



ALOHA SHOYU COMPANY

Statement of
David Y. Morikawa
Vice President - Operations

**Testimony to the House Committee on Economic Development & Business
Wednesday, February 8, 2017 at 9:00 A.M.
Conference Room 309, State Capitol**

In consideration of
HOUSE BILL 1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business:

The Aloha Shoyu Company, Ltd. **supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

According to the Chamber of Commerce of Hawaii, there are approximately 1,000 active manufacturers employing approximately 14,000 workers. Manufacturers 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.

According to the High Technology Development Corporation's Innovate Hawaii, they gave out approximately \$1.9 million in grant funding that spurred over \$31 million in private investment. We believe that this is a worthwhile and financially smart investment for state funding. 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

Christopher, Monica, Randy and Myrline Overton
Owners/Operators
Taps & Apps LLC.

before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Taps & Apps LLCC. (Taps & Apps Brewpub Hawaii) supports HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Taps & Apps is a small family founded business located in Mililani, (Oahu) Hawaii. We have been in business for almost two years and have approximately 30 part-time and full-time employees. We are a small brewpub that that is part of the fast growing craft beer industry in Hawaii. As a member of the Hawaii Craft Brewers Guild, we would like to express the importance of this grant and the opportunities it can offer to our company and many others like it.

Finding funding for a brewery can be an intimidating and daunting task. Even the smallest craft breweries can find themselves spending upwards of \$500k on equipment. When you take other expenses such as installation, training, lease payments and utilities into account, this grant has the utmost importance in getting a business off the ground. HB1327 gives small family businesses like ours the opportunity to grow, expand and become something more. In turn, the economy benefits by hiring more employees, generating tax revenue and grows an industry that is new and exciting in Hawaii and has been very successful as well.

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.



Kunoa Cattle Company
91-319 Olai Street
Kapolei, HI 96707
(808) 682-2595

Statement of

Jack Beuttell, Chief Executive Office
Kunoa Cattle Company

before the

House Committee on Economic Development & Business

Wednesday, February 8, 2017

9:00 a.m.

State Capitol, Conference Room 309

In consideration of HB1327

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business:

Kunoa Cattle Company supports HB1327, which makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

We founded Kunoa in 2014 to address the near absence of locally produced meats in Hawaii, where we import close to 99% of all meat protein consumed in the state. One of the key bottlenecks that has prevented more local meat production is the absence of meat adequate processing infrastructure across the islands.

In November of 2016, we purchased the state's largest livestock harvest facility in Kapolei, HI, and we are currently outfitting it with approximately \$600k in new processing equipment. The HTDC manufacturing grant is important because it lowers our financial risk, even as we take major operational risks to address one of Hawaii's most pressing issues—food security. This grant will allow us to raise more cattle (as ranchers on Kauai), harvest more livestock, process more meat, and sell more finished product to consumers throughout the state and abroad, creating jobs and boosting the tax base.

We currently employ eighteen full and part-time employees, and we are looking to double that number in the next three years with your help.

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.

A handwritten signature in black ink, appearing to read 'Jack Beuttell', with a large, stylized flourish at the end.

Jack Beuttell
Kunoa Cattle Company



Statement of

Bronson Aken
President and CEO
Pelatron Technologies LLC
before the

House Committee on Economic Development & Business

Wednesday, February 8, 2017

9:00 a.m.

State Capitol, Conference Room 309

In consideration of

HB1327

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Pelatron Technologies LLC (PTech) **supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

PTech is a Native Hawaiian Organization (NHO)-owned, 8(a) small business, with manufacturing facilities in Honolulu, Hawaii; Lindon and Clearfield, Utah. We design, manufacture and integrate ruggedized communications equipment for military use; design and manufacture light electronic components, and power and communication cables.

As a small manufacturer with 11 employees in Hawaii (and additional staff in the Mainland), we are very supportive of HTDC's manufacturing grant program. The grant incentive encourages local manufacturers to invest in themselves, such as purchasing additional capital equipment, by providing an incentive reimbursement limited to 20% for qualified expenses and capped at \$100,000. We expect this program could help PTech attract more light manufacturing work to our Hawaii facility, as it helps defray some significant capital expenses.

PTech is one of a thousand manufacturers doing business in Hawaii today, and we are proud to provide positive economic impacts and job opportunities in our home State. We encourage the committee to support the State HTDC and its manufacturing grant program, which is doing an excellent job of supporting manufacturing activity and growth in the islands.

Thank you for the opportunity to offer these comments.



Statement of
Ian Elumba, Co-Founder
Lahaina Brewery dba Kohola Brewery
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Kohola Brewery **supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Kohola Brewery is a minority owned and locally operated microbrewery in the heart of Lahaina, Maui. We sold roughly 28,266 gallons of local craft beer, all brewed and packaged by local people on Maui. The grant can help Kohola employ more local people, improve its community by helping the economy of Hawaii grow.

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.

Ian Elumba, Kohola Brewery
910 Honoapiilani Hwy #55, Lahaina, HI 96761



HYPERPECTIVE
INSPIRE BELIEF

Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Hyperspective supports HB1327 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 technology for communications, media and products within the State of Hawaii for global export. As a technology company, Hyperspective benefits from programs like the manufacturing grant program directly and in-directly through services provided to companies that are awarded grants. This program supports the growth of an ecosystem of companies that attract large-scale business, talent and investments to 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.

Statement of
Bret Larson
President
Kauai Island Brewing Company
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1327
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business.

Kauai Island Brewing Company **supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

As a manufacturer of Craft Beer, in a very competitive industry we rely heavily on expensive stainless steel manufacturing equipment. Access to grants such as this would help defray the added cost of shipping product and equipment to Hawaii. In addition, it would allow manufacturers in our industry to further expand our businesses. thereby employing additional employees who would in turn add to the overall Hawaii Tax base.

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,



Bret Larson, President
Kauai Island Brewing Company

Hawaii Fish Company (HFC), a family-owned North Shore Oahu aquaculture farm, testifies in strong support of HB1327 which would appropriate funds for the continuation of the Hawaii manufacturing development grant program administered by the High Technology Development Corporation (HTDC).

HFC is currently developing value-added aquafarm products with support from a USDA/SBIR Phase II research and development grant and a Hawaii SBIR Phase II matching grant. Once our R&D efforts are complete, we will move forward with Phase III commercialization. This will include the development of manufacturing infrastructure for the preparation of refrigerated and/or shelf-stable value added seafood products. The continuation of this supportive manufacturing development grant program would provide HFC a much needed cost sharing opportunity to enable our small company to take this important commercialization step which, in turn, will enable us to support increased rural employment, seafood production, and sales.

In summary, the manufacturing support potentially available to our company through this HTDC program has already been successfully provided to many other local manufacturing companies for the past two years. With the manufacturing development grant program's positive track record, HFC feels strongly that it is worthy of continued State support.

keohokalole2 - Anthony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 7:51 PM
To: edbtestimony
Cc: achung@navatekltd.com
Subject: *Submitted testimony for HB1327 on Feb 8, 2017 09:00AM*

HB1327

Submitted on: 2/6/2017

Testimony for EDB on Feb 8, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	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.

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



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Wednesday, February 8, 2017 at 9:00 A.M.
Conference Room 309, State Capitol**

**RE: HOUSE BILL HB 1327 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 1327, which appropriates funds for the Manufacturing Development Program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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 that continues 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.

In Hawaii there are over 700 active manufacturers in the state that employ almost 14,000 people and contribute to the overall state economy. In 2015 Hawaii manufacturers helped our state's economy by contributing nearly \$1.7 billion in manufactured goods exported outside of Hawaii.

The grant program supports the industry by increasing production and economic activity. According to the High Technology Development Corporation's Innovate Hawaii, the agency that administers the grant, they gave out approximately \$1.9 million in grant funding that spurred over \$31 million in private investment. We believe that this is worthwhile and financially smart investment for state funding.

Thank you for the opportunity to testify.