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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE
TO THE SENATE COMMITTEE
ON
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY

March 13, 2017, 1:15 pm

HOUSE BILL 973, HD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Wakai, Vice-Chair Taniguchi and members of the committee, thank you for the opportunity to submit testimony on HB973, HD1.

The State Procurement Office (SPO) recommends that moneys used to pay for the cost of administering, operating and marketing the program be subject to HRS Chapter 103D, and 103F, where applicable.

The SPO opposes the verbiage on Page 7, Lines 11-15 which states: “§ -7 Moneys appropriated for the research and technology grant program may be used to pay for the cost of administering, operating, and marketing the grant program, as determined by the chief executive officer [(CEO)] of the corporation”, and recommends adding verbiage to make it clear that notwithstanding these determinations will still be made by the CEO, however, still in accordance with the State Procurement Code: HRS103D.

The general office and operating costs such as administration, operations, marketing etc., are not specific to complex research and technology, rather they are the day-to-day procurements that state departments and agencies are required to use the Hawaii Public Procurement Code (code). To allow these areas to be exempt along with research grants erode the principles of why the procurement code exists, denies use of existing discounted state-wide contracts that leverage cost-savings through economies of scale and depletes competition.

The code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies or programs, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices.

Relieving some programs from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Economic Development,
Tourism, and Technology
Monday, March 13, 2017 at 1:15 P.M.
Conference Room 414, State Capitol**

RE: HOUSE BILL HB 973 HD1 RELATING TO ECONOMIC DEVELOPMENT

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 973 HD1, which establishes and appropriates funds for a Research and Grant Technology Program within the High Technology Development Corporation.

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 efforts to expand and diversify the economy. This bill would provide necessary capital to assist small businesses in expansion, improving the quality and efficiency of their operations, and to stay updated with safety and quality control programs. It is crucial that Hawaii's businesses receive support in order to grow to the next level and be able to compete globally.

Thank you for the opportunity to testify.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Economic Development, Tourism, and Technology
Monday, March 13, 2017
1:15 p.m.
State Capitol, Conference Room 414

In consideration of
HB973 HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee on Economic Development, Tourism, and Technology.

The High Technology Development Corporation (HTDC) **supports** HB973 HD1 that establishes and appropriates funds for a Research and Grant Technology Program within the High Technology Development Corporation.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at promoting technology and innovation jobs. Many Hawaii technology companies and their employees already contribute generously to the community with their time and expertise to inspire students to pursue careers in STEM fields. They volunteer as judges and mentors for various robotics, science fair, coding, and entrepreneurial events.

The grant program would encourage more companies to contribute in assisting the students. Furthermore, it would provide some resource for company driven projects which would better educate the students on the immediate STEM job opportunities available in Hawaii.

HTDC comments that HD1 incorporates HTDC's recommendations on expanding the company eligibility requirements and clarifying the project eligibility. HD1 should encourage more companies to participate and result in better opportunities for the students. HTDC comments that \$250,000 may be an appropriate amount to fund this program.

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.



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March 13, 2017

HEARING BEFORE THE
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM AND
TECHNOLOGY

TESTIMONY ON HB 973, HD1
RELATING TO ECONOMIC DEVELOPMENT

Room 414
1:15 PM

Aloha Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFB is in strong support of HB 973, HD1, which establishes and appropriates funds for a Research and Grant Technology Program within the High Technology Development Corporation, thereby incentivizing technology to spur economic development.

A major impediment for agriculture in Hawaii is the lack of technology. Many of our operations continue to be done as during our parents' generation despite technology advancing by leaps and bounds. A good example is Food Safety. Our farms are small. Food Safety requires recordkeeping and traceability. Due to the size of our farms, traceability recordkeeping has turned to be a major issue and consultants say they don't know how to make it work for our farmers. We know RFID technology is advanced and used in all places. For example, when you return your car rental, the agent scans the barcode to get your data. It seems these technologies could be adapted to our farms. We need entrepreneurs such as those in the SBIR program to help us address these issues.

Continued funding, with possible targets to agriculture will be of great assistance to the industry.

We respectfully request your support with possible focus on agriculture as you deliberate this measure.

Thank you for this opportunity to provide our opinion on this important matter.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:24 PM
To: ETT Testimony
Cc: achung@navatekltd.com
Subject: Submitted testimony for HB973 on Mar 13, 2017 13:15PM

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Navatek	Support	Yes

Comments: We strongly support HB973 HD1. STEM or Science, Technology, Engineering and Math jobs are expected to grow twice as fast as non-STEM professions in the coming years but according to a recent study, Hawaii lags sorely behind. And it all begins with fostering interest in STEM at the k-12 and University levels. This bill is a very positive and unique way to BOTH nurture and cultivate students' interest in STEM fields while at the same time supporting our technology companies and STEM jobs. This will enhance and encourage more projects and programs focused on STEM with direct participation of K-12/university students.

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
Duke Hartman
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
Monday, March 13th, 2017
1:15 p.m.
State Capitol, Conference Room 414

In consideration of
HB973_HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee,

Makai Ocean Engineering, Inc. **supports HB973** that establishes and appropriates funds for a Research and Grant Technology Program within the High Technology Development Corporation.

Makai Ocean Engineering, Inc. is a big supporter of STEM education in Hawaii. Over 60% of our staff are either locally born and raised in Hawaii, or are a product of the University of Hawaii. Our company always does our best to support STEM-related initiatives at the collegiate level, all the way down to grade school. For example, despite busy schedules, three of our engineers volunteered at Waimanalo Elementary and Intermediate School in 2016 on their FIRST and Vex Robotics competitions (see photo below).





In 2016, Makai also sponsored an OTEC demonstration project by a team of ten senior-level mechanical engineering undergraduate students from the University of Hawaii (see photo below).



However, being a small business of 30 people and already fighting against the high cost of doing business in Hawaii (with most of our clients on the mainland or international), we often have to turn down requests to support STEM-related projects due to limited budgets and timelines to do our other paying R&D projects. The grant program proposed by **HB973** would offer a way to allow Makai and other technology and R&D business in Hawaii to do more outreach in the STEM education and research and development areas, while still having happy clients and staying in business. This is how we will not only inspire the next generation of scientists and engineers, but also reverse the brain drain and bring more of our bright and talented keiki home to expand our technology community. This is why we support **HB973**.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:43 PM
To: ETT Testimony
Cc: tjpeltzer@hawaii.rr.com
Subject: Submitted testimony for HB973 on Mar 13, 2017 13:15PM

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Todd Peltzer	Individual	Support	No

Comments: I strongly support bill HB973.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:42 PM
To: ETT Testimony
Cc: eschiff5@gmail.com
Subject: Submitted testimony for HB973 on Mar 13, 2017 13:15PM

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Schiff	Individual	Support	No

Comments: I strongly support HB973.

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:29 PM
To: ETT Testimony
Cc: smatsuura@navatekltd.com
Subject: *Submitted testimony for HB973 on Mar 13, 2017 13:15PM*

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Matsuura	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:21 PM
To: ETT Testimony
Cc: awhite@navatekltd.com
Subject: *Submitted testimony for HB973 on Mar 13, 2017 13:15PM*

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Audra White	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:17 PM
To: ETT Testimony
Cc: klock@navatekltd.com
Subject: *Submitted testimony for HB973 on Mar 13, 2017 13:15PM*

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Kacey Lock	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 10, 2017 3:11 PM
To: ETT Testimony
Cc: gary@navatekltd.com
Subject: *Submitted testimony for HB973 on Mar 13, 2017 13:15PM*

HB973

Submitted on: 3/10/2017

Testimony for ETT on Mar 13, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Shimosono	Individual	Support	No

Comments:

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