



Written Statement of  
**Robbie Melton**  
Executive Director & CEO  
High Technology Development Corporation  
before the  
**Senate Committee on Economic Development, Tourism & Technology**  
Friday, February 3, 2017  
1:15 p.m.  
State Capitol, Conference Room 414

In consideration of  
**SB1249**  
**RELATING TO TECHNOLOGY INNOVATION.**

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

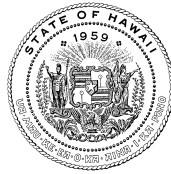
The High Technology Development Corporation (HTDC) **supports** SB1249 that establishes the Technology Innovation Corporation, a nonprofit corporation attached to the High Technology Development Corporation, to assist in attracting high technology development opportunities to the State and appropriates funds.

In 2005, The High Technology Innovation Corporation (HTIC) was created by the Hawaii State Legislature as a 501(c) (3) public not-for-profit corporate body, to facilitate the growth and development of the commercial high technology industry in Hawaii. The not-for-profit structure was envisioned to facilitate public private partnerships, federal and state funding of high technology programs, and identifying other funding resources. The structure offers financial leverage to HTDC and the State of Hawaii government. In particular, the State government saw it as a vehicle to receive donations from the private sector to leverage the tax deductible status. The not-for-profit structure is a model that has been successfully utilized by other states to support technology based economic development. The HTIC was repealed on June 30, 2013 due to lack of activity.

HTDC comments that establishing a new 501(c) (3) would be beneficial as HTDC pursues public private partnerships while establishing new tech parks. HTDC comments that an exemption from Chapter 103D public procurement would facilitate more public private funding opportunities.

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.

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
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MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM,  
AND TECHNOLOGY  
ON  
SENATE BILL NO. 1249

**February 3, 2017  
1:15 p.m.  
Room 414**

RELATING TO TECHNOLOGY INNOVATION

Senate Bill. No. 1249 establishes the Technology Innovation Corporation (TIC), a nonprofit corporation attached to the High Technology Development Corporation in the Department of Business, Economic Development and Tourism, to assist in attracting high technology development opportunities to the State; establishes the TIC Special Fund (TICSF); appropriates \$200,000 in general funds in FY 18 and FY 19 to be deposited into the TICSF; and appropriates \$200,000 from the TICSF in FY 18 and FY 19 to be expended by the TIC.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 1249, it is difficult to determine whether the proposed special fund would be self-sustaining.