



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Friday, March 17, 2017
10:00 AM
State Capitol, Conference Room 309

in consideration of
SB 764, SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Nakashima, Vice Chair Keohokalole and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) **supports** SB764, SD1, which appropriates funds for the High Technology Development Corporation's (HTDC) Manufacturing Development Program provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

HTDC, along with DBEDT's Foreign-Trade Zone Division, support local manufacturers through programs and infrastructure which lead to the growth and development of Hawaii-made products. Due to its remote location, Hawaii must constantly work to lower the cost of consumer goods in the State while stimulating economic growth through exports of locally-made products. The manufacturing industry provides for import substitution products and the production of exported goods which stimulates economic growth and creates jobs.

Local manufacturers are also the key driver to an innovative economy with their ongoing development of cost-effective methods, new technologies and their creation of export products which allow Hawaii to compete in a global market.

In fiscal year 2016, HTDC awarded over \$1.9 million to Hawaii companies who, in turn, invested over \$31 million of their own monies toward the growth and development of their products and technologies. The result was the addition of 363 new jobs, 70 of these earning more than \$80,000 a year, and over 260 jobs saved. These awards were made to companies statewide and in a variety of industries including food, beverage, chemicals and plastics.

Interest for this manufacturing grant program remains high, and due to the program's 20 percent reimbursement-\$100,000 cap structure, companies must put a significant amount of

capital forward prior to the grant award and therefore have a vested interest in the success of the venture and a commitment in the growth of their business in Hawaii.

DBEDT believes that this grant program provides the seeds for positive economic growth and continued job creation for the State.

Thank you for the opportunity to provide these comments.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development & Business

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
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** SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

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.

Based on the HTDC 2016 Economic Impact Survey, manufacturers that benefited from this program had an estimated \$515 million of economic impact, earned \$121 million, generated \$21 million of state tax, and provided 1,984 jobs last year.

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 respectfully request correction of the defective effective date. 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.

Bernard P. Carvalho, Jr.
Mayor

George K. Costa
Director of Economic Development



Wallace G. Rezentes, Jr.
Managing Director

OFFICE OF ECONOMIC DEVELOPMENT

County of Kaua'i, State of Hawai'i

4444 Rice Street, Suite 200, Līhu'e, Hawai'i 96766
TEL (808) 241-4946 FAX (808) 241-6399

March 15, 2017

Testimony

Hawai'i State House of Representatives

March 17, 2017 – 11:00 A.M.

Conference Room 309

Honorable Representative Mark Nakashima, Chair
And
Honorable Representatives Jarrett Keohokalole, Vice Chair
Hawai'i State House of Representatives
Honolulu, HI 96813

Dear Representatives Nakashima, Keohokalole, and, members of the Committee:
RE: SB 764, SD1: Relating to the High Technology Development Corporation

My name is Randall Francisco, Kaua'i Film Commissioner, County of Kaua'i – Office of Economic Development. I am writing in **SUPPORT** of Bill SB764, SD1 that continues to provide funds to support Hawaii's growing manufacturing sector.

The most recent recession which was widespread and lengthy in recovery, hit the island of Kauai hard. For many individuals who lost their jobs/careers and, experienced a reduction in their quality of life, life-changing decisions were made. However, for many who chose to risk starting all over and, especially, starting a business, it provided a new opportunity that they might not have ever considered.

Nearly 10 years since the recession, the island of Kauai saw many new businesses who were initially small business start-ups grow. Eventually, these businesses expanded and have since become household names/brands that are now part of a new cadre of entrepreneurs on the island. These companies added to both the residents and visitors' value-added experiences. There were nine companies that received \$276,720 that were grant funds previously awarded to Kauai businesses including well-known brands/products such as Salty Wahine Gourmet Hawaiian Sea Salt, Kauai Coffee, Kauai Cookie, Koloa Rum, The Right Slice, Kaikini Bikini, Ink Spot Printing, The Miranda Group, Papalua Island and Fantom Materials.

Thank you for your consideration. Should I be of additional assistance, please feel free to contact me at rfrancisco@kauai.gov, office at 241-4953.

Sincerely yours,

A handwritten signature in cursive script that reads "Randall Francisco".

Randall Francisco
Kaua'i Film Commissioner and Small Business Specialist



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Friday, March 17, 2017 at 10:00 A.M.
Conference Room 309, State Capitol**

**RE: SENATE BILL 764 SD1 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** SB 764 SD1, which appropriates funds to the High Technology Development Corporation 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.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE
ON ECONOMIC DEVELOPMENT & BUSINESS
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309
FRIDAY, MARCH 17, 2017 AT 10:00AM**

To The Honorable Mark M. Nakashima, Chair;
The Honorable Jarrett Keohokalole, Vice Chair; and
Members of the Committee on Economic Development & Business

**TESTIMONY IN SUPPORT OF SB 764 TO APPROPRIATE FUNDS TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION FOR THE MANUFACTURING DEVELOPMENT PROGRAM**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees. I am writing share our support of SB 764.

The high technology development corporation is extremely important to develop and sustain the state's manufacturing industry. The manufacturing industry increases the workforce and resources for our community. With the loss of Maui's largest manufacturing company, HC&S, we believe supporting our other local manufacturers is vital. We support any programs that help the manufacturing industry and see the funding for the high technology development corporation as essential..

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Executive Officers:

John Erickson, Young's Market Company –Chair
Beau Oshiro, C&S Wholesale – Vice Chair
Toby Taniguchi, KTA Superstores – Secretary/Treasurer
John Schilf, Rainbow Sales and Marketing - Advisor
Stan Brown, Acosta – Advisor
Paul Kosasa, ABC Stores – Advisor
Barry Taniguchi, KTA Superstores – Advisor
Derek Kurisu, KTA Superstores – Immediate Past Chair
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax: 808-791-0702
Telephone: 808-533-1292

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Rep. Mark Nakashima, Chair

Rep. Daniel Holt, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: Friday, March 17, 2017
TIME: 10:00 a.m.
PLACE: Conference Room 309

RE: SB764, SD1 (HTDC- Manufacturing Grant)

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.



Statement of
Duke Hartman
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Makai Ocean Engineering, Inc. **supports SB764 SD1** that makes an appropriation for the continuation of the manufacturing development program within the High Technology Development Corporation (HTDC).

Makai Ocean Engineering, Inc. has historically been an engineering services provider, but now, with the help of the State's current manufacturing assistance program, Makai is diversifying into low-volume manufacturing. Makai has been involved in marine-related engineering in Hawaii for over 44 years, and recently began a marine heat exchanger R&D program. Now, we are in the process of building a small manufacturing plant for marine heat exchangers on the Big Island of Hawaii, which is sustaining approximately 6 highly-skilled, high-paying STEM / engineering jobs in rural Kona. We have a strategic advantage for developing and manufacturing low-volumes of these components in Hawaii for two reasons: the U.S. Navy's presence in Hawaii, and Makai already owns and operates a marine heat exchanger test facility and marine corrosion lab on the Big Island.

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. Because they are matching funds, a manufacturer is eligible only if they are already making an investment in the local community and providing jobs. The program amplifies these efforts, and shows the State's support for local manufacturers willing to make the investment and commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.

Statement of
Adelheid Kuehnle
CEO
Kuehnle AgroSystems Inc.
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Kuehnle AgroSystems Inc., a life sciences company, supports SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program.

Kuehnle AgroSystems has been the recipient of a Manufacturing Grant that enabled us to purchase a piece of equipment required for our algae-based personal care ingredients. The ingredients manufactured using the equipment are currently in testing by a products formulator and are slated to be in the market next year, as part of a new Hawaii-origin skin care product line. As a 'matching' grant, it required us to make a financial commitment to growing into manufacturing and we were definitely spurred to take this risk, knowing we could also apply for the Manufacturing Development 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.

Note: We respectfully request correction of the defective effective date of 7/1/2050, omitted above. Thank you for the opportunity to offer these comments.



Written Statement of
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS
March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309
In Support of
**SB764 REALTING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

To: Representative Mark N. Nakashima, Representative Jarrett Keohokalole, Vice
Chair and Members of the Committee

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of SB764

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **IN SUPPORT of SB764.**

Oceanit is a local diversified science and engineering company with capabilities/facilities in advanced technology, life sciences, information systems, aerospace, energy, oil and gas and consulting engineering services. Many of our technologies are ready for commercialization and hope to manufacture our technologies here in Hawaii.

This bill will allow Hawaii companies to keep the manufacturing of their products here in Hawaii. In turn, there will be job creation and long term investments for the people of Hawaii.

Oceanit is committed to manufacturing technology in the State of Hawaii.

Therefore, we **SUPPORT SB764.**



Meadow Gold Dairies



SB 764sd1, Relating to Hawaii Technology Development Corporation
House EDB Committee
Friday, March 17, 2017
10:00 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.



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

SB764sd1, Relating to High Technology Development Corporation
House EDB Hearing
Fri. March 17, 2017
10:00am - Room 309

Written Testimony by: Dexter Yamada
Position: Support

Chair Nakashima and Members of the House 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 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 continues to recognize that local manufacturers make finished products in Hawaii, provide employment and contribute to the State's economy.

It encourages local manufacturers to make the commitment to grow their businesses in Hawaii.

Please support this bill. Thank you for the opportunity to testify.



WILL CALL, G&A, AND WAREHOUSE OFFICES: 2949 Koapaka Street, Honolulu, Hawaii 96819-1923 Phone: (808) 836-3221 Fax: (808) 833-8995

keohokalole2 - Anthony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 15, 2017 2:56 PM
To: edbtestimony
Cc: achung@navatekltd.com
Subject: *Submitted testimony for SB764 on Mar 17, 2017 10:00AM*

SB764

Submitted on: 3/15/2017

Testimony for EDB on Mar 17, 2017 10:00AM 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

Hawaii Fish Company (HFC), a family-owned North Shore Oahu aquaculture farm, testifies in strong support of SB 764 SD1 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 current SBIR Phase II 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 this program is worthy of continued State support. As such, we strongly support SB 764 SD1.

Statement of
John Edellstein
Owner
Positive Apparel
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017

10:00 a.m.

State Capitol, Conference Room 309

In consideration of

SB764 SD1

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Positive Apparel **supports** SB764 SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

Positive Apparel is the largest t-shirt screen printing manufacturing company on the island of Maui. We support over 100 local businesses with direct to consumer sales via printed t shirts. We need to increase our printing capabilities by double this year to keep up demand and most importantly keep the business revenue on Maui. If we don't buy new technology we will lose millions of dollars to mainland companies and that money will not be used in theHawaiian economy but foolishly spent in other states. Currently we have 7 employees and we need to hire 7 more this year and with the grants we can buy newer equipment and potentially hire another 14 wonderful health insured tax paying citizens by 2018. This is the most important bill to my company and many others like it. One example of what the recent purchases Positive Apparel has made(\$250,000) has had a direct impact on our production, which convinced multiple companies to bring back the business to maui from the mainland which will total

revenue of \$650,000 this year. Some names are Seabury School, Lahaina Divers, Pacific Whale Foundation, Maui Restoration and a dozen more. Thank you for hearing my position on this matter, it is greatly appreciated by all.

John Edellstein

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.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



64-1066 Mamalahoa Highway
Kamuela, Hawaii, 96743

T 808-887-1717
F 808-885-0653
BigIslandBrewHaus@Yahoo.Com

BigIslandBrewHaus.Com

Statement of
Big Island Brewhaus LLC
before the
House Committee: EDB, Mar 17, 2017 10:00 AM
State Capitol, Conference Room 309

In consideration of
SB764-sd1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.

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

Big Island Brewhaus LLC supports SB764 that makes an appropriation for the
continuation of the manufacturing grant program within the High Technology
Development Corporation.

We are very interested in taking advantage of the opportunity this grant offers. We know of other companies like ours in hawaii who have successfully used this grant to growing their company and we look forward to this opportunity in the future.

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,

Thomas Kerns

President

Big Island Brewhaus LLC

64-1066 Mamalahoa Hwy.

Kamuela, HI, 96743

bigislandbrewhaus@yahoo.com; 808-276-3301



Statement of
Ian Elumba
Chief Beer Officer & Co-Founder
Kohola Brewery
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
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** SB764 SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

Kohola Brewery is a locally owned and operated microbrewery in Lahaina, Maui, Hawaii. In 2016, Kohola brewed approximately 32,130 gallons of local beer and employed 7 employees.

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.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

First Commercial Kitchen LLC

94-538 Puahi St., Ste A., Waipahu, Hi 96797
Ph: 808-676-0880 Fax: 808-676-0400

Statement of
Peter Kam
LLC Managing Partner
First Commercial Kitchen LLC
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

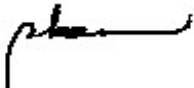
First Commercial Kitchen supports SB764 SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

We are a unique food processing incubator. Despite considerable obstacles doing business in Hawaii, we have helped to create about 300 made-in-Hawaii value added products. Although the grant funding is only 20%, our product capacity has already increased 10%, and will increase this year by 40% with 2017 funding. This helps to lower cost of production for our clients, enabling them to reach more markets. In addition, we expect to hire 2 to 4 more employees this year to accommodate this increased 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.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.





Sharing Heartwarming Aloha since 1921

Testimony of
Gary Yoshioka
President
Diamond Bakery Co., Ltd.
before the
House Committee on Economic Development & Business
Friday, March 17, 2017 at 10:00 A.M.
Conference Room 309, State Capitol

In consideration of
SENATE BILL 764 SD1 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

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

Diamond Bakery **supports** SB764 SD that appropriates funds to HTDC for the Manufacturing Development Program, as part of the Chamber of Commerce Hawaii's economic development package.

Diamond Bakery was founded in 1921 on Oahu and celebrated its 95th anniversary in 2016. Its founders were three Japanese immigrants who worked as domestic servants and desired a better life by virtue of starting a business of their own. The Company remains owned today by the same three families and produces all crackers and cookies in its plant in Kalihi.

As a manufacturing business we need to invest in capital equipment to consistently produce high quality products efficiently and to innovate by developing new products and packages to compete in a globally competitive environment. The manufacturing grant program allowed us to invest in new wrapping equipment in August 2015 to improve our product quality and grow by providing new capability to produce new convenience and club store packaging. Our sales and profits grew significantly in 2016 and we hired additional full-time and part-time workers due in part to the significant growth from this equipment investment.

Furthermore, we are making a major new equipment investment in Q1 of this year and the 2016 grant motivated us to make this additional investment. We expect to apply for the 2016 grant as soon as the acquisition is complete. This new packaging equipment is the foundation for two new growth projects we plan to execute in Q3 2017. The anticipated growth from this project will likely require us to hire additional delivery and administrative staff.

P.O. Box 17760 • 756 Moowaa Street • Honolulu, HI 96817
Phone 808.847.3551 • Fax 808.847.7482 • www.diamondbakery.com



Hawaii's largest Baker of Crackers and Cookies

SB764, submitted by Diamond Bakery

I believe this kind of investment by the State of Hawaii is the right kind of support to spur manufacturing in Hawaii. "Made in Hawaii" is highly marketable globally, and locally produced food is increasingly relevant to consumers.

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.

According to the Chamber of Commerce of Hawaii, there are approximately 1,000 active manufacturers in the State that employ almost 14,000 people. Manufacturers helped Hawaii's economy by contributing nearly \$1.7 billion in manufactured goods exported in 2015.

According to the High Technology Development Corporation's Innovate Hawaii, approximately \$1.9 million in grant funding has been issued that spurred over \$31 million in private investment. I truly believe that this is a worthwhile investment for state funding that provides a positive ROI for the State's investment.

Please continue this program to allow Hawaii manufacturers to make strategic long-term investments to build their businesses which will in turn build our economy in Hawaii and our quality of life.

We respectfully request correction of the defective effective date.

Thank you for the opportunity to offer these comments.

Yours truly,

A handwritten signature in black ink, appearing to read "Gary Yoshioka", written over a horizontal line.

Gary Yoshioka
President

Statement of
Byron Goo
CEO
The Tea Chest
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
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** SB764 SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

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 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.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

HAWAII COFFEE COMPANY™

1555 Kalani Street
Honolulu, Hawaii 96817
Ph: 808-847-3600
Fax: 808-847-7900
www.hicoffeeco.com



Written Testimony of
Daniel Dinell
President, Hawaii Coffee Company

before the
House Committee on Economic Development & Business
March 17, 2017; 10:00 a.m.
State Capitol, Conference Room 309

RE: SB764 SD1 "RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION"

Chair Nakashima, Vice Chair Keohokalole, and Members:

Hawaii Coffee Company **supports** SB764 SD1, which appropriates funds to the High Technology Development Corporation (HTDC) for the Manufacturing Development Program.

Hawaii Coffee Company has been in the coffee roasting business since 2000 and today is the world's largest roaster of Kona Coffee. Our 100 plus employees at our plant in Kalihi and other locations around the State earn a livelihood milling, roasting, packing, distributing, and retailing coffee. We have a major retail presence throughout Hawaii, are a leading provider of coffee to Hawaii hotels and restaurants and export our products around the globe.

One of the most surprising things I've learned since assuming the role leading this company in June 2015 is how the Legislature is providing funds for State entities such as HTDC, DOA and DBEDT to support Hawaii-based manufacturers. My company and our employees have benefited from this support and it has made us even more bullish to invest more to increase our manufacturing capacity and add jobs. This kind of grant program is important to leverage dollars by encouraging investment and growth, especially export-oriented, to further strengthen and diversify Hawaii's economy. We believe the Return on Investment makes this initiative very worthy of your support.

Mahalo for your continued support of manufacturing in the State.

Statement of
Catherine Nobriga Kim -President & General Manager
Maui Soda & Ice Works, Ltd.
918A Lower Main Street Wailuku, HI 96793
before the
**House Committee on Economic Development &
Business**

Friday, March 17, 2017
10:00 a.m.
State Capitol, Conference Room 309

In consideration of
SB764 SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Maui Soda & Ice Works, Ltd. **supports** SB764 SB764 SD1 that appropriates funds to HTDC for the Manufacturing Development Program, effective 7/1/2050.

As a third generation family business owner and manufacturer of Roselani Ice Cream, we were able to utilize the the Manufacturing Development program to update major components in our production facility essential to increase our production capabilities, maintain our level quality and improve energy usage. Without the access to a grant of this nature we would not have been able to fast track these projects netting a reduction in energy and water usage by 18-20%. Additional work is being scheduled that will allow a 25% increase workforce when completed. If there is no grant, the time and funding to achieve these changes would result in higher costs over time.

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.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 17, 2017

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

TESTIMONY ON SB 764, SD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Room 309
10:00 AM

Aloha Chair Nakashima, Vice Chair Keohokalole, 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 interests of our diverse agricultural community.

HFB **strongly supports SB 764, SD1**, which appropriates funds for the Manufacturing Development Program.

The strength of Hawaii's economy is dependent upon a diversity in commerce that are resilient to economic downturns and aggressive in creating new opportunities for growth. This program complements other programs in DBEDT to accomplish such a goal.

A major weakness in agriculture is our lack of value added production. Our over dependence on sale of fresh goods makes us especially vulnerable to weather and pest outbreaks while strict quarantine measures and transportation costs of heavy goods make exports difficult. This measure creates incentives for value added manufacturing. Farmers like to farm. They are not experts in value-added production. Partnerships with the manufacturing sector could help us in this area.

For example, beef. Maui has a new product called Maui Crisps. It is a popular "omiyage" gift. The owner had difficulty meeting demand and recently expanded his operations. This provides a value-added product to our cattle industry, is portable and light -- perfect for suitcase exports and is shelf stable, not requiring refrigeration. Products like this can pull agricultural expansion supportive of our State's policy for increased agricultural production.

We need to expand other agricultural value added production capacities and this measure is a critical opportunity to achieve this goal.

HFB respectfully requests your **strong support of SB 764, SD1** complementing DBEDT programs to grow Hawaii's economy and improve its' resilience during economic downturns.