



**Testimony to the Senate Committee on Economic Development, Tourism and
Technology
Monday, January 30, 2017 at 1:15 P.M.
Conference Room 414, State Capitol**

**RE: SENATE BILL 764 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

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

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 764, 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 1,400 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.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Economic Development, Tourism & Technology
Monday, January 30, 2017
1:15 p.m.
State Capitol, Conference Room 414

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

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

The High Technology Development Corporation (HTDC) **supports** SB764 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.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 8:32 PM
To: ETT Testimony
Cc: bigislandbrewhaus@yahoo.com
Subject: Submitted testimony for SB764 on Jan 30, 2017 13:15PM

SB764

Submitted on: 1/28/2017

Testimony for ETT on Jan 30, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Kerns	Big Island Brewhaus LLC	Comments Only	No

Comments: Testimony in support of SB764 provided.

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:
Todd J. Robertson
Hyperspective
before the
Senate Committee on Economic Development, Tourism & Technology
Monday, January 30, 2017
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SB764 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Hyperspective supports SB764 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.



Sharing Heartwarming Aloha since 1921

Statement of
Gary Yoshioka
President
Diamond Bakery Co., Ltd.
before the
Senate Committee on Economic Development, Tourism & Technology
Monday, January 30, 2017
1:15p.m.
State Capitol, Conference Room 414

In consideration of
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RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Diamond Bakery **supports** SB764 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

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 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.

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.

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. Mahalo.

Thank you for the opportunity to offer these comments.

Yours truly,

A handwritten signature in black ink, appearing to read "Gary Yoshioka", written in a cursive style.

Gary Yoshioka
President

Hawaii Fish Company (HFC), a family-owned North Shore Oahu aquaculture farm, testifies in strong support of SB764 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.

Statement of
Dr. Michael Reiley
President, HNu Photonics, LLC
before the
Senate Committee on Economic Development, Tourism & Technology
Monday, January 30, 2017
1:15 p.m.
State Capitol, Conference Room 414

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SB764
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

HNu Photonics **supports** SB764 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

My company manufactures a number of products ranging from battery energy storage systems to microscopes and telescopes. There are many challenges to manufacturing in Hawaii including high overhead costs, high labor costs, and high shipping costs. Incentives like these manufacturing grants help Hawaii based companies compete on a global scale.

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.

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, January 28, 2017 1:18 PM
To: ETT Testimony
Cc: achung@navatekltd.com
Subject: *Submitted testimony for SB764 on Jan 30, 2017 13:15PM*

SB764

Submitted on: 1/28/2017

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Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, January 27, 2017 10:56 PM
To: ETT Testimony
Cc: williamrandysmith@gmail.com
Subject: *Submitted testimony for SB764 on Jan 30, 2017 13:15PM*

SB764

Submitted on: 1/27/2017

Testimony for ETT on Jan 30, 2017 13:15PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
William R Smith	Individual	Support	No

Comments:

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