



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

SENATE COMMITTEE ON WAYS AND MEANS

Friday, March 31, 2017
9:30 AM
State Capitol, Conference Room 211

in consideration of
HB 1327, HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) **supports** HB1327, HD1, which continues funding for the growth and operation of 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. There are over 700 companies in Hawaii who are active manufacturers. These companies in turn contribute nearly \$1.7 billion in manufactured goods which are exported outside of Hawaii. Many of these manufacturers are considered small companies which are the backbone of the State's economy and contribute greatly to Hawaii's economic growth and stability.

In fiscal year 2016, HTDC awarded over \$1.9 million to 51 Hawaii companies who, in turn, invested \$31.4 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.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 29, 2017 3:28 PM
To: WAM Testimony
Cc: rfrancisco@kauai.gov
Subject: Submitted testimony for HB1327 on Mar 31, 2017 09:30AM

HB1327

Submitted on: 3/29/2017

Testimony for WAM on Mar 31, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	County of Kauai	Support	No

Comments: Kaua`i SMALL businesses like their many counterparts across the state have significantly benefitted by this important legislation that has helped businesses not only recover from the recession but, most of all, provided the investment resources to grow and sustain 11 businesses on-island. Additionally, our Kaua'i Made brand of products continues to mature as we work towards growth, new markets and hiring employees who like the business owners, greatly contribute to our island's community, both in dollars, donations, time and most of all, talent. Mahalo for your continued support of HTDC's leadership and guidance for our businesses throughout Hawai'i nei.

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



Statement of
Duke Hartman, P.E.
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, March 31, 2017
09:30 a.m.
State Capitol, Conference Room 211
In consideration of
HB1327 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Senate Committee on Ways and Means.

Makai Ocean Engineering, Inc. **supports HB1327 HD1** 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.



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

Before the
SENATE COMMITTEE ON WAYS AND MEANS
March 31, 2017
9:30 AM
State Capitol, Conference Room 211
In Support of
**HB1327 REALTING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

To: Senator Jill Tokuda, Chair, Senator Donovan Dela Cruz, Vice Chair and
Members of the Committee

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

Re: Testimony in Support of HB1327

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **IN SUPPORT of HB1327.**

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 HB1327.**



March 29, 2017

Committee on Ways and Means

Friday, March 31, 2017

9:30 a.m.

State Capitol, Conference Room 211

Re: HB1327, RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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 \$2,000,000 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



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

Statement of
Dexter Yamada, President /CEO
KYD, Inc.
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

KYD, Inc. supports HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

We support this bill because it will help us and other manufacturing firms in the state. We manufacture plastic food packaging trays and containers and employ about 78 individuals. The manufacturing grant will enable us purchase new equipment to improve and increase the number of our products.<

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.



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

MANUFACTURING FACILITIES: 747 Umi Street, Honolulu, Hawaii 96819-2394 Phone: (808) 836-3221 Fax: (808) 845-7754



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MANUFACTURING FACILITIES: 747 Umi Street, Honolulu, Hawaii 96819-2394 Phone: (808) 836-3221 Fax: (808) 845-7754



ALOHA SHOYU COMPANY

Statement of
David Y. Morikawa
Vice President - Operations

**Testimony to the Committee on Ways and Means
Friday, March 31, 2017 at 9:30 a.m.
Conference Room 211, State Capitol**

In consideration of
HOUSE BILL 1327 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Way and Means:

The Aloha Shoyu Company, Ltd. **supports** HB 1327 HD1, that makes an appropriation for the continuation of the Manufacturing Development Program within the High Technology Development Corporation (HTDC). There are more than 700 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.

The bill 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 Hawaii companies in Hawaii to start to grow their operations.

According to Innovate Hawaii at the HTDC, approximately \$1.9 million in grant funding was utilized by manufacturers in Hawaii that spurred over \$31 million in private investment. We believe that this is a worthwhile and financially smart investment for state funding.

Our company has received the benefit of partial funding through the manufacturing grant program resulting in plant equipment expansion and upgrades. If the program is extended, we intend to continue utilizing grant funding for equipment upgrades and provide more products to Hawaii and the Mainland.

Thank you for the opportunity to testify.



Statement of
Julia Person
Corporate Sustainability Manager
Julia.person@konabrewingco.com / 971-271-0596
Kona Brewing Co.
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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

Kona Brewing Co. is Hawaii's oldest and largest craft brewery, and is today a top 10 national craft beer brand. The flagship brewhouse operates in Kailua-Kona, where the company is embarking on a large expansion, with a commitment to grow in a sustainable manner. The new brewery has a goal to be net zero energy usage, net zero water usage, and a certified green building. The HTDC manufacturing grant program has enabled Kona Brewing Co. to pursue innovative energy efficient technology, helping to support more local jobs and revenue generation by growing our manufacturing business. We strongly recommend the continuation of HB1327.

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
Jonah Robert Heller
CEO
BGS Engineering
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

BGS Engineering supports HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Our company got it's start with project that was funded by the HTDC manufacturing grant program, and our future growth depends on it.

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.



Executive Officers:
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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 WAYS & MEANS
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Friday, March 31, 2017
TIME: 9:30 a.m.
PLACE: Conference Room 211

RE: HB1327, HD1 (High Technology Development Corporation)
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
Bret Larson
Kauai Island Brewing Company
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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.



Bret Larson, President
Kauai Island Brewing Company



HAWAII BIOTECH

Statement of
D. Elliot Parks, Ph.D.
President & CEO
Hawaii Biotech Inc.

before the
Committee on Ways and Means

Friday, March 31, 2017
9:30 a.m.

State Capitol, Conference Room 211

In consideration of

HB1327

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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

Hawaii Biotech is the oldest and largest biotech company in the State of Hawaii, founded by four UH professors in 1982. Our company is a World's leader in developing safe and effective vaccines to protect against emerging and re-emerging infectious diseases. As many of these diseases derive from tropical regions of the World, our Hawaii company has a significant competitive advantage. The other competitive advantage that Hawaii Biotech has is the fact that we do not use infectious viruses in the formulation of our protective vaccines.

However, we are currently unable to manufacture the vaccines that we develop here in Hawaii under the stringent controls known as "Good Manufacturing Practices". We hope, with the help of funds authorized by HB1327, to initiate GMP manufacturing here in 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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Friday, March 31, 2017 at 9:30 A.M.
Conference Room 211, State Capitol**

**RE: HOUSE BILL HB 1327 HD1 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 1327 HD1, 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.

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
Senate Committee on Ways and Means
March 31, 2017; 9:30 a.m.
State Capitol, Conference Room 211

RE: HB1327 HD1 "RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION"

Chair Tokuda, Vice Chair Dela Cruz, and Members:

Hawaii Coffee Company **supports** HB1327 HD1, 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.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Ways and Means

Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

In consideration of
HB1327 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

The High Technology Development Corporation (HTDC) **supports** HB1327 HD1 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.

Based on the recent 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 based on the current application activity. 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.

Statement of
Byron Goo
CEO
The Tea Chest
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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 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.



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

HB1327hd1, Relating to Hawaii Technology Development Corporation

Senate WAM Committee

March 31, 2017 – Decision Making Hearing

9:30am, Room 211

Written Testimony By: Dexter Yamada

Position: Support

Chair Tokuda and Members of the Senate WAM Committee:

I am Dexter Yamada, President of KYD, Inc. dba: K Yamada Distributors. Our company is a locally founded, family run business in Kalihi. KYD, Inc. began in the 1940's as a florist and a supplier of florist supplies. In 1958 we evolved into the packaging company we are today and later expanded into a distributor of many other fine products. KYD, Inc and its sister company, Hawaii Foam Products, LLC provide jobs to 100 men and women and contribute much to Hawaii's economy in the form of payroll and taxes. We locally manufacture and distribute food-grade expanded polystyrene food containers throughout the State.

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 business in Hawaii.

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





Meadow Gold Dairies



HB1327hd1, Relating to Hawaii Technology Development Corporation
Senate WAM Committee

March 31, 2017

9:30am, Room 211

Written Testimony By: Glenn Muranaka

Position: Support

Chair Tokuda and Members of the Senate WAM 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.

Statement of
Adelheid Kuehnle
CEO
Kuehnle AgroSystems Inc.
before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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

Kuehnle AgroSystems, a life sciences R&D company, has been the recipient of manufacturing grant program award and support services, which were strongly instrumental in taking our company to the next level in terms of commercialization. The program is enabling the company to execute on building biomanufacturing in 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:
Todd J. Robertson
Hyperspective
Before the
Committee on Ways and Means
Friday, March 31, 2017
9:30 a.m.
State Capitol, Conference Room 211

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

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

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.

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 31, 2017
9:30 a.m.
State Capitol, Conference Room 201

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.


First Commercial Kitchen supports HB1327 that appropriates funds to HTDC for the Manufacturing Development Program.

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 production 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.



From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 29, 2017 6:48 PM
To: WAM Testimony
Cc: bret@kauaiislandbrewing.com
Subject: *Submitted testimony for HB1327 on Mar 31, 2017 09:30AM*

HB1327

Submitted on: 3/29/2017

Testimony for WAM on Mar 31, 2017 09:30AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Bret Larson	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

TESTIMONY IN SUPPORT OF HB1327, HD1

TO: COMMITTEE ON WAYS & MEANS

Senator Jill N. Tokuda, Chair

Senator Donovan M. Dela Cruz, Vice Chair

FROM: ISLAND PLASTIC BAGS, INC.

Adrian Hong, President

DATE: Friday, March 31st, 2017

TIME: 9:30 AM

PLACE: Conference Room 211

RE: HB1327, HD1 (High Technology Development Corporation)

Position: Support

Island Plastic Bags, Inc. (IPB) is a local, family-owned, plastic bag manufacturing company located in Halawa Valley. The company employs 16 people and has just celebrated its 25th anniversary.

I fully support HB1327, HD1. Providing manufacturing companies grants for equipment purchases, training, energy efficiency projects, and manufacturing feasibility studies will help foster manufacturing in Hawaii and help manufacturers to become more productive. Capital expenditures for small manufacturers just starting out can be prohibitive. If it had not been for a small business administration loan when IPB first started out, the company would not be in existence. That is why programs like these are so important. It gives entrepreneurs a chance to thrive, which helps the whole community. Small businesses pay taxes, employ locals, and provide goods and services that enrich living in Hawaii.

This grant is not only useful for developing companies. Mature companies like Island Plastic Bags, Inc. can also use these grants to become more productive. Capital expenditures necessary to increase the productivity of my company is no small amount. I am estimating that it will cost \$1 - \$2 million over several years to upgrade the company's aging manufacturing equipment. Any help the state is willing to provide will be an enormous help to the company to defray some of these costs. Helping IPB increase its productivity is also in the state's best interests. Increased capacity will allow IPB to sell more goods on which it will pay more taxes. Increased productivity will also allow wages to rise, which has been a concern of Hawaii for some time.

For these reasons, we ask that you please vote yes on this measure.

Thank you for the opportunity to testify.

Sincerely,

Adrian Hong, President

Island Plastic Bags, Inc.



Statement of
Omar Sultan
Managing Partner
XLR8UH

Testimony Presented Before the
Committee on Ways and Means
Friday, March 31, 2017 9:30 a.m.
State Capitol, Conference Room 211

In Consideration of
**HB1327 HD1 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means:

XLR8UH respectfully submits testimony in **strong support** of HB1327 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

One of the first of its kind in the nation, XLR8UH is a public-private partnership with University of Hawaii through the Office of the Vice President for Research and Innovation and Honolulu-based Sultan Ventures, a local venture accelerator. Although just over 2 years old, XLR8UH is already a multiple award winning, venture accelerator program. It was nationally recognized by the Small Business Association in 2015 and 2016 and the Economic Development Association in 2016 under the Department of Commerce Regional Innovation Strategies i6 Challenge, which makes small, targeted, high-impact investments to support startup creation, innovation and help turn technology into jobs.

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 provide testimony on this bill.



Statement of
Tarik Sultan
Managing Partner
Sultan Ventures

Testimony Presented Before the
Committee on Ways and Means
Friday, March 31, 2017 9:30 a.m.
State Capitol, Conference Room 211

In Consideration of
**HB1327 HD1 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

Sultan Ventures respectfully submits testimony in **strong support** of HB1327 HD1 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Sultan Ventures is a Hawaii-based boutique venture firm focusing on early stage startups and investments. As a startup catalyst, we provide pivotal resources via our powerful network of experts and investors. We work closely with innovative startups, and run the XLR8UH program in partnership with UH, providing the hands-on expertise and access to capital needed to accelerate growth.

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 fully agree on the relevance and importance of HB1327.

Thank you for the opportunity to provide testimony on this bill.

EST. 1988

HVCA

HAWAII VENTURE CAPITAL ASSOCIATION

Statement of
Melialani James
President
Hawaii Venture Capital Association (HVCA)

Testimony Presented Before the
Committee on Ways and Means
Friday, March 31, 2017 9:30 a.m.
State Capitol, Conference Room 211

In Consideration of
**HB1327 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means:

The Hawaii Venture Capital Association (HVCA) **strongly supports** HB1327 that makes an appropriation for the continuation of the manufacturing grant program within the High Technology Development Corporation.

Since its founding in 1988, the Hawaii Venture Capital Association (HVCA) has stood as a nexus for entrepreneurs, capital foundation, and networking opportunities in Hawaii. Fostering entrepreneurship through education and exposure to prime members of our business community continues to be our goal as we strive to grow a vibrant and successful venture community.

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 fully agree on the relevance and importance of HB1327.

Thank you for the opportunity to offer our comments on this bill.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
FRIDAY, MARCH 31, 2017 AT 9:30 A.M.**

To The Honorable Jill N. Tokuda, Chair;
The Honorable Donovan M. Dela Cruz, Vice Chair; and
Members of the Committee on Ways and Means

**TESTIMONY IN SUPPORT OF HB 1327 HD1 TO APPROPRIATE FUNDS
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 HB 1327 HD1.

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.

March 30, 2017

The Honorable Jill Tokuda
Chairperson
Senate Committee on Ways and Means
State Capitol
Honolulu, Hawai'i 96813

SUBJECT: Testimony on House Bill 1327, HD1, Relating to the High Technology
Development Corporation

Dear Chair Tokuda and Committee Members:

I write in support of HB 1327, HD1 as a board member of the High Technology Development Corporation (HTDC). The bill provides funding to continue the operations and administration of the manufacturing development program. The manufacturing assistance program is a fantastic investment for the State. A survey conducted by the HTDC estimated that for every grant dollar awarded in the program, \$12.65 in tax revenues were generated. The program is also an instrumental part in the effort to diversify Hawaii's economy and create high-paying jobs.

I humbly ask for your vote in favor of the bill.

Thank you for the opportunity to testify.

Sincerely,

Elijah Yip