



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB1449
RELATING TO INNOVATIVE BUSINESS INTERACTION.

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

The High Technology Development Corporation (HTDC) **supports** HB1449 that establishes the impact loan fund for Hawaii (HI-impact loan program) in the High Technology Development Corporation to support small businesses with innovative technology.

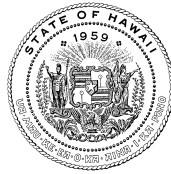
As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at promoting technology and innovation jobs.

The proposed impact loan program fills a critical void with the capital required for many technologies to advance to market and achieve profitability. The program requires companies to secure a commitment from a paying customer to be eligible. This ensures the product the company is developing has an immediate customer and reduces the risk of providing the loan.

The convertible debt is a proven effective financing structure to move technologies further along the commercialization pathway, increase the company's valuation, and lead to follow-on investment for further growth while providing the state opportunity to financially benefit from the success of the company and recoup some capital to sustain the program. The financing structure allows for risk capital to be applied with a balance of economic development and venture capital objectives, which means loans may be provided to companies suited to grow and remain in Hawaii instead of exclusively funding high growth opportunities. In addition, the program's success relies on the impact loan program administrator providing mentorship to the companies.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

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MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS
ON
HOUSE BILL NO. 1449

February 8, 2017
9:00 a.m.
Room 309

LATE

RELATING TO INNOVATION BUSINESS INTERACTION

House Bill No. 1449 establishes the Impact Loan Fund for Hawaii (HI-Impact Loan Program) in the High Technology Development Corporation to support dual-use technology small businesses; establishes the HI-Impact Special Fund (HISF); and appropriates an unspecified amount of general funds for FY 18 and FY 19 to be deposited into the HISF.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1449, it is difficult to determine whether the proposed special fund would be self-sustaining.

Thank you for your consideration of our comments.

keohokalole2 - Anthony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 7, 2017 11:02 PM
To: edbtestimony
Cc: ikitajima@oceanit.com
Subject: Submitted testimony for HB1449 on Feb 8, 2017 09:00AM

HB1449

Submitted on: 2/7/2017

Testimony for EDB on Feb 8, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Ian Kitajima	Oceanit	Support	No

Comments: Oceanit SUPPORTS establishing the impact loan fund for Hawaii (HI-impact loan program) in the HTDC to support dual-use technology small businesses. This source of funding is intended to commercialize federally funded R&D but also to provide an incentive for Hawaii's pillar industries (like Tourism) to work with Hawaii's R&D innovation companies. Mahalo for the opportunity to provide supporting testimony.

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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