



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

Before the
**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM and
TECHNOLOGY**

March 12, 2018

1:15 p.m.

State Capitol, Conference Room 414

In Support of
**HB1958 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION**

To: Chair Glenn Wakai, Vice Chair Brian T. Taniguchi and Members of the
Committee

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

Re: Testimony in Support of HB1958

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB1958**

The technology industry in Hawaii has grown over the past 12 years and has made significant strides towards achieving the goal of diversifying and stimulating Hawaii's economy. The continuation of the Small Business Innovation Research ("SBIR") grants is crucial to move the technology towards prototyping, customer interface, and commercialization,

The objectives of the SBIR grants are:

- To support economic growth and the diversification of our economy;
- To launch new ventures based on technology innovations; and
- To support the growth of the tech industry and the creation of intellectual property and innovation in the State.

We strongly urge you to support of HB1958 and we appreciate your continued support of the technology industry.



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
Senate Committee on Economic Development Tourism and Technology
Monday, March 12, 2018
1:15 p.m.
State Capitol, Conference Room 414

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

The Hawaii Technology Development Corporation (HTDC) **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

HTDC comments that HB1958 HD1 allows Hawaii SBIR matching awards for SBIR phase III projects funded by the private sector. These projects were previously unintentionally excluded.

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. HTDC has been providing Phase I matching grants to SBIR awarded companies since 1989 and started awarding Phase II and Phase III matching grants in FY16.

A summary of the awards made by the matching grant program is listed below:

	FY16	FY17	FY18*
Appropriation	\$2 MM	\$2 MM	\$1 MM
# of Applications	11	9	9
# of Awards	7	8	5
\$\$ Awarded	\$2 MM	\$1.9 MM	\$900 K
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9 MM	\$5.4 MM
Estimated New Jobs	17	70	15

* FY18 data through 12/31/17

This year with \$900,000 available, only 5 of 9 companies were funded. Every year, there have been more qualified applicants than available funds. Since the phase II and III program started in FY16, none of the applicants have received the full eligible amount.

Over time, the current phase II and III program is anticipated to generate the same type of metrics of success as the Phase I only matching program. For every dollar invested through the Hawaii SBIR program, Hawaii companies have attracted over 20 federal dollars in return to the state, plus commercialization funding. HTDC believes the grant program provides leverage and positive economic development value for the State by supporting projects with vetted technology and backed with federal funds. The Senate version, SB2904 appropriates \$2 million for the program.

HTDC agrees that this would be an appropriate amount for the program and support this initiative as long as it does not replace our priorities requested in the Executive Budget. HTDC respectfully requests correction of the defective effective date. Thank you for the opportunity to offer these comments.



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Statement of
LETIZIA DE LANNOY
Manager

Hawaii Evolutionary Development, LLC
(HIEvoDEvo)

before the

Senate Committee on Economic Development, Tourism and Technology

Monday, March 12, 2018

1:15 p.m.

State Capitol, Conference Room 414

In consideration of

HB 1958, HD1

**RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT
CORPORATION**

2800 Woodlawn Dr, #286

Honolulu, HI 96822

T (808) 636-3146

F (808) 988-2990

hed@evodevohi.com

FEIN 36-4683352

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

HIEvoDevo **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program. Appropriates moneys.

HIEvoDevo is a startup company developing HEDS, an engineering design software using a novel methodology to find optimal solutions. This methodology has a wide range of applications in industries such as engineering (aircraft and airspace, automotive, drones, and building design, etc.), health care, finance, to name a few.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

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Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Economic Development,
Tourism and Technology
Monday, March 12, 2018 at 1:15 P.M.
Conference Room 414, State Capitol**

**RE: HOUSE BILL 1958 HD 1 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1958 HD1, which authorizes the Hawaii Technology Development Corporation (HTDC) to issue Small Business Innovation Research program (SBIR) Phase III federal grant awardees up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside the program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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.

Based on data provided by HTDC, 20 federal dollars are returned to the State for every dollar invested through the SBIR program. The existing grant program is successful in promoting innovation and stimulating economic development by supporting emerging technologies developed by Hawaii companies and creating innovation jobs.

Thank you for the opportunity to testify.



**PO Box 1095
Kurtistown, Hawaii
+1-808-938-2840
jim.wyban@gmail.com**

March 9, 2018

RE: HB1958, HD1 RELATING TO THE HAWAII SMALL BUSINESS INNOVATION RESEARCH PROGRAM

Dear Committee:

I am writing to express my strong support of HB1958, HD1 that appropriates funds to the Hawaii Technology Development Corporation (HTDC) to continue the Hawaii Small Business Innovation Research (HSBIR) program.

I developed the World's first SPF shrimp broodstock company, High Health Aquaculture (HHA) based at NELHA in Kona. HHA was the beginning of what became a new industry in Hawaii – SPF Shrimp Broodstock, which exports more than \$20 M of product per year.

During my tenure at HHA, we received 9 SBIR grants from various federal agencies (NSF, USDA, DOC). For each of these we also received Hawaii SBIR matching grants. All of these greatly contributed to our IP development, which increased our company's value and success. This is a very valuable initiative that I strongly support.

After 20 years in business we sold HHA to an Asian multinational (SIS), which expanded the business and continues today.

I strongly support the Hawaii SBIR program and urge you to fund it.

Thanks,

Jim Wyban PhD

HB-1958-HD-1

Submitted on: 3/9/2018 7:51:46 PM

Testimony for ETT on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Greg J Rocheleau	Individual	Support	No

Comments:

This bill supports the technology industry in Hawaii, which is sorely needed to diversify our economy, create high-paying jobs for our keiki, and reverse the brain drain. For these reasons I STRONGLY SUPPORT this bill. The HTDC SBIR matching grants program has a high return on investment, directly resulting in more money coming into the state than is spent, leading to our ability to hire more local staff.



Statement of
Duke Hartman, P.E.
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
Senate Committee on Economic Development, Tourism, and Technology
Monday, March 12, 2018
1:15 p.m.
State Capitol, Conference Room 414

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB1958, HD1** that makes an appropriation to HTDC to continue providing grants to businesses with a federal small business innovation research (SBIR) phase II or III awards.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for over 44 years and an active participant in the Small Business Innovation Research (SBIR) grant program. The SBIR program consists of three phases that encourages early stage investment and innovation in technology. Phase 1 provides a very small amount of money that is barely enough for proof of concept research. However, it is the Phase 2 and 3 funding stages that really provide a “bridge” for companies to survive the “valley of death” between the idea and research stages of development, through prototyping to commercialization.

According to HTDC, for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market. The Phase 2 and 3 SBIR matching grants assist companies with a more difficult, but also more commercially-promising stage of development than Phase 1. Carefully selected Phase 2 and 3 matching grants represent more of a “sure bet” in terms of a successful and highly leveraged investment in economic development for the State, and growing our tech sector.

For example, Makai’s subsea cable laying software began as a Phase 1 SBIR (matched by State for \$20k in the year 2000) and then went on to Phase 2 and 3 and became the world’s #1 commercial cable laying software, with over \$30 million in commercial revenues and high tech jobs for Hawaii over the last 18 years. This is a direct multiplier of more than 1,500X for the State’s investment, not counting the indirect benefits of retaining some of the world’s best engineers in Hawaii and the additional technologies they have generated during this time.



Makai is currently working on a Phase 2 SBIR program focused on autonomous underwater vehicles. Our federal customer noted that the work we had performed on the underwater vehicle under the HTDC Hawaii State matching grant program was a key reason we were selected for an additional \$2.1 million award that is currently underway. Makai will be testing this underwater vehicle technology in Hawaiian waters in the summer of 2018, using local engineers and partnering with professors and undergraduate students at the University of Hawaii at Manoa.

In addition, Makai and Referentia were two local companies honored with a national award, the SBIR Tibbetts Award at the Whitehouse in January, 2017. This award recognizes the very best SBIR companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and displaying success in **actually commercializing federal R&D**. We need this HTDC administered program to make possible more national success stories by local companies.

This is why we **STRONGLY SUPPORT HB595 HD1**, which would provide the state matching funds for Phases 2 and 3 of the federal SBIR program to enable companies to commercialize new technologies more effectively. Not only would this expansion of funding enable our tech industry to compete and win more Federal monies for technology development, it would provide highly-skilled professional jobs for our keiki here at home.

In addition, we respectfully request correction of the incorrect effective date. Thank you for the opportunity to offer these comments.

HB-1958-HD-1

Submitted on: 3/10/2018 2:06:48 AM

Testimony for ETT on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE OF ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY

THE SENATE
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Monday, March 12, 2018
1:30 p.m.

Hawaii State Capitol, Conference Room 414

RE: Testimony in Support of **HB1958 HD1**, RELATING TO THE HAWAII
TECHNOLOGY DEVELOPMENT CORPORATION

To the Honorable Glenn Wakai, Chair; the Honorable Brian T. Taniguchi, Vice-Chair
and Members of the Committee on Economic Development, Tourism, and Technology:

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu
County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of
Hawaii. Thank you for the opportunity to provide written testimony on **HB1958 HD1**,
relating to Hawaii Technology Development Corporation; Small Business Research
Grants; and an appropriation.

The OCC Legislative Priorities Committee is in favor of **HB1958 HD1** and
support its passage.

HB1958 HD1 is in accord with the Platform of the Democratic Party of Hawai'i
("DPH"), 2016, as it authorizes HTDC to issue grants to phase III federal grant
awardees of up to fifty percent of the amount of the award or contract funded by the
private sector or government sources outside of the program and it appropriates
moneys.

DPH "recognizes that the responsible use and development of technology in all
its manifestations offer immense potential for our community, government, including
institutions of higher education and business sectors. DPH encourages synergistic

research, development, commercialization and educational programs that promote technological proficiency and innovation. DPH supports Science, Technology, Engineering and Math (STEM) initiatives in our public, private and charter schools as these prepare the next generation to address the needs of our state. DPH also support[s] programs that facilitate incubator, i.e., start-up opportunities for new and promising technologies and encourages the local retention of our intellectual resources.” (DPH Platform, Lines 148-156 (2016)).

Given that **HB1958 HD1** authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program and it appropriates moneys, it is the position of the OCC Legislative Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC Legislative Priorities Committee

Email: legislativepriorities@gmail.com, Tel.: (808) 258-8889

Statement of
Robert J. Robinson, Ph.D.
Managing Partner
Kolohala Holdings, LP
before the
Senate Committee on Economic Development Tourism and Technology
Monday, March 12, 2018
1:15 p.m.
State Capitol, Conference Room 414

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Kolohala Holdings, LP **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program. Appropriates moneys..

Kolohala Holdings invests in, supports, mentors, and generally encourages technology startups, and the innovation economy generally, in Hawaii. Since 2006 we have invested in excess of \$70 million directly into Hawaii companies. The SBIR program is essential in allowing the formation and early growth of companies that are later eligible for private funding and venture capital.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments. Please let me know if I can supply additional information.

Sincerely,



(Robert J. Robinson, Ph.D.)



Statement of
Richard Bailey
Founder/President
DewPoint System LLC

HB1958 HD1

Relating to the Hawaii Technology Development Program
Small Business Research Grants

DewPoint System LLC supports HB1958 HD1 that authorizes HTDC to issue grants to Phase III federal grant Small Business Innovative Research (SBIR) grant awardees of up to 50% of the amount of the award or contract funded by the private sector or government sources outside of the program and appropriates these funds.

DewPoint System LLC is a small technology company developing a high tech agriculture and freshwater production systems that can help Hawaii and other islands become more self-sufficient in water and food. HTDC has helped our company in submitting USDA SBIR grant applications and it is through this HTDC matching research grant program that allows small tech businesses like us extend and expedite our technology development, to keep Hawaii on the leading edge of creating innovative businesses and tech jobs here.

DewPoint Systems highly recommends the appropriations of funds for HTDC Matching Phase III Grant Program outlined in HB1958 HD1.

HB-1958-HD-1

Submitted on: 3/10/2018 2:16:41 PM

Testimony for ETT on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David S. De Luz, Jr.	Individual	Support	No

Comments:

HB-1958-HD-1

Submitted on: 3/11/2018 10:50:16 AM

Testimony for ETT on 3/12/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jonah Robert Heller	Testifying for Jonah Heller, Creative	Support	No

Comments:

Statement of Jonah Heller, Creative (jonah.heller@gmail.com) before the Senate Committee on Economic Development Tourism and Technology

Monday, March 12, 2018

1:15 p.m.

State Capitol, Conference Room 414

In consideration of

HB1958, HD1

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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Jonah Heller supports HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program. Appropriates moneys..

Jonah Heller, Creative ... The grant is important, not just to our business, but to Hawaii as a whole. If Hawaii is to become the tech & manufacturing mecca it's destined to be, HB1958 (HD1) and HTDC's administration of said funds, will be essential. Our company, is actively developing multiple projects/products positioned to take advantage of these funds, stay tuned, please continue working with HTDC, they rock!



2800 Woodlawn Dr.
STE #150
Honolulu HI 96028
www.spectrum-photonics.com

Statement of
Edward Knobbe
President
Spectrum Photonics
before the
Senate Committee on Economic Development Tourism and Technology
Monday, March 12, 2018
1:15 p.m.
State Capitol, Conference Room 414

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Spectrum Photonics **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

Spectrum Photonics' core business is largely based on intellectual property licensed from University of Hawaii. During the past 8 years we have received approximately \$13,000,000 in federal SBIR contracts, which in turn has enabled Spectrum to win highly-competitive broad agency announcement (BAA) awards.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

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