



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

HB2556 RELATING TO INNOVATION BUSINESS

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

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

Re: Testimony in Support of HB2556

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB2556**

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.

In this twenty first century global economy, the creation and growth of technology companies is crucial for the State of Hawaii. It has been proven that through various federal funding sources, Hawaii companies have demonstrated the ability to develop “disruptive technologies” for the U.S. Department of Defense. However, the ability to take disruptive technologies to the next level or for commercialization and dual use, ie, tourism industry, agriculture industry, sports industry, finance industry, building and construction industry and other industries, has been a challenge.

HB2556 establishes a grant to accelerate commercialization which in turn will benefit the State from tax revenues, job creation and economic growth.

Therefore, we are in support of HB2556.



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

HB2556 RELATING TO INNOVATION BUSINESS

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

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

Re: Testimony in Support of HB2556

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB2556**

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.

In this twenty first century global economy, the creation and growth of technology companies is crucial for the State of Hawaii. It has been proven that through various federal funding sources, Hawaii companies have demonstrated the ability to develop “disruptive technologies” for the U.S. Department of Defense. However, the ability to take disruptive technologies to the next level or for commercialization and dual use, ie, tourism industry, agriculture industry, sports industry, finance industry, building and construction industry and other industries, has been a challenge.

HB2556 establishes a grant to accelerate commercialization which in turn will benefit the State from tax revenues, job creation and economic growth.

Therefore, we are in support of HB2556.



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

HB2556 RELATING TO INNOVATION BUSINESS

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

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

Re: Testimony in Support of HB2556

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB2556**

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.

In this twenty first century global economy, the creation and growth of technology companies is crucial for the State of Hawaii. It has been proven that through various federal funding sources, Hawaii companies have demonstrated the ability to develop “disruptive technologies” for the U.S. Department of Defense. However, the ability to take disruptive technologies to the next level or for commercialization and dual use, ie, tourism industry, agriculture industry, sports industry, finance industry, building and construction industry and other industries, has been a challenge.

HB2556 establishes a grant to accelerate commercialization which in turn will benefit the State from tax revenues, job creation and economic growth.

Therefore, we are in support of HB2556.



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
HB2556, HD1
RELATING TO INNOVATION BUSINESS

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

The Hawaii Technology Development Corporation (HTDC) **supports the intent** of HB2556, HD1 that establishes the research and development program in the Hawaii Technology Development Corporation to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii.

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 growing the technology and innovation sector. Companies conducting R&D provide interesting, high wage jobs for our Hawaii workforce. Promoting R&D activities will spur innovation and job growth.

HTDC defers to the Department regarding the establishment of a Special Fund.

We 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.



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
HB2556, HD1
RELATING TO INNOVATION BUSINESS

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

The Hawaii Technology Development Corporation (HTDC) **supports the intent** of HB2556, HD1 that establishes the research and development program in the Hawaii Technology Development Corporation to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii.

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 growing the technology and innovation sector. Companies conducting R&D provide interesting, high wage jobs for our Hawaii workforce. Promoting R&D activities will spur innovation and job growth.

HTDC defers to the Department regarding the establishment of a Special Fund.

We 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.

HB-2556-HD-1

Submitted on: 3/9/2018 12:39:08 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	Individual	Support	No

Comments:

HB-2556-HD-1

Submitted on: 3/9/2018 3:26:40 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Matsuura	Individual	Support	No

Comments:



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 2556 HD1 RELATING TO INNOVATION BUSINESS

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2556 HD1, which establishes the Research and Development Program in the Hawaii Technology Development Corporation (HTDC) to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii. The bill also establishes the Research and Development Special Fund and appropriates funds for the purposes of 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.

The Chamber continues to support the State's efforts to promote and foster innovation research and development in Hawaii. Innovation is a proven catalyst for economic growth and the creation of high-skilled and high-paying jobs. The Chamber supports this legislation provided that it offers adequate funding and does not adversely impact HTDC's priorities in the Executive Budget.

Thank you for the opportunity to testify.

HB-2556-HD-1

Submitted on: 3/9/2018 7:53:00 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Greg J Rocheleau	Testifying for Makai Ocean Engineering	Support	No

Comments:



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
HB 2556 HD1
RELATING TO INNOVATION BUSINESS

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

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB 2556 HD1** that establishes the research and development program in the Hawaii Technology Development Corporation and appropriates funds.

Makai is a locally-owned and operated technology company based in Hawai'i for over 44 years. One of the driving reasons behind Makai's existence is to help Hawai'i achieve energy independence using clean, alternative and renewable resources.

Makai is currently performing R&D on a variety of exciting ocean energy and ocean technology projects, including autonomous underwater vehicles, ocean thermal energy conversion (OTEC) and seawater air conditioning (SWAC) systems, submarine and subsea cable systems, and a Department of Energy project to grow and harvest macroalgae (limu) offshore in Hawaiian waters to produce a clean-burning biofuel alternative for transportation.

Makai has been successful in bringing in tens of millions of dollars in R&D funds from federal and international sponsors to Hawai'i, helping to stem the tide of "brain drain" of talented kama'aina kids going to the mainland. I myself am a Kahuku High School and University of Hawaii College of Engineering graduate who was ready to leave for an engineering job on the mainland before Makai offered me a job. With the help of State programs like this bill, Makai has been able to secure additional competitively awarded federal funding from the U.S. Navy, Air Force, DARPA, and Department of Energy, and bring home national honors, such as the Small Business Administration's Tibbetts Award. This national award recognizes the very best in small innovative companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and demonstrating success in actually commercializing federal R&D; activities that increase taxable revenue for the state.

This bill would enhance the ability of companies like Makai to outshine their mainland peers early in competitive federal R&D projects, bring home R&D dollars that greatly exceed



the initial investment, and create a critical mass of innovative R&D companies in Hawaii and a truly vibrant industry. It would help homegrown companies turn R&D into commercially viable products and services, ultimately expanding and diversifying Hawaii's economy, and enable our tech industry to and support high-paying, highly-skilled professional jobs for our keiki here at home.

This is why we **STRONGLY SUPPORTS HB 2556 HD1.**

Thank you for the opportunity to offer these comments.

HB-2556-HD-1

Submitted on: 3/10/2018 2:19:54 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 **HB2556 HD1**, RELATING TO INNOVATION
BUSINESS

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 **HB2556 HD1**,
regarding a Hawaii Technology Development Corporation; Research and Development
Program; Research and Development Special Fund; and an appropriation.

The OCC Legislative Priorities Committee is in favor of **HB2556 HD1** and
support its passage.

HB2556 HD1 is in accord with the Platform of the Democratic Party of Hawai'i
("DPH"), 2016, as it establishes the research and development program in the Hawaii
technology development corporation to help Hawaii-based small businesses collaborate
with commercial partners to further refine and optimize research and development
performed in Hawaii; establishes the research and development special fund; and
appropriates funds for the purposes of the research and development program.

Specifically, the DPH Platform provides that "[w]e recognize that the responsible
use and development of technology in all its manifestations offers immense potential for
our community, government, including institutions of higher education and business
sectors. We encourage synergistic research, development, commercialization and

education programs to promote technological proficiency and innovation. In particular, we support 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. We also support programs that facilitate incubator, i.e., start-up, opportunities for new and promising technologies, and encourage the local retention of our intellectual resources." (Platform of the DPH, P. 3, Lines 149-156 (2016)).

Given that **HB2556 HD1** establishes the research and development program in the Hawaii technology development corporation to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii; establishes the research and development special fund; and appropriates funds for the purposes of the research and development program, it is the position of the OCC Legislative Priorities 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

HB-2556-HD-1

Submitted on: 3/10/2018 1:02:28 PM

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

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

Comments:

Dear Chair Wakai and members of the ETT Committee:

Navatek strongly supports HB2556 HD1. There are many companies doing critical research and development in Hawaii and it is vital to Hawaii's future economic growth. The innovations that these companies are researching and developing bring in new dollars to our State's economy and create strong high-skilled, high-paying jobs - jobs for our kama'aina and to bring skilled kama'aina back home.

We urge you to pass this bill and respectfully request the following amendments to further clarify and ease the administration of the program by HTDC:

Replace (e) on page 4 line 4 with the following:

(e) For the purposes of this section:

“Hawaii-based small business” means a company:

- (1) Headquartered in the State;
- (2) Doing business in the State for not less than 5 years; and
- (3) Employing one or more residents with income subject to taxation pursuant to chapter 235.

“resident” shall have the same meaning as in section 235-1

Mahalo for this opportunity to testify.

HB-2556-HD-1

Submitted on: 3/10/2018 3:10:50 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Schiff	Individual	Support	No

Comments:

I strongly support HB2556.