

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
ACTING DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2559, H.D. 1

February 16, 2018
3:00 P.M.
Room 308

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST SPINLAUNCH

House Bill No. 2559, H.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist SpinLaunch Inc. with the financing of the planning, design, and construction of a satellite launch system pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.



Pacific International
Space Center for
Exploration Systems

**PISCES BOARD OF
DIRECTORS**

Henk Rogers, Chair
Senate Nominee
Term: 2014 – 2018

Vacant
Ex-Officio, Executive Director,
PISCES
Term: 2013 –

Kim Binsted
Senate Nominee
Term: 2016 – 2020

Luke Flynn
Governor Nominee
Term: 2016 – 2019

Galen Ho
Governor Nominee
Term: 2013 – holdover

David Lassner
Ex-Officio, President of the
University of Hawai'i
Designated Alternate,
Donald Straney
Vice President for Academic
Planning and Policy,
University of Hawaii System
Term: 2013 –

Luis Salaveria
Ex-Officio, Director, DBEDT
Designated Alternate
Mary Alice Evans
Deputy Director, DBEDT
Term: 2015 – 2018

Patrick Sullivan
House Nominee
Term: 2014 – 2018

Vacant, House Nominee
Term: 2015 - 2019

Statement of
Rodrigo Romo
Program Director

Pacific International Space Center for Explorations Systems (PISCES),
Before the
Committee on Finance
Friday, February 16th, 2018 @ 15:00
State Capitol, Conference Room 308

In consideration of
HB2559
**RELATING TO THE SPECIAL PURPOSE REVENUE BONDS TO ASSIST
SPINLAUNCH**

Chair Luke, Vice Chair Cullen and members of the Committee.

Dear members of the committee I want to express my support for HB2559.

It is important for the State of Hawai'i to diversify its economy away from tourism and agriculture. Attracting companies from the aerospace industry is one of PISCES primary goals.

The small satellite industry is going through rapid growth. Two limiting factors that are inhibiting the industry from achieving its potential are the lack of small launch vehicles and launch sites. Companies like SpinLaunch address both issues.

Hawai'i's geographical location make it an ideal candidate for both equatorial and polar orbit launches. SpinLaunch has expressed interest in developing a launch facility in Hawai'i. This would bring high paying jobs that are desperately needed in the State and place Hawai'i on the map in the Small Satellite Industry.

Thank you for this opportunity to offer comments.

Rodrigo Romo
Program Director
PISCES
99 Aupuni St. Ste 212-213
Hilo, HI 96720

HB-2559-HD-1

Submitted on: 2/15/2018 2:44:23 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawaii	Support	No

Comments:

**PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON FINANCE
THE HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Friday, February 16, 2018
3:00 p.m.**

Hawaii State Capitol, Conference Room 308

RE: Testimony in Support of HB 2559 HD1 RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST SPINLAUNCH.

To the Honorable Sylvia Luke, Chair; the Honorable Ty J.K. Cullen, Vice-Chair and the Members of the Committee on Judiciary:

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 House Bill No. 2559 HD1 relating to Special Purpose Revenue Bonds; SpinLaunch Inc. and a Satellite Launch System.

The OCC Legislative Priorities Committee is in favor of House Bill No. 2559 HD1 and supports its passage.

House Bill No.2559 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it authorizes the issuance of special purpose revenue bonds to assist SpinLaunch Inc., with the financing of the planning, design, and construction of a satellite launch system.

The DPH Platform states 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 educational 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 House Bill No. 2559 HD1 authorizes the issuance of special purpose revenue bonds to assist SpinLaunch Inc., with the financing of the planning, design, and construction of a satellite launch system, 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-2559-HD-1

Submitted on: 2/15/2018 4:34:25 AM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Mosdell	Greenboard Enterprise	Support	No

Comments:

I am an Aerospace Consultanat with over 25 years in the industry. Since retiring from SpaceX as Director of Launch Sites, I've had the opportunity to be involved with many NewSpace startups including new launch vehicles, spacecraft manufacturer's, and emerging technology companies. I do not have any business relationship with SpinLaunch but have seen their engineering, labratory, and test facilities, and have done a review of their program. I support this legislation because SpinLaunch will bring revolutionary "game changing" technology to the industry. Their approach has the potential to reduce the cost of payload mass to orbit by an order of magnitude which will benefit consumers and provide application derivatives to national defense.

Brian Mosdell

<https://www.linkedin.com/in/brian-mosdell-6a59015a/>

HB-2559-HD-1

Submitted on: 2/15/2018 5:11:35 AM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Charles Wagner	CLW Engineering, LLC	Support	No

Comments:

Thank you for the opportunity to testify on House Bill No. 2559. The purpose of this bill is to address the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of its electrical small satellite launch system which will make the development of such a system more economically feasible and provide the numerous public benefits listed in HB 2559.

CLW Engineering supports attempts to facilitate a pro-growth environment for the developing the commercial space industry. The authorization of special purpose revenue bonds will allow the development of new infrastructure. SpinLaunch proposes new and exciting products that would positively help the State move toward these goals as well as generate millions of dollars in construction project spending. Additionally, SpinLaunch will revolutionize access to space by drastically reducing costs compared to conventional rocket programs. Long term, this program has the potential to create a new market for the production and launching of small satellites, creating high paying jobs and millions of dollars of state revenue.

Thank you for the opportunity to testify on this measure.

Charles Wagner
Owner
CLW Engineering, LLC
February 15, 2018

HB-2559-HD-1

Submitted on: 2/15/2018 2:48:25 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Derek Lang	Engineering Space	Support	No

Comments:

COMMITTEE ON FINANCE

Friday, February 16, 2018

3:00pm

Conference Room 308

HB 2559 RELATING TO SPECIAL PURPOSE REVENUE BONDS

TO ASSIST SPINLAUNCH INC

Chair Luke, Vice Chair Cullen and members of the Committee on Finance:

Thank you for the opportunity to testify on House Bill No. 2559 addressing the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of its small satellite launch system. I respectfully encourage support to this bill.

I am Derek Lang, of Engineering Space, an aerospace technology development and consulting firm. I am a life-long space enthusiast and have been an advocate of the public traveling to, and using space, since the early days of the US allowing private companies launch into space. I began working with SpinLaunch because of its vision for dramatically changing the way we access space and use space to improve life back here on earth.

The bill HB2559 is an opportunity to foster economic growth for the State of Hawaii. The project being developed by SpinLaunch will advance the state of technology on the Island and in the world. Aside from the excitement of doing something in space, it is an opportunity to encourage students in the sciences and engineering. It is an opportunity to create professional, labor and support service jobs in the area. And unlike most technology that generates money by exporting off the island, this is a project that will draw customers and the general public to the island - affording more economic

benefits. And as a bond mechanism, it is a low risk means for promoting the local economy.

HB-2559-HD-1

Submitted on: 2/15/2018 2:57:42 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael D Vergalla	Free Flight Lab	Support	No

Comments:

As a non-profit focused on distributed sensing of the Earth for advancement of conservation, climate science, and aviation safety Free Flight Lab supports HB2559. This measure helps to determine conservation and stewardship plans for Kawainui. We specifically support the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of its electrical small satellite launch system. The involvement of new aerospace start-ups has the potential to benefit local economy, as well as bring additional advanced technology industries to the region. Specific benefits can be seen from startups such as SpinLaunch Inc. that may be capable of contributing to satellite constellations which enable persistent global coverage for Earth Science, Geo-Spatial Data, Weather, and Communication Networks. This system will provide democratized access to Space and opportunities for new players and local start-ups in the satellite insight industry. In addition, the commercial success of the proposed facility will generate interest and pride in the local community, inspiring students who will be able to experience locally the excitement of science, technology, engineering, and math (STEM).

Thank you for accepting testimony on this issue.

Michael Vergalla, 2/15/2018

COMMITTEE ON FINANCE

Friday, February 16, 2018

3:00pm

Conference Room 308

HB 2559 RELATING TO SPECIAL PURPOSE REVENUE BONDS
TO ASSIST SPINLAUNCH INC

Chair Luke, Vice Chair Cullen and members of the Committee on Finance:

Thank you for the opportunity to testify on House Bill No. 2559. I am Jonathan Yaney, CEO of SpinLaunch Inc. The purpose of this bill is to address the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of its electrical small satellite launch system which will make the development of such a system more economically feasible and provide the public benefits listed in HB 2559.

SpinLaunch's adoption in Hawaii will facilitate a pro-growth environment for the developing commercial space industry on the Islands, bringing a unique capability to market that will facilitate new satellite based business models. SpinLaunch will contribute to the continued development of the Hawaii aerospace presence with new technologies, creating a diversity of 21st century jobs locally, while educating communities and improving on the sustainability of Hawaii.

Thank you for the opportunity to testify on this measure.

Jonathan Yaney

COMMITTEE ON FINANCE

Friday, February 16, 2018

3:00pm

Conference Room 308

HB 2559 RELATING TO SPECIAL PURPOSE REVENUE BONDS
TO ASSIST SPINLAUNCH INC

Chair Luke, Vice Chair Cullen and members of the Committee on Finance:

Thank you for the opportunity to testify on House Bill No. 2559. I am Ryan Hampton, Director of Launch Site Development at SpinLaunch Inc. The purpose of this bill is to address the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of it's electrical small satellite launch system which will make the development of such a system more economically feasible and provide the public benefits listed in HB 2559.

My background comes from time spent in the US Navy and working in various capacities of deep water diving and construction such as natural disaster relief and clean up. My history allows me a unique perspective and love for life on tropical islands, populated by ecological wonders that I feel are ever present in the Hawaiian Islands.

Recently my family and I moved to the the Pāhoā area of the Big Island in 2017. Being able to spend time with my wife and kids at the many State and National parks and recreation areas while experiencing the awe of Madame Pele and learning about the Aloha Spirit brings so much of the Island's natural features to life in ways I could have never imagined second hand. My family and I are truly grateful for this privilege.

I see SpinLaunch development on the Islands as a way to continue the rich history of navigation, exploration and discovery while stimulating and encouraging technological advancements and education that can help humankind understand more about our planet, our universe and ourselves.

Thank you for the opportunity to testify on this measure.

Ryan Hampton

COMMITTEE ON FINANCE

Friday, February 16, 2018

3:00pm

Conference Room 308

HB 2559 RELATING TO SPECIAL PURPOSE REVENUE BONDS
TO ASSIST SPINLAUNCH INC

Chair Luke, Vice Chair Cullen and members of the Committee on Finance:

Thank you for the opportunity to testify on House Bill No. 2559. I am Raphael Feldman, Project Manager at SpinLaunch Inc. The purpose of this bill is to address the issuance of special purpose revenue bonds to provide financing to assist SpinLaunch Inc. in constructing a portion of it's electrical small satellite launch system which will make the development of such a system more economically feasible and provide the public benefits listed in HB 2559.

I have recently become acquainted with Hawaii and have found the people of the Islands to respect and honor the value and prestige of the land in a way more passionately than I have seen in most other places around the world. SpinLaunch aims to uphold and honor these values while working with communities to help propel economies of new technology.

SpinLaunch is an inspiring program that I am proud to be a part of and would encourage this Committee to support on the Hawaiian Islands

Thank you for the opportunity to testify on this measure.

Raphael Feldman

LATE

HB-2559-HD-1

Submitted on: 2/16/2018 12:05:34 AM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jacqui Hoover	Hawaii Island Economic Development Board	Support	No

Comments:

Aloha Chair Luke, Vice Chair Cullen and Members of the House Committee on Finance,

My name is Jacqui Hoover and I have the privilege of serving as Executive Director and Chief Operating Officer of the Hawaii Island Economic Development Board (HIED) and concurrently as President of Hawaii Leeward Planning Conference (HLPC). Please accept this testimony on behalf of HIEDB, a private, member-based 501(c)3 organization incorporated in 1984 to help strengthen and diversify Hawaii Island's economy.

HIEDB had the privilege of preparing the Comprehensive Economic Development Strategy (CEDS) for Hawaii Island and in the course of working with over 200 stakeholders, the leading industry sectors, both existing and emerging, the aerospace industry was identified as a potentially strong sector for Hawaii Island (and State of Hawaii).

HIEDB believes that innovation and emerging technologies and industries provide value and opportunity particularly in diversifying Hawaii's economy, creating new channels for growth and establishing a competitive advantage in today's global economy. SpinLaunch represents such value and opportunity and HIEDB strongly supports HB2559.

Mahalo for this opportunity to speak in support of HB 2559..