



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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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**

Tuesday, April 3, 2018

10:00 AM

State Capitol, Conference Room 211

in consideration of

**HB 583, HD1**

**RELATING TO TECHNOLOGY.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **strongly supports** HB583, HD1, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the continued operations and administration of HTDC's programs.

On January 22, 2018, UH notified HTDC and DBEDT that management of MIC will transfer to UH on July 1, 2018. The 25-year lease from UH to DBEDT for the land on which MIC sits expired in April 2015. UH informed HTDC and DBEDT that they do not intend to renew the lease and will take over management of the facility. Since the expiration of the lease, UH has allowed HTDC to stay on a month-to-month basis rent-free and to continue operating the Center and collecting tenants' rents to give HTDC and DBEDT time to plan for this handover.

This handover of management of the Center from HTDC to UH will result in a loss of tenants rents which must be replaced with General Funds in order to avoid terminating HTDC employees and shutting down the program shortly after July 1, 2018.

The HTDC Board of Directors met on February 2, 2018, and voted unanimously to support DBEDT's request for General Funds to continue the HTDC programs that have been funded by revenues collected from the MIC tenants. The Governor has requested in Governor's Message No. 12 for \$970,000 in general funds for the continuation of HTDC staff and business incubation services.

Thank you for the opportunity to testify.



Written Statement of  
**Robbie Melton**  
Executive Director & CEO  
Hawaii Technology Development Corporation  
before the  
**Senate Committee on Ways and Means**  
Tuesday, April 3, 2018  
10:00 a.m.  
State Capitol, Conference Room 211

In consideration of  
**HB583, HD1**  
**RELATING TO TECHNOLOGY**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

The Hawaii Technology Development Corporation (HTDC) **supports** HB583, HD1 that appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

UH has provided notice to HTDC that it intends to terminate the lease at the Manoa Innovation Center effective June 30, 2018. Termination of the lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. The rent revenue generated through the incubation program at the Manoa Innovation Center funds half of HTDC staff's salary and all of our discretionary program funding. Without the lease or an alternate method of funding, HTDC will not be able to continue operation.

In HTDC's 2017 economic impact survey of clients, 149 companies reported \$588 million of revenue and \$1.05 billion of total economic impact. HTDC programs receive an annual appropriation of just over \$1 million in general funds, \$520,000 of which are passed through as grants to companies. HTDC has leveraged our state funding to secure \$500,000 of annual federal funding for our Innovate Hawaii program and approximately \$20 million over 5 years federal funding for our HCATT program. HTDC takes pride in reporting substantial leverage and return on investment for the state.

The MIC land lease has been a concern for HTDC for many years. Previous attempts to resolve the issue have included overwhelming public testimony for HTDC programs and mission.

([https://www.capitol.hawaii.gov/Archives/measure\\_indiv\\_Archives.aspx?billtype=HB&billnumber=71&year=2013](https://www.capitol.hawaii.gov/Archives/measure_indiv_Archives.aspx?billtype=HB&billnumber=71&year=2013))

HTDC has proven itself as a valuable resource for the tech community, a responsible steward for the upkeep of the facility, and an active member of the Manoa community. HTDC has requested funding from the legislature every year to construct a replacement facility but the funds have not been available. HTDC has solicited and received federal grant funding and private sector investment for the construction of the Entrepreneurs Sandbox. However, the facility is only a complement to the Manoa Innovation Center. HTDC continues to seek state, federal, and private sector funding for a replacement for the Manoa Innovation Center.

HTDC remains supportive of UH's innovation agenda as a piece of the bigger goal of growing the State's tech sector. UH has offered for HTDC to stay at the Manoa Innovation Center while paying only for common area maintenance. However, HTDC **would require a consistent annual appropriation** to cover staff salary, federal funding match, programs, and common area maintenance to consider this opportunity. HTDC's more immediate concern is to continue our mission until funding becomes available to construct a replacement facility in Kakaako.

Thank you for the opportunity to offer these comments.



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#### **Executive Officers**

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**John Shilf**, Rainbow Sales & Marketing, *Advisor*  
**Barry Taniguchi**, KTA Superstores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*

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TO:  
Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: Tuesday, April 3, 2018  
TIME: 10:00am  
PLACE: Conference Room 211

RE: HB 583 Relating To Technology

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.

Passage of this measure will allow Hawaii Technology Development Corporation (HTDC) to develop a public private partnership to establish a new incubator facility, which will benefit the businesses they work with and also ultimately be more cost effective for HTDC. HTDC is an important part of developing new Hawaii small businesses and diversifying our economy. The loss of their current facility could disrupt their ability to engage in important programs for our business and technology future if this measure is not passed. We urge you to vote yes on this measure and we thank you for the opportunity to testify.

**HB-583-HD-1**

Submitted on: 4/1/2018 4:40:33 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

**Comments:**

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on HB583 HD1, regarding Technology; Hawaii Technology Development Corporation; Operational Costs; Administrative Costs; and an appropriation.

The OCC on Legislative Priorities is in favor of HB583 HD1 and support its passage.

HB583 HD1 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs.

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 HB583 HD1 appropriates funds to the Hawaii Technology Development Corporation for administrative and operational costs, it is the position of the OCC on Legislative Priorities to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

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