



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

The High Technology Development Corporation (HTDC) **supports** HB595 HD1 that appropriates funds to continue the Small Business Innovation Research Program within the High Technology Development Corporation.

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 last year.

In FY16, the first year of the Phase II Phase III matching program, HTDC awarded \$2 million to 7 companies who had secured \$7.9 million of federal SBIR funding. There were more eligible applicants than available funds. HTDC anticipates awarding all of the fiscal year 2016-2017 appropriated funds and suggests that \$2 million is an appropriate annual budget for the program. Phase III awards are eligible for matching grants and subject to the same application and evaluation process as Phase II awards.

Over time, the expanded 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 20 federal dollars in return to the state, plus commercialization funding. HTDC believes this program provides leverage and positive economic development value for the State by supporting projects with vetted technology and backed with federal funds.

We respectfully request the correction of the defective effective date. 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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 22, 2017 at 2:00 P.M.
Conference Room 308, State Capitol**

**RE: HOUSE BILL HB 595 HD1 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 595 HD1, which appropriates funds to continue the Small Business Innovation Research Program within the High Technology Development Corporation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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 High Technology Development Corporation (HTDC) has offered assistance to SBIR awarded companies since 1989; as a result, Hawaii companies have attracted 20 federal dollars in return to the state plus commercialization funding for every dollar invested through this program. Although the federal SBIR grant program has increased efforts to move companies through grant awards to commercial product sales, funds have not been dedicated towards these efforts. This bill would allow HTDC to provide the necessary support of a commercialization assistance program.

Thank you for the opportunity to testify.



Executive Officers:
John Erickson, Young's Market Company –Chair
Beau Oshiro, C&S Wholesale – Vice Chair
Toby Taniguchi, KTA Superstores – Secretary/Treasurer
John Schilf, Rainbow Sales and Marketing - Advisor
Stan Brown, Acosta – Advisor
Paul Kosasa, ABC Stores – Advisor
Barry Taniguchi, KTA Superstores – Advisor
Derek Kurisu, KTA Superstores – Immediate Past Chair
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax: 808-791-0702
Telephone: 808-533-1292

TO: COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair

Rep. Ty Cullen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: Wednesday, Feb. 22, 2017

TIME: 3:00 p.m.

PLACE: Conference Room 308

RE: HB595, HD1 (High Technology Development Corporation)

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.

This bill's appropriation of funding for Hawaii's small business innovation research program will complement existing efforts in building and diversifying our economy, keeping more dollars in Hawaii, decreasing our dependence on imports, and growing and strengthening the Made in Hawaii brand.

Research has shown that a diversified economy and a business-friendly tax climate are key factors in keeping unemployment low. This bill allows manufacturers in our state to continue to grow their businesses and incentivizes production in Hawaii. This means more jobs and a stronger economy for the entire state.

Encouraging and fostering small business development and growth will also likely equate to less reliance on imported goods. Hawaii currently imports over 90% of the products used in the state. This reliance leaves us vulnerable to potential supply chain interruptions, adds shipping costs to almost every product and sends millions of dollars per year out of the state- millions of dollars that could be spent and reinvested here. Continuing support for small businesses is an excellent investment for our state.

This bill will also likely open the door for more products to earn the proud distinction of being "Made in Hawaii." Hawaii-made products have a worldwide reputation for quality and excellence and are in

demand both within the state and abroad. Additional funding for this program will help our industries grow to meet that demand while concurrently expanding our economy.

For these reasons, we ask that you please vote yes on this measure.

Thank you for the opportunity to testify.

Statement of
Taryn Rodighiero
Founder
KaiKini Bikinis
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
**RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.**

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

KaiKini Bikinis supports HB595 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.

KaiKini Bikinis is Hawaii's largest swimwear manufacturer. We make our entire product line here on Kauai and ship our product direct to customers all over the world. Manufacturing costs in Hawaii are almost double what they are on the mainland because we have to ship our raw materials here first. HTDC awarded us a grant that made it possible for us to hire more employees, attend an international trade show, and buy much needed machinery which increased our productivity by at least 5%.

Hawaii small businesses need programs like this. Please continue to fund these grants that help us so much.

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 the correction of the defective effective date. Thank you for the opportunity to offer these comments.



KOLOHALA HOLDINGS, LLP

February 21, 2017

Statement of
Robert J. Robinson
Managing Partner
Kolohala Holdings, LP

before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION

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

Kolohala Holdings **SUPPORTS** HB595 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.

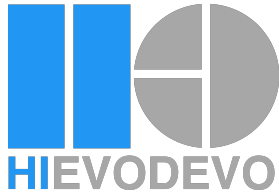
We support, mentor, and invest in startups in the Hawaii entrepreneurial ecosystem. Since 2006 we have facilitated the investment of over \$60MM in local companies here in HI. A key to getting those businesses started and developing proof of concept are SBIR grants. In order to have a vigorous innovation and entrepreneurial sector in the Hawaii economy, programs supported by SB763 are critical.

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.

Thank you for the opportunity to offer these comments.

Sincerely,

Rob Robinson
Manager, Kolohala Venture Fund



Statement of
LETIZIA DE LANNOY
Manager
Hawaii Evolutionary Development, LLC
(HIEvoDEvo)

before the

House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

2221 Seaview Avenue
Honolulu, HI 96822
T (808) 636-3146
F (808) 988-2990
hed@evodevohi.com
FEIN 36-4683352

In consideration of
HB595 HD1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

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

HIEvoDevo supports HB595 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.

HIEvoDevo is developing HEDS, an engineering design software using a novel methodology to find optimal solutions. With the Hawaii SBIR matching funds HIEvoDevo has hired a software developer, contracted AlgorithmHub, a leading local startup in cloud services, and partnered with the US Air Force and Lockheed Martin Aeronautics to test and validate HEDS. The success of this partnership can result in new projects and consequently the hiring of additional engineers and software developers.

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 the correction of the defective effective date. Thank you for the opportunity to offer these comments.



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

21 February 2017

Statement of
Edward Knobbe
President and CEO
Spectrum Photonics
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.

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

Spectrum Photonics **supports** HB595 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.

Implementation of a state-sponsored matching incentive program, designed to augment all three phases of the federal SBIR program, will significantly accelerate the rate at which small businesses can develop and commercialize new technologies. Spectrum Photonics has benefitted significantly from the SBIR program, with more than \$6,000,000 in federal SBIR funds contracted since 2010. Federally-awarded SBIR funds, in turn, have helped to make our technologies competitive for larger follow-on commercial transition programs and federal acquisition contracts, including awards under the \$3,000,000 Rapid Innovation Fund (RIF) program, \$4,500,000 of funding under the Next-Generation Chemical Detection (NGCD) program, and \$16,900,000 under the Standoff ILluminator for Measuring Absorbance and Reflectance Infrared Light Signatures (SILMARILS) program. Enactment of HB595 HD1 will greatly accelerate technology development and commercialization activities in the state.

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 the correction of the defective effective date. Thank you for the opportunity to offer these comments.



4009 Black Point Rd, Honolulu, HI 96816 • (206) 588-5811

Statement of
Rex Jakobovits, PhD
President
Experiad Solutions
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.

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

Experiad **supports** HB595 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.

I am a graduate of Kalani High School and I received a PhD in computer science from the University of Washington. I am happy to be back home now, part of the burgeoning technology ecosystem here in the islands. My Honolulu-based startup Experiad is developing software for behavioral therapists who treat kids with autism. We have received two large Phase I SBIR grants (totaling over \$1.4M) from the National Institute of Health, and we received matching HISBIR funds from HTDC. This week, we were notified by NIH that our new \$1.8M Phase II grant (which we submitted last year) is going to be funded in April, bringing our total awarded amount to \$3.2M. That grant will allow us to expand our team and hire 2-3 more software developers and a research coordinator. **The HISBIR matching funds were critical to helping us meet the goals of our Phase I research. Without HISBIR, we may not have succeeded in our Phase II application. The HISBIR program was directly responsible for us bringing in a \$1.8M Phase II award.** To date, over 90% of our expended funds have been spent on employees in Hawaii.

This is direct, compelling evidence that dollars invested in HISBIR matching funds attract large amounts of federal dollars in return to the state. We



4009 Black Point Rd, Honolulu, HI 96816 • (206) 588-5811

believe that the Phase II matching funds (HB595 HD1) will be of similar value, helping us to succeed in our Phase II efforts and ultimately achieve a successful Phase III commercialization, which will lead to a large expansion of our local workforce and a sustainable business for years to come.

Additionally, we respectfully request the correction of the defective effective date. Thank you for the opportunity to offer these comments.

Mahalo,

A handwritten signature in black ink, appearing to read "Rex Jakobovits". The signature is stylized with a large, sweeping flourish at the end.

Rex Jakobovits, PhD



HYPERSPECTIVE
INSPIRE BELIEF

Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
**HB595 HD1 RELATING TO THE RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.**

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

Hyperspective supports HB595 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.

Hyperspective is a digital creative agency, focused on developing cutting edge technology for communications, media and products within the State of Hawaii for global export. As a technology company, Hyperspective benefits from programs like the SBIR phase II and III awards, directly through application for such grants and indirectly through services provided to companies that are awarded grants. This program supports the growth of an ecosystem of companies that attract large-scale business, talent and investments to Hawaii.

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 the correction of the defective effective date. Thank you for the opportunity to offer these comments.

Statement of
Rachel James
Student
William S. Richardson School of Law
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.

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

I **support** HB595 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.

As a student at the William S. Richardson School of Law, I am regularly exposed to the many ways in which businesses encounter challenge in addition to how entities thrive and overcome barriers. Particularly as an Evening Part Time student, my prospects of a legal profession are infused with my work history and are likely to follow a less traditional path toward a legal career. The federal small business innovation research awards are critical to the growth and exploration of news ways to do business and of addressing pressing needs for federal agencies. The growth of innovation in Hawaii presents a unique opportunity to supporting professions, like legal practice, to grow and diversify to contribute to a stronger national economy.

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 dollars support the awarded businesses directly, but also supports the development of support services/professions in Hawaii. As HTDC continues on their path to the 80/80 goal, programs like the Hawaii SBIR program, that supports projects with vetted technology backed with federal funds, become increasingly pivotal to their success. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

Thank you for the opportunity to offer these comments.

Sincerely,
Rachel James



**3SRM Inc.
Sun, Sky Surface Radiation Measurements
(Environmental Measurements)**

965 Hao St. Honolulu, HI 96821	
contact	(Dr. John N. Porter)
phone	(808) 373-3243
web site	3SRM.com
email	porterj005@hawaii.rr.com

Statement of

**John N. Porter
President
3SRM Inc.
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308**

**In consideration of
HB595 HD1
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.**

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

3SRM Inc. supports HB595 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.

3SRM is developing sensors for public safety and environmental monitoring using passive spectroscopy and active lidar techniques. Our current NOAA funded project focuses on developing a stereo vision sensor to measure coastal currents. The new measurements will be used for coastal engineering projects and will allow life guards to better inform the public of coastal dangers. The HTDC grant will allow us to develop new measurement capabilities. Simultaneous measurements of wave heights, coastal currents, and coastal erosion will be a valuable tool for scientists and engineers studying and modeling coastal erosion. Sales of the new projects are planned for early 2018. Currently 3SRM has two semi-full time employees (a programmer and the PI) and a part time mechanical engineer.

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.

Thank you for the opportunity to offer these comments.

Hawaii Fish Company (HFC), a family-owned North Shore aquaculture farm, testifies in strong support of HB595 HD1 which would appropriate funds for the continuation of the Hawaii Small Business Innovation Research (SBIR) matching grant program administered by the High Technology Development Corporation (HTDC).

HFC has received five USDA/SBIR Phase I feasibility grants to date totaling \$352K. With the added research enabled by five Hawaii SBIR Phase I matching grant awards totaling \$90K, HFC was able to secure four follow-on USDA/SBIR Phase II research & development grants totaling more than \$1.4M in additional federal funds.

In addition, HFC's two recent Hawaii SBIR Phase II matching grant awards totaling \$286K will help support our farm's ambitious research and development efforts to expand our sustainable seafood production, value-added product development, and sales, to develop our production-related renewable energy technologies, to protect our intellectual property, and to support our carefully planned Phase III commercialization efforts.

The competitive written application, 5-minute pitch, and third-party review process employed by HTDC ensures that the States' investment in innovation awards is well targeted, and the carefully selected contract milestones tied to the award payment schedule ensures project performance. In summary, this is a very strong State program supporting nationally-vetted local innovators across multiple economic sectors that is worthy of continued legislative support.

Thank you for the opportunity to testify in strong support of HB595 HD1.

Statement of Dr. Michael Reiley, President, HNu Photonics
before the
House Committee on Finance
Wednesday, February 22, 2017
2:00 p.m.
State Capitol, Conference Room 308
In consideration of
HB595 HD1

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

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

Chair Luke, Vice Chair Nishimoto, and Members of the Committee on Finance, HNu Photonics strongly supports HB595 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.

Recognizing that small businesses are the engine of economic growth in the United States, many Federal agencies fund early-stage research endeavors under the Small Business Innovative Research (SBIR) program. SBIR awards are extremely competitive with an overall win probability of about 15%.

These awards are firm fixed price at predetermined funding levels, regardless of the geographic location of the Company. This puts Hawaii companies at a distinct disadvantage to companies from many other states because our cost of doing business is so much higher. From salaries to facilities to taxes to travel expenses, it is much more difficult for Hawaii companies to deliver results to win awards for additional phases of SBIR research under a fixed budget.

The Hawaii SBIR matching grant program is crucial for leveling the playing field to enable Hawaii companies, who have been successful in winning an SBIR award, to deliver results of a caliber to secure funding for subsequent SBIR phases. My company has been the beneficiary of this program and it has been extremely helpful.

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 the correction of the defective effective date.

Thank you for the opportunity to offer these comments.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
WEDNESDAY, FEBRUARY 22, 2017 AT 2:00 P.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance

**TESTIMONY IN STRONG SUPPORT OF HB 595 HD1 TO APPROPRIATE FUNDS
TO CONTINUE THE SMALL BUSINESS INNOVATION RESEARCH PROGRAM**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our strong support of HB 595 HD1.

The high technology development corporation and small business innovation research program are very important to help our various innovative, technology, and manufacturing sectors grow and prosper. Small businesses are known as the engines that drive new jobs and we support programs that help to grow and develop small businesses. We believe there is significant value in the innovation industry in our state and see that it brings additional jobs and resources to our communities. Further, this program adds additional value for our state as it is geared towards the innovation sector, which also helps grow STEM career opportunities for Hawaii's youth. We have appreciated partnering with the high technology development corporation on efforts in the past and look forward to partnering with them in the future. Therefore, we offer our strong support of this bill and request your support as well.

Mahalo for your consideration of our testimony and we hope you will support this bill.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 8:51 AM
To: FINTestimony
Cc: kkahaloo@kona-kohala.com
Subject: *Submitted testimony for HB595 on Feb 22, 2017 14:00PM*

HB595

Submitted on: 2/22/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kirstin Kahaloo	Kona-Kohala Chamber of Commerce	Support	No

Comments:

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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov