



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

HB973 HD1

RELATING TO ECONOMIC DEVELOPMENT.

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

The High Technology Development Corporation (HTDC) **supports** HB973 HD1 that establishes and appropriates funds for a Research and Grant Technology 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. Many Hawaii technology companies and their employees already contribute generously to the community with their time and expertise to inspire students to pursue careers in STEM fields. They volunteer as judges and mentors for various robotics, science fair, coding, and entrepreneurial events.

The grant program would encourage more companies to contribute in assisting the students. Furthermore, it would provide some resource for company driven projects which would better educate the students on the immediate STEM job opportunities available in Hawaii.

HTDC comments that HD1 incorporates HTDC's recommendations on expanding the company eligibility requirements and clarifying the project eligibility. HD1 should encourage more companies to participate and result in better opportunities for the students.

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.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
Finance
February 22, 2017 2:00 PM

HOUSE BILL 973 HD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Luke, Vice-Chair Cullen, and members of the committee, thank you for the opportunity to submit testimony on House Bill 973.

The State Procurement Office (SPO) recommends that moneys used to pay for the cost of administering, operating and marketing the program be subject to HRS Chapter 103D, and 103F, where applicable.

The SPO opposes the verbiage on Page 7, Lines 16-20 which states: “§ -7 Moneys appropriated for the research and technology grant program may be used to pay for the cost of administering, operating, and marketing the grant program, as determined by the chief executive officer [(CEO)] of the corporation”, and recommends adding verbiage to make it clear that notwithstanding these determinations will still be made by the CEO, however, still in accordance with the State Procurement Code: HRS103D.

The general office and operating costs such as administration, operations, marketing etc., are not specific to complex research and technology, rather they are the day-to-day procurements that state departments and agencies are required to use the Hawaii Public Procurement Code (code). To allow these areas to be exempt along with research grants erode the principles of why the procurement code exists, denies use of existing discounted state-wide contracts that leverage cost-savings through economies of scale and depletes competition.

The code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies or programs, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices.

Relieving some programs from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.



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 973 HD1 RELATING TO ECONOMIC DEVELOPMENT

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 973 HD1, which establishes and appropriates funds for a Research and Grant Technology 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 Chamber supports efforts to expand and diversify the economy. HB 973 HD1 would provide necessary capital to assist small businesses in expansion, improving the quality and efficiency of their operations, and to stay updated with safety and quality control programs. It is crucial that Hawaii's businesses receive support in order to grow to the next level and be able to compete globally.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 2:28 AM
To: FINTestimony
Cc: achung@navatekltd.com
Subject: Submitted testimony for HB973 on Feb 22, 2017 14:00PM

HB973

Submitted on: 2/20/2017

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

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Navatek	Support	Yes

Comments: We strongly support HB973. STEM or Science, Technology, Engineering and Math jobs are expected to grow twice as fast as non-STEM professions in the coming years but according to a recent study, Hawaii lags sorely behind. And it all begins with fostering interest in STEM at the k-12 and University levels. This bill is a very positive and unique way to BOTH nurture and cultivate students' interest in STEM fields while at the same time supporting our technology companies and STEM jobs. This will enhance and encourage more projects and programs focused on STEM with direct participation of K-12/university students.

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

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 21, 2017 8:20 AM
To: FINTestimony
Cc: awhite@navatekltd.com
Subject: *Submitted testimony for HB973 on Feb 22, 2017 14:00PM*

HB973

Submitted on: 2/21/2017

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

Submitted By	Organization	Testifier Position	Present at Hearing
Audra White	Individual	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

To whom it may concern,

In regards to House Bill 973, I would just like to state why I think it is an important issue that we should all support. I submitted a paper for one of my classes at the University of Hawaii that covered this same topic. This is important to me because I have many a few friends in the Army ROTC that plan on getting jobs in this field while they take part in the Hawaiian Nation Guard or Reserve. Though I am not in this field of study, I know that I would want someone to fight for my rights and opportunity of get a job a put to practice what I love to do. The purpose of the act is to help establish a research and technology grant program with the high technology development corporations within the state of Hawaii. Again, this bill is a high priority to me because my connection that I have to friends and their personal investment into the area of concentration. I saw the comments made in the testimony document and I agree with them. As stated in the documents, "The general office and operating costs such as administration, operations, marketing etc., are not specific to complex research and technology, rather they are the day-to-day procurements that state departments and agencies are required to use the Hawaii Public Procurement Code (code)." (Testimony Document of H.B. 973) All funds should be directly related o improving and enhancing the overall technology field of study and research, rather than funds being dispersed elsewhere. It is 2017 and cities, states and countries around the World are always working on advancing their technology fields and I think this proposal is an excellent was to support our own local mission on the same.

Thank you,

Dustin Balog

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 3:05 PM
To: FINTestimony
Cc: eschiff5@gmail.com
Subject: Submitted testimony for HB973 on Feb 22, 2017 14:00PM

HB973

Submitted on: 2/20/2017

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

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

Comments: I strongly support Hb973.

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

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 10:44 AM
To: FINTestimony
Cc: smatsuura@navatekltd.com
Subject: *Submitted testimony for HB973 on Feb 22, 2017 14:00PM*

HB973

Submitted on: 2/20/2017

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

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Matsuura	Individual	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

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 9:09 AM
To: FINTestimony
Cc: klock@navatekltd.com
Subject: *Submitted testimony for HB973 on Feb 22, 2017 14:00PM*

HB973

Submitted on: 2/20/2017

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

Submitted By	Organization	Testifier Position	Present at Hearing
Kacey Lock	Individual	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

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 8:50 AM
To: FINTestimony
Cc: kkahaloo@kona-kohala.com
Subject: *Submitted testimony for HB973 on Feb 22, 2017 14:00PM*

HB973

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