



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, April 4, 2018 at 1:30 P.M.  
Conference Room 308, State Capitol**

**RE: SENATE BILL 2903 SD 1 RELATING TO THE HAWAII TECHNOLOGY  
DEVELOPMENT CORPORATION**

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

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** SB 2903 SD 1, which appropriates funds to the High Technology Development Corporation for the Manufacturing Development 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 supports this bill that continues the manufacturing grant program, which has become a positive resource to aid companies with their investments for manufacturing equipment, training of their employees on newly purchased equipment, energy efficiency, and feasibility studies. We believe that the continuation of this program will help fuel manufacturing in Hawaii to grow and provide more products for both local consumption and export. There is movement to begin to manufacture more back in the U.S. At the same time, Hawaii still has some competitive disadvantages. This bill will help companies in Hawaii to start or grow their operations.

In Hawaii there are over 700 active manufacturers in the state that employ 14,000 people and contribute to the overall state economy. In 2016 Hawaii manufacturers helped our state's economy by contributing nearly \$1.78 billion in manufactured goods exported outside of Hawaii.

The grant program supports the industry by increasing production and economic activity. According to the High Technology Development Corporation's Innovate Hawaii, in 2017 the agency that administers the grant, they gave out approximately \$1.9 million in grant funding that spurred over \$31 million in private investment. We believe that this is worthwhile and financially smart investment for state funding.

Thank you for the opportunity to testify.



1050 Bishop St. PMB 235 | Honolulu, HI 96813  
P: 808-533-1292 | e: info@hawaiiifood.com

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**Beau Oshiro**, C&S Wholesale Grocers, *Chair*  
**John Erickson**, Meadow Gold Dairies, *Immediate Past Chair*  
**Toby Taniguchi**, KTA Superstores, *Vice Chair*  
**Lauren Zirbel**, HFIA, *Executive Director*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, *Secretary / Treasurer*  
**Stan Brown**, Acosta Sales & Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**John Shilf**, Rainbow Sales & Marketing, *Advisor*  
**Barry Taniguchi**, KTA Superstores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*

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TO:  
Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Ty J. K. Cullen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: Wednesday, April 4, 2018  
TIME: 1:30pm  
PLACE: Conference Room 308

RE: SB 2903 Relating to the Hawaii 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.

The Hawaii Technology Development Corporation (HTDC) is a vital business accelerator that helps diversify and strengthen Hawaii economy. Manufacturing is an essential industry here in Hawaii providing jobs and local products. There is room for growth in this industry and The Manufacturing Development Program is an important part of maintaining and growing a strong manufacturing sector here in Hawaii. We urge you to vote yes on this measure and we thank you for the opportunity to testify.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
WEDNESDAY, APRIL 4, 2018 AT 1:30 P.M.**

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

**TESTIMONY IN SUPPORT OF SB2903  
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce. I am writing share our support of SB2903.

The Hawaii Technology Development Corporation is extremely important to develop and sustain the state's manufacturing industry. The manufacturing increases the workforce and resources for our community. We believe supporting our local manufacturers is vital to our state's economy and support funding to continue the manufacturing grant program and its operations and administration for fiscal year 2018-2019.

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.



# Meadow Gold Dairies



SB2903sd1, Relating to Hawaii Technology Development Corporation

House FIN Hearing

Wednesday, April 4, 2018

1:30 pm, Room 308

Written Testimony By: John Erickson

Position: Support

Chair Luke and Members of the House FIN Committee:

My name is John Erickson, General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—121 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 330 employees that are committed to providing superior quality products.

Manufacturers in Hawaii have certain challenges that are the result of being an island-State. Nonetheless, according to the Chamber of Commerce of Hawaii there are more than 700 active manufacturers in the state that employ almost 17,000 people. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

The continuation of funding of the manufacturing grant program will contribute to the growth and stability of local manufacturers.

Your support of this measure is appreciated. Thank you for the opportunity to submit testimony.

**SB-2903-SD-1**

Submitted on: 4/3/2018 12:54:07 PM

Testimony for FIN on 4/4/2018 1:30:00 PM

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

Comments:

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

Good afternoon, my name is Melodie Aduja. I serve as Chair of the Oahu County Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SB2903 SD1**, relating to Hawaii Technology Development Corporation; Manufacturing Development Program; and an appropriation.

The OCC Legislative Priorities Committee is in favor of **SB2903 SD1** and support its passage.

**SB2903 SD1** is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it appropriates funds to the Hawaii Technology Development Corporation for continuance and administration of the manufacturing development program, effective 7/1/2050.

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. 2, Lines 97-99 (2016)).

Given that **SB2903 SD1** appropriates funds to the Hawaii Technology Development Corporation for continuance and administration of the manufacturing

development program, effective 7/1/2050, 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

Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com), Text/Tel.: (808) 258-8889



**KYD, Inc. dba k. yamada distributors**

*An independent leader in packaging and wholesale distribution*

P.O. BOX 29669, Honolulu, Hawaii 96820 Phone: (808) 836-3221 Fax: (808) 833-8995

SB2903sd1, Relating to High Technology Development Corporation

House FIN Hearing

Weds. April 4, 2018 – Agenda 1

1:30pm - Room 308

Written Testimony by: Dexter Yamada

Position: Support

Chair Luke and Members of the House FIN Committee:

I am Dexter Yamada, President of KYD, Inc. dba: K. Yamada Distributors. KYD, Inc. is a local family run business that originated in the 1940's as a florist and florist supply distributor, and in 1958, evolved into a packaging company. Today, KYD, Inc and its sister company, Hawaii's Finest Products, LLC, employ about 90 employees and contribute to Hawaii's economy through taxes and payroll. Our companies manufacture packaging materials such as food-grade EPS (Expanded Polystyrene) food containers, and distribute a variety of supplies, to include compostable containers, for food processors, food establishments, supermarkets, hotels hospitals and other institutions.

Appreciation is expressed for this measure that continues to recognize that local manufacturers make finished products in Hawaii, provide employment and contribute to the State's economy.

It encourages local manufacturers to make the commitment to grow their businesses in Hawaii.

Please support this bill. Thank you for the opportunity to testify.





Statement of  
**Duke Hartman, P.E.**  
**Vice President, Business Development**  
**MAKAI OCEAN ENGINEERING, INC.**

before the  
**COMMITTEE ON FINANCE**

Wednesday, April 4, 2018

1:30 p.m.

State Capitol, Conference Room 308

In consideration of

**SB2903 SD1**

**RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

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

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS SB2903 SD1** that makes an appropriation for the continuation of the manufacturing development program within the High Technology Development Corporation (HTDC). However, Makai respectfully requests **correction of the effective date of the program.**

Makai Ocean Engineering, Inc. has historically been an engineering services provider, but now, with the help of the State's current manufacturing assistance program, Makai is diversifying into low-volume manufacturing. Makai has been involved in marine-related engineering in Hawaii for over 44 years, and recently began a heat exchanger R&D program. Now, we are ramping up production a small manufacturing plant for heat exchangers on the Big Island of Hawaii, which is sustaining approximately 8 highly-skilled, high-paying STEM / engineering jobs in rural Kona. We have a strategic advantage for developing and manufacturing low-volumes of these components in Hawaii for two reasons: the U.S. Navy and Air Force's presence in Hawaii, and Makai already owns and operates a marine heat exchanger test facility and marine corrosion lab on the Big Island. As an example, Makai was recently awarded a contract to design a new heat exchanger for the U.S. Air Force's next generation aircraft, including the new F-35 fighter jet, and we hope to be manufacturing units over the coming years.

According to the Chamber of Commerce of Hawaii in 2017, Hawaii has over 1,000 active manufacturers employing about 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. Because they are matching funds, a manufacturer is eligible only if they are already making an investment in the local community and providing jobs. The program amplifies these efforts, and shows the State's support for local manufacturers willing to make the investment and commitment to adding jobs, and growing their businesses and the industry in Hawaii.

Thank you for the opportunity to offer these comments.





Statement of  
**Julia Person**  
**Corporate Sustainability Manager**  
[Julia.person@konabrewingco.com](mailto:Julia.person@konabrewingco.com) / 971-271-0596  
**Kona Brewing Co.**  
before the  
**House Committee on Finance**  
Wednesday, April 4, 2018  
1:30 p.m.  
State Capitol, Conference Room 308

In consideration of  
**SB2903 SD1**  
**RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

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

Kona Brewing Co. **supports** SB2903 SD1, which appropriates funds to the Hawaii Technology Development Corporation for continuance and administration of the manufacturing development program.

Kona Brewing Co. is Hawaii's oldest and largest craft brewery, and is today a top 10 national craft beer brand. The flagship brewhouse operates in Kailua-Kona, where the company is embarking on a large expansion, with a commitment to grow in a sustainable manner. The new brewery has a goal to be net zero energy usage, net zero water usage, and a certified green building. The HTDC manufacturing grant program has enabled Kona Brewing Co. to pursue innovative energy efficient technology, helping to support more local jobs and revenue generation by growing our manufacturing business. We strongly recommend the continuation of HB1327.

According to the Chamber of Commerce of Hawaii, Hawaii has over 1,000 active manufacturers employing approximately 17,000 workers and Hawaii's manufacturing industry helped the local economy by exporting nearly \$570 million in manufactured goods in 2012.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers willing to make the commitment to growing their businesses in Hawaii and growing the industry.

Thank you for the opportunity to offer these comments.



Written Statement of  
**Robbie Melton**  
Executive Director & CEO  
Hawaii Technology Development Corporation  
before the  
**House Committee on Finance**  
Wednesday, April 4, 2018  
1:30 p.m.  
State Capitol, Conference Room 308

**LATE**

In consideration of  
**SB2903, SD1**  
**RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

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

The Hawaii Technology Development Corporation (HTDC) **supports** SB2903, SD1 that appropriates funds to HTDC for continuance and administration of the manufacturing development program.

HTDC supports local manufacturers through our INNOVATE Hawaii program which receives \$500k a year in federal funding by the U.S. Department of Commerce, National Institute of Standards and Technology’s (NIST) to deliver the Manufacturing Extension Partnership (MEP) program. The Hawaii manufacturing industry provides export and import substitution opportunities to improve our economy and has been identified nationally as a key driver for innovation. Hawaii manufacturers face the additional challenge of the high cost of energy and shipping. The grant program is targeted to make Hawaii manufacturers more competitive.

A summary of the awards made by the matching program is listed below:

	FY16	FY17
Appropriation	\$2 MM	\$1 MM
# of Applications	69	42
# of Awards	51	25
First Time Awards	51	14
Company Investment (match)	\$31.3 MM	\$8.7 MM
\$\$ Requested	\$ 3.4 MM	\$1.6 MM
\$\$ Awarded	\$ 1.9 MM	\$0.9 MM
Estimated New Jobs	363	353

\* FY18 data not available yet, awards are still in process

Through FY16 and FY17, 46 awards have been made in the City and County of Honolulu, 12 in Maui County, 8 in Hawaii County, and 10 in Kauai County. 45% of the funding was awarded to food manufacturers, 18% to beverage and tobacco manufacturers, 12% to fabricated metal and transportation equipment manufacturers, 10% to chemical, plastics, etc., 8% to paper and printing

manufacturers. The program provides up to a 20% match of the investment by the company. As seen in the table above, the program has exceeded the 80% company match requirement with \$2.8 million awarded and \$40 million dollars invested by the companies.

Interest in the program remains high and HTDC anticipates awarding all of the \$1 million fiscal year 2017-2018 appropriated funds. HTDC believes this program provides leverage and positive economic development value for the State. The original draft of this bill appropriates \$1.5 million for the program.

HTDC agrees that this would be an appropriate amount for the program and support this initiative as long as it does not replace our priorities requested in the Executive Budget. We respectfully request 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  
**House Committee on Finance**  
Wednesday, April 4, 2018  
1:30 p.m.  
State Capitol, Conference Room 308

**LATE**

In consideration of  
**SB3000, SD2, HD1**  
**RELATING TO INNOVATION BUSINESS**

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

The Hawaii Technology Development Corporation (HTDC) **supports the intent of** SB3000, SD2, 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. Thank you for the opportunity to offer these comments.