<u>SB-48-SD-3</u> Submitted on: 3/12/2018 11:20:26 AM Testimony for EDB on 3/14/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Denise Wigmore	Individual	Support	No

Statement of **Tom Leonard Owner TeleVoice 2000** before the **House Committee on Economic Development & Business** Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309

In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

TeleVoice 2000 **supports** SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

Our company has supplied telecommunications and information technology consulting services to Hawaii companies since 1997. For the past 2 years, we have actively participated in HTDC's programs to promote economic growth in the State through support for development of an active and robust technology sector.

The incubators at the Manoa Innovation Centers and the Maui Research & Tech Center, administered by HTDC are one of the major resources available to entrepreneurs to safely navigate the early stages of bringing their businesses to full commercial reality. Fundamental to the successes of the incubator program is the set of services that HTDC provides to support client business development. By taking over the operation of the Manoa facility and claiming the rents paid by the tenants, UH is denying HTDC the funds needed to continue operating its programs. At the same time, UH is unable to guarantee the continuity of these programs.

In our experience, many entrepreneurs have a keen understanding of the products and services they wish to supply, but lack the practical business experience needed to bring their ideas to fruition. HTDC, through its programs of workshops, grants, community building efforts, legislation and sponsorships successfully addresses this need. Most importantly, through HTDC's mentorship program, MIC clients have access to a group of seasoned business professionals with real-world business management experience to support them through their early stages of development and beyond.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

<u>SB-48-SD-3</u> Submitted on: 3/12/2018 12:22:05 PM Testimony for EDB on 3/14/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Collin Kobayashi	3D Innovations	Support	No

Statement of Warren Doi before the House Committee on Economic Development & Business Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309

In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

I **support** SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

It is difficult to emphasize just how important the Hawaii Technology Development Corporation (HTDC) can be to our economic viability. In the near future, technology, automation, and artificial intelligence will eliminate many jobs. Unfortunately, prosperity has not been equally distributed throughout our society. States that have embraced technology have fared better than others; case in point, many in the "Rust Belt" have suffered because of the fundamental transition from the Industrial Age to the Information Age. Artificial intelligence cannot be avoided. We have a choice to be a casualty of this transitional era or we can invest in the future to participate in its prosperity. HTDC is at the heart of this decision and at the center of our technology industry.

Our leaders have difficult choices to make, and we certainly respect the dynamics of competing priorities. In the past, we have tried to support employers who were considered "job creators". This generation has grown up not necessarily thinking about where they could get a job, but how they can create their own future. Entrepreneurship has always been a key to the American Dream; now, it is even more important. The Internet has opened the doors of opportunity, but we must nurture it. Having a place to collaborate is a very important aspect of developing innovation and catalyzing ideas that evolve into businesses and jobs. That is our future, and I hope that we can come together to provide the necessary resources to continue the important work of the HTDC.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

Manen An

<u>SB-48-SD-3</u> Submitted on: 3/12/2018 1:53:45 PM Testimony for EDB on 3/14/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dave Kozuki	Tow Choice	Support	No

HAWAII EVOLUTIONARY DEVELOPMENT, LLC



Statement of LETIZIA DE LANNOY Manager Hawaii Evolutionary Development, LLC (HIEvoDEvo) before the House Committee on Economic Development & Business Wednesday, March 14, 2018 9:30 a.m.

State Capitol, Conference Room 309

In consideration of

SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

HIEvoDevo supports SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

HIEvoDevo is a startup company developing HEDS, an engineering design software using a novel methodology to find optimal solutions. This methodology has a wide range of applications in industries such as engineering (aircraft and airspace, automotive, drones, and building design, etc.), health care, finance, to name a few.

HTDC personnel and programs have been instrumental in mentoring, making the connections to other companies, funding opportunities to develop our technology, and offering an incredible work environment.

We have a few concerns with UH taking over the facility:

1) What will happen with the mentorship/advising support provided by HTDC;

- 2) The conferences, talks, and contacts opportunities offered by HTDC;
- 3) Quality of the work environment and building maintenance; and
- 4) Affordability of the rent;

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date.

Thank you for the opportunity to offer these comments.

2800 Woodlawn Dr, #286 Honolulu, HI 96822 T (808) 636-3146 F (808) 988-2990 hed@evodevohi.com FEIN 36-4683352



2800 Woodlawn, Ste. 100 808-539-3806 Honolulu, Hawaii 96822 www.htdc.org

Written Statement of **Robbie Melton** Executive Director & CEO Hawaii Technology Development Corporation before the **House Committee on Economic Development & Business** Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309

In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

The Hawaii Technology Development Corporation (HTDC) **supports** SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

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 2016 economic impact survey of clients, 150 companies reported \$389 million of revenue and \$620 million 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) HTDC has proven itself as a responsible steward for the upkeep of the facility, active member of the Manoa community, and a valuable resource for the tech 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.

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

Statement of Stan Osserman Director Hawaii Center for Advanced Transportation Technologies (HCATT) before the House Committee on Economic Development & Business Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309

In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

HCATT supports SB48, SD3 with comments that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that appropriate and sufficient funding be made available to allow HTDC to maintain it's current level of support to DBEDT and the State.

HCATT is a 100% federally funded program under HTDC. We are in te final phases of a cooperative agreement with the Air Force that has brought over \$22M into the State of Hawaii. In addition, we are in the middle of a second \$20M cooperative agreement with the US Air Force, demonstrating technologies that address solutions to the challenges HECO will face as Hawaii strives to meet it's 100% renewable grid goals by 2045. Our efforts to support the State of Hawaii and the USAF depend on the corporate status of HTDC and the administrative services they provide HCATT. Any significant loss of their corporate status or administrative support would effectively terminate all of our work, resulting is loss of jobs in Hawaii and over \$11M of important work still in play for our Nation and State.

The current state of negotiations between HTDC and UH regarding the Manoa Innovation Center has forced HTDC to operate under a veil of uncertainty for several years now, and the current lease termination impacts not only their core mission of helping Hawaii grow our Technology Sector, but also threatens the livelihood of the HTDC staff, vital to continuity of their current programs and all future work in supporting the State, and growing Hawaii's economy.

I respectfully request that the legislature provide budget for HTDC to continue serving the tech and manufacturing small business community in the State. Thank you for the opportunity to offer these comments.

<u>SB-48-SD-3</u>

Submitted on: 3/12/2018 5:02:37 PM Testimony for EDB on 3/14/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Weidenbach	Hawaii Fish Company	Support	No

Comments:

Hawaii Fish Company strongly supports S48 SD3 which appropriates funds to HTDC for their very important administrative and operational costs to help grow the Hawaii techbased economy which is becoming increasingly important for efficient local food production, food safety, and food security.

Statement of Lynn Fujioka President HI FusionED before the House Committee on Economic Development & Business Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309

In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

HI FusionED **supports** SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

HI FusionED is a 501(c)(3) not-for-profit corporation that develops place-based engaging science and technology programs and activities for Hawaii students developed in partnership with local professionals and educators. HI FusionED provides immersive learning experiences while introducing students to local role models and field experts to foster interest in higher education and career options in related fields.

The Hawaii Technology Development Corporation has provided an accessible, professional environment to connect with scientists and engineers in developing rigorous learning activities for students. We have benefitted greatly from our tenancy at the Manoa facility primarily because of its location, amenities and supportive staff. Removing this service would create uncertainty for the continuation of our services and would make it challenging to plan future activities.

Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813 Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355 Fax: (808) 586-2377

LUIS P. SALAVERIA Director Department of Business, Economic Development, and Tourism before the HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309 in consideration of **SB48, SD3 RELATING TO TECHNOLOGY.**

Chair Evans, Vice Chair Keohokalole, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB48, SD3, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) to continue to provide incubation services to businesses in the State and also requests DAGS to locate a new site to which HTDC may relocate to continue to provide incubation services.

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 intended to not extend the lease and 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.

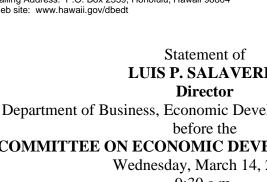
This handover of management of the Center from HTDC to UH will result in a loss of tenants rents which must be replaced with General Funds in order to avoid terminating HTDC employees and shutting down the program shortly after July 1, 2018.

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 operations for the incubation services.

DAVID Y. IGE

LUIS P. SALAVERIA DIRECTOR

MARY ALICE EVANS DEPUTY DIRECTOR



We defer to DAGS on whether they will be able to carry out the duties as prescribed in this measure.

Thank you for the opportunity to testify.



House Committee on Economic Development & Business

Wednesday, March 14, 2018 at 9:30 a.m. State Capitol, Conference Room 309

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business

In consideration of **SB48, SD3 RELATING TO TECHNOLOGY**

DevLeague **supports** SB48, SD3 that appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

DevLeague (<u>http://www.devleague.com/</u>) is the premier technical boot camp in the Pacific designed to provide mentorship and training to motivated individuals seeking a career change. We design our own curriculum based on relevant industry standards, teach in-demand technical skills such as JavaScript Web Engineer, Cyber Security Professional, Big Data Analyst and Enterprise Software Developer to help our graduates onboard into career starts in the technology industry.

For the last four years, we have enjoyed the benefits of a renewal at Manoa Innovation Center under the guidance of HTDC. The facilities have been improved, the upkeep and maintenance of the grounds are well attended to and the attention to the tenants has vastly improved since we arrived in 2014. As the only innovation space in Honolulu that HTDC oversees, it can afford to put all of its attention into MIC and its tenants. With the \$503MM repair backlog in repair and maintenance across the UH's 10 campuses, it has to get legislature funding and prioritize how it spends on repairs and maintenance. MIC will soon be one of hundreds of facilities in UH's backlog of facilities and maintenance plans and likely lead to the decline and neglect of MIC as it gets lost in the UH repair shuffle.

http://www.upwhawaii.org/OurUnionOurFamily/chip-away-at-uh-repair-backlog

HTDC has fostered workshops and community building efforts that have benefited DevLeague and the startup/entrepreneur ecosystem we lead and serve. We have held Friday to Sunday hackathons where 100s of students and adults attend and collaborate in the annual NASA Space Apps Challenge, AT&T Hackathon, Global Game Jam and hosted our well-attended DevLeague cohort graduations where our students demonstrate their final projects to peers, potential employers, family and friends. The intimate setting is easy to plan and secure well into the late night and early morning time, doesn't require permitting, has ample parking for guests in and around the grounds, and brings the



community into MIC. It's simply easy to and painless to do business in MIC—one less thing to worry about in a stressful startup world.

Four years earlier, it was DevLeague that needed the help from HTDC to get started. Today, it is HTDC that needs our support to continue to provide incubator support and services to the technology startup/entrepreneur ecosystem. Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

Mahalo!

Fund C.H >-

Russel Cheng Co-founder, Director 808-391-8424, russel@devleague.com



Nalu Scientific, LLC 2800 Woodlawn Dr. Ste #240 Honolulu, HI 96822 USA Phone: +1 (888) 717-6484 info@naluscientific.com

March 9, 2018

Statement of Isar Mostafanezhad, Ph.D. Founder and CEO Nalu Scientific, LLC before the House Committee on Economic Development & Business Wednesday, March 14, 2018 9:30 a.m. State Capitol, Conference Room 309 In consideration of SB48, SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Nalu Scientific, LLC **supports** SB48, SD3 that appropriates funds to the Hawaii Technology Development Corporation for its continued operation and requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

Nalu Scientific was founded in 2015 to commercialize high speed integrated circuits for US Department of Energy and its national labs. Since then we have been receiving steady support from the DOE SBIR program which has allowed us to grow to 7 full time employees. We have plans to even grow further and continue to provide technology and support to DOE and the national labs in their mission.

Being in Manoa, and having access to a subsidized facility, has been extremely helpful in our growth. Additionally, we have immensely benefited from various HTDC's programs. Suffice it to say that the idea to fund Nalu Scientific through the SBIR program was solidified at a workshop organized in June 2015 at MIC by the HTDC where avenues to seek Federal funding were discussed. We have also benefited from the matching funds grant program (HSBIR) administered through the Hawaii SBIR program of HTDC. Given high cost of doing business in Hawaii and the high risk- high reward nature of our innovation, these matching funds have been essential in helping us finish Phase I projects in time and bring in Phase II follow-on funding.

HTDC has been extremely impactful in our existence, survival and growth. Given our early stage, we will be seriously and adversely affected if HTDC's programs and facilities are reduced. Termination of the HTDC lease threatens the continued existence and operation of HTDC and is a matter of statewide concern. We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments. Please do not hesitate to contact me if you need more information.

Isar Mostafanezhad, Ph.D. Founder and CEO at Nalu Scientific, LLC



RODERICK K. BECKER Comptroller AUDREY HIDANO

AUDREY HIDANO Deputy Comptroller

STATE OF HAWAII DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF RODERICK K. BECKER, COMPTROLLER DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES TO THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS WEDNESDAY, MARCH 14, 2018 9:30 A.M. CONFERENCE ROOM 309

S.B. 48, S.D. 3

RELATING TO TECHNOLOGY.

Chair Evans, Vice Chair Keohokalole, and Members of the Committee, thank you for the opportunity to submit comments on S.B. 48, S.D. 3.

The Department of Accounting and General Services (DAGS) currently provides assistance to State agencies to locate and negotiate lease agreements involving third party owners. Under such arrangement, State agencies pay for the lease rent under the agreements. Accordingly, DAGs would work with HTDC in the same manner we do with other State agencies.

Thank you for the opportunity to submit comments on this matter.

DAVID Y. IGE GOVERNOR

<u>SB-48-SD-3</u> Submitted on: 3/13/2018 9:31:06 AM Testimony for EDB on 3/14/2018 9:30:00 AM

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

<u>SB-48-SD-3</u> Submitted on: 3/13/2018 11:27:22 AM Testimony for EDB on 3/14/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gordon Wallace	Kuehnle AgroSystems Inc.	Support	No



Testimony to the House Committee on Economic Development & Business Wednesday, March 14, 2018 at 9:30 A.M. Conference Room 309, State Capitol

RE: SENATE BILL 48 SD3 RELATING TO TECHNOLOGY

Chair Evans, Vice Chair Keohokalole, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 48 SD3, which appropriates moneys to the Hawaii Technology Development Corporation for its continued operation. Requests that the Department of Accounting and General Services locate a site to which the Corporation may relocate.

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.

Within our State, there are approximately 700 active manufacturers that employ almost 14,000 people and contribute to Hawaii's economy through \$1.06 billion in manufactured goods exported in 2016. Manufacturers in Hawaii help improve the quality of our local economy. In 2016, total output from manufacturing was \$1.78 billion with manufacturers accounting for 2.2 percent of Hawaii's work force. Overall, manufacturers in Hawaii account for 2 percent of the state's total output and has experienced steady growth for more than a decade.

The Hawaii Technology Development Corporation and Innovate Hawaii works with small to medium-sized businesses and is closely allied with Hawaii's manufacturers – serving to understand their needs, meet current challenges, and provide sector-specific support to help these companies grow and prosper in Hawaii. HTDC and Innovate Hawaii have consistently produced an effective range of seminars for the manufacturing industry. Manufacturers have shared a tremendous amount of positive feedback regarding how beneficial these seminars have been in improving their individual businesses and manufacturing in Hawaii, as a whole. This invaluable support has assisted in the cultivation of a more robust local manufacturing sector.

With the University of Hawaii taking over management of the Manoa Innovation Center (MIC), we are concerned where this leaves HTDC and its programs – critical support to our organization and the industry which we serve. It is because of the support of HTDC and its programs that Hawaii has seen an innovation streak of success for start-up companies and medium-sized companies that were able to reach the next level and maintain success. Their programs have provided phenomenal guidance for our members to help them grow their businesses in Hawaii. With the loss of tenant revenue, HTDC requires a consistent annual



appropriation to cover staff salaries, federal funding match, and programs to continue operating out of the MIC until funding becomes available to construct a replacement facility in Kakaako.

HTDC and its programs actively support and advocate for the specific needs of Hawaii's technology and manufacturing businesses. We have seen a rising demand from local companies wanting to manufacture here in Hawaii in order to maintain quality control, as well as an increasing desire for 'Made in Hawaii' products from consumers globally, which will continue to economically benefit our state. HTDC and its programs are integral to the growth and success of these companies who seek information and guidance on what it takes to succeed in Hawaii.

Thank you for this opportunity to testify.