

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 3:09 PM
To: WAM Testimony
Cc: rfrancisco@kauai.gov
Subject: *Submitted testimony for SB763 on Feb 24, 2017 09:35AM*

SB763

Submitted on: 2/22/2017

Testimony for WAM on Feb 24, 2017 09:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	County of Kauai	Support	No

Comments:

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MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 308
WEDNESDAY, FEBRUARY 24, 2017 AT 9:35 A.M.**

To The Honorable Jill N. Tokuda, Chair;
The Honorable Donovan M. Dela Cruz, Vice Chair; and
Members of the Committee on Ways and Means

**TESTIMONY IN STRONG SUPPORT OF SB 763 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 SB 763

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.



**Testimony to the Senate Committee on Ways and Means
Friday, February 24, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

**RE: SENATE BILL 763 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 763, which appropriates funds to the High Technology Development Corporation for the Small Business Innovation Research Program.

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 continue to provide the necessary support of a commercialization assistance program to all phases in the program.

We believe that this program is one of the key state components in diversifying Hawaii's economy and the continued development of an innovation economy. Thank you for the opportunity to testify.



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

23 February 2017

Statement of
Edward Knobbe
President and CEO
Spectrum Photonics

before the
Senate Committee on Ways and Means
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

In consideration of
SB763
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

Spectrum Photonics **supports** SB763 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 SB763 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.

Thank you for the opportunity to offer these comments.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
Senate Committee on Ways and Means
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

In consideration of
SB763
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

The High Technology Development Corporation (HTDC) **supports** SB763 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 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.

Statement of
Doug Nelson
President
Studio Kinection, Inc. (dba Kinection)

before the
Senate Committee on Ways and Means
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

In consideration of
SB763
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

Kinection **strongly supports** SB763, which makes an appropriation to HTDC to continue providing grants to businesses with a federal small business innovation research (SBIR) phase II or III awards.

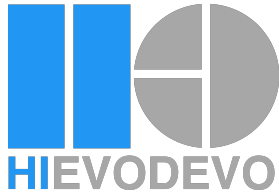
Companies that successfully complete Phase II projects often face a “valley of death” where they lack the funds to move from the working prototype developed under SBIR funding to a commercial product. This is where the HTDC matching funds can make a crucial difference for Phase II companies.

In 2016, we received funds under this program for our “Warrior Stories” software application, originally developed under contract with the Dept. of Defense. With the HTDC funding, we have hired a Hawaii-based employee, added key features to our software, and attracted new customers. Additionally, we secured additional federal funding to match the HTDC grant.

Small businesses are the innovation engine of the new economy, and supporting small businesses to develop sustainable product lines should continue to be a key priority for the State. We strongly support the way in which HB595 assists these companies in moving from working prototype to commercial product.

Thank you for the opportunity to offer these comments.





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

before the

Senate Committee on Ways and Means

Friday, February 24, 2017

9:35 a.m.

State Capitol, Conference Room 211

In consideration of

SB 763

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

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Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

HIEvoDevo supports SB 763 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.

Thank you for the opportunity to offer these comments.



**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
Friday, February 24, 2017
9:35 p.m.
State Capitol, Conference Room 211**

**In consideration of
SB763
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.**

**Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on
Ways and Means.**

**3SRM Inc. supports SB763 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.

Statement of Dr. Michael Reiley, President, HNu Photonics

before the

Senate Committee on Ways and Means

Friday, February 24, 2017

9:35 a.m.

State Capitol, Conference Room 211

In consideration of

SB763

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means, HNu Photonics strongly supports SB763 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.

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
Senate Committee on Ways and Means
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

In consideration of
SB763
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee on Ways and Means.

Experiad **supports** SB763 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 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



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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", with a long, sweeping underline.

Rex Jakobovits, PhD

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 2:33 PM
To: WAM Testimony
Cc: achung@navatekltd.com
Subject: *Submitted testimony for SB763 on Feb 24, 2017 09:35AM*

SB763

Submitted on: 2/22/2017

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Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Navatek	Support	No

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 3:25 PM
To: WAM Testimony
Cc: sudesh@kapalya.com
Subject: *Submitted testimony for SB763 on Feb 24, 2017 09:35AM*

SB763

Submitted on: 2/22/2017

Testimony for WAM on Feb 24, 2017 09:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Sudesh Kumar	Kapalya Inc	Support	No

Comments:

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Hawaii Fish Company (HFC), a family-owned North Shore aquaculture farm, testifies in strong support of SB763 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 SB763.