



Written Statement of  
**Len Higashi**  
Acting Executive Director  
Hawaii Technology Development Corporation  
before the  
**House Committee on Lower & Higher Education**  
**And the**  
**House Committee on Economic Development and Business**  
Friday, February 8, 2019  
2:00 p.m.  
State Capitol, Conference Room 309

In consideration of  
**HB624**  
**RELATING TO THE STRUCTURE OF GOVERNMENT.**

Chairs Woodson and McKelvey, Vice Chairs Hashem, Perruso, and Kitagawa, and Members of the Committees.

The Hawaii Technology Development Corporation (HTDC) submits **comments** on HB624 that transfers the rights, powers, functions, and duties of the Hawaii Technology Development Corporation and Hawaii Strategic Development Corporation to the University of Hawaii.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC works closely with DBEDT, HSDC and University of Hawaii on initiatives aimed at promoting technology and innovation jobs. In the 2017 HTDC economic impact survey, 149 companies participating in HTDC programs reported 3,736 jobs in Hawaii, \$589 million in total revenue generating \$1 billion in total economic impact.

The Hawaii SBIR program is a good example of a program that HTDC developed to support tech businesses. HTDC has been providing Phase I matching grants to SBIR awarded companies since 1989. For every dollar invested through the Hawaii SBIR program, Hawaii companies have attracted over 20 federal dollars in return to the State, plus commercialization funding. In addition to the grants, HTDC's Hawaii SBIR program provides wrap-around business support services to companies. For example, HTDC provides assistance with grant writing, prototyping, manufacturing, partnering with the Federal Labs, patents, federal cost accounting, trade shows, and access to the Federal agencies and program managers. HTDC has built an extensive network of service providers and strong relationships with the Federal agencies. In FY16, the program was expanded to help companies get their technologies to market. Since, HTDC has been awarding Phase II/III matching grants and providing assistance with commercialization, market analysis, and industrial/rugged design. A few examples can be found at:

<https://www.htdc.org/wp-content/uploads/2018/01/2017SBIR-product-SuccessBook-ver-2-final.pdf>

HTDC has the following concerns with this measure:

- If the HTDC statute were repealed, the State would lose the 5 year \$2,500,000 + federal funding cooperative agreement for the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership program. The \$600k annual federal funding and the 4 federally funded positions would be lost. NIST does not allow the program to be transferred between hosting agencies.

- The transition will result in loss of experienced staff and disruption to the existing programs and projects including the Entrepreneurs Sandbox in Kakaako, tech park development projects, Manufacturing Assistance (MAP) Grant Program, accelerator programs, etc.

HTDC looks forward to working with all stakeholders to move the innovation economy forward. Thank you for the opportunity to offer these comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committees on Lower and Higher Education  
and  
Economic Development & Business  
February 8, 2019 at 2:00 p.m.

By  
Vassilis L. Syrmos  
Vice President for Research and Innovation  
University of Hawai'i System

### HB 624 – RELATING TO THE STRUCTURE OF GOVERNMENT

Chairs Woodson and McKelvey, Vice Chairs Hashem, Perruso, and Kitagawa, and members of the Committees:

The University of Hawai'i (UH) would like to provide comments to HB 624, which transfers the rights, powers, functions, and duties of the Hawai'i Technology Development Corporation and Hawai'i Strategic Development Corporation to the University of Hawai'i.

Hawai'i's innovation ecosystem comprises of a vibrant and diverse number of incubators, accelerators, organizations, institutions of higher education and state agencies working to create a knowledge based economy that complements and transforms tourism, construction and military sectors to assure robust future growth by diversifying industries and revenues.

One of UH's four strategic directions is to grow the portfolio of its sponsored research and to promote innovation and workforce diversification in the state's economy. To help enable this, the Hawai'i State Legislature passed both Act 38 and Act 39, Session Laws of Hawai'i, 2017, to allow UH to better engage in innovation and commercialization activities that include: the vetting the commercial potential of discoveries based on UH research, providing mentorship and entrepreneurial guidance to faculty or research staff, transferring UH-owned intellectual property to third parties via patents or licenses, and actively participating in public/private joint development, startup companies and partnerships.

The mission of the Hawai'i Technology Development Corporation (HTDC) is to help develop and retain high technology in the state through core initiatives that include the development and management of network of incubation services and facilities; business development services for new start-ups in the technology sector; secure and administer federal and private grants and contracts in support of technology research; and to

support skilled workforce development for the technology sector through outreach programs and partnerships.

The charge of the Hawai'i Strategic Development Corporation (HSDC) is to develop investment capacity in the state and has combined various funding sources to implement a comprehensive investment program designed to generate a critical mass of startup activity to attract private capital investment.

By transferring the current functions of HTDC and HSDC into UH's existing research and innovation ecosystem, it is anticipated that both offices are aligned and complimentary to better assist with both the State of Hawai'i's continuing efforts and the University of Hawai'i's current and future innovation initiatives and programs.

Thank you for the opportunity to provide comments on this measure.

**HB-624**

Submitted on: 2/7/2019 11:59:21 AM

Testimony for LHE on 2/8/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Judi Morris	Oceanit Laboratories, Inc.	Support	No

Comments:

**HB-624**

Submitted on: 2/7/2019 1:50:55 PM

Testimony for LHE on 2/8/2019 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments: