

SB-1444

Submitted on: 2/1/2019 4:48:09 PM

Testimony for TEC on 2/5/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
George Fein PhD	Testifying for Neurobehavioral Research, Inc.	Support	No

Comments:

My name is Dr. George Fein, President and Senior Scientist of Neurobehavioral Research, Inc. My company has been in Hawaii since 2005, and has received a number of SBIR and R01 (investigator initiated basic and clinical neuroscience) awards over the past 13 years, with over 12.5 million dollars in total NIH funding. We have received HTDC SBIR Phase 1 matching awards in the past and have a new Phase 1 proposal being evaluated in March, 2019. The HTDC awards were enormously helpful in supporting and growing our research enterprise and our collaborations with the University of Hawaii. We strongly support the program to be funded by SB1444 and hope it is available to us to support our Hawaii SBIR work in the future.



Statement of
Monica Parks
Co-Founder
Akabotics LLC
before the
House Committee on Economic Development & Business
Tuesday, February 5, 2019
2:45 p.m.
State Capitol, Conference Room 414

In consideration of
SB1444
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Keohokalole, and Members of the Committee on Technology, Economic Development & Business and Chair Wakai and Members of the Committee on Energy, Economic Development, and Tourism.

Akabotics LLC **supports** SB1444 that appropriates funds to the Hawaii Technology Development Corporation (HTDC) for continuance of the Small Business Innovation Research (SBIR) Program, Phase II and III.

Akabotics LLC is focused on the development of robots to clean waterways and create robotics jobs in Hawaii. Funding from the HTDC has allowed us to hire a grant writer to submit an SBIR proposal, which in turn has resulted in a SBIR Phase 1 grant award from the National Science Foundation and the creation of 5 robotics jobs. Additionally, funding from this grant has enabled us to finish the development of our prototype and conduct pilot testing, propelling us quickly towards commercialization. We've also received Phase 1 HISBIR funds, which is allowing us to maintain operations and momentum during the waiting period between a SBIR Phase 1 and SBIR Phase 2 grant award. Without this assistance from the HTDC, we would not be where we are today, and the future of our company and efforts would be uncertain.

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.

SB-1444

Submitted on: 2/4/2019 6:35:02 AM

Testimony for TEC on 2/5/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Miyamoto	Testifying for Hawaii Farm Bureau	Support	No

Comments:

SB-1444

Submitted on: 2/4/2019 7:15:27 AM

Testimony for TEC on 2/5/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Kays	Individual	Support	No

Comments:



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee on Technology
And the
Senate Committee on Energy, Economic Development and Tourism
Tuesday, February 5, 2019
2:45 p.m.
State Capitol, Conference Room 414

In consideration of
SB1444
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chairs Keohokalole and Wakai, Vice Chairs English and Taniguchi, and Members of the Committees.

The Hawaii Technology Development Corporation (HTDC) **supports** SB1444 that appropriates funds to the Hawaii Technology Development Corporation to continue the Small Business Innovation Research program and requires businesses that receive a Technology Research and Development grant award to maintain their principal place of business in Hawaii for five years or, if they do not, to return the award.

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 in FY16. A summary of the Phase II/III awards made by the matching grant program is listed below:

	FY16	FY17	FY18
Appropriation	\$2 MM	\$2 MM	\$1 MM
# of Applications	11	9	9
# of Awards	7	8	5
\$\$ Awarded	\$2 MM	\$1.9 MM	\$900 K
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9 MM	\$8.0 MM
Estimated New Jobs	17	70	15

The FY19 appropriation has not been awarded yet. Every year, there have been more qualified applicants than available funds. Since the Phase II/III program started in FY16, none of the applicants have received the full eligible amount. Over time, the program is anticipated to generate the same type of metrics of success as the Phase I matching program. 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. HTDC believes the grant program

provides leverage and positive economic development value for the State by supporting projects with vetted technology and backed with federal funds. HTDC comments that the additional 5 year requirement is fair and consistent with the objective of this grant program.

HTDC comments that this bill should be coordinated with SB994 and the Governor's budget included \$1,000,000 for this program. Thank you for the opportunity to offer these comments.



Statement of
Hermann Kugeler
Business Development Manager
Makai Ocean Engineering, Inc.
before the
Senate Committee on Technology
and
Senate Committee on Energy, Economic Development, and Tourism
Tuesday February 5th, 2019
2:45pm
State Capitol, Conference Room 414
In consideration of
SB1444

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Keohokalole, Vice Chair English, and members of the Committee on Technology

Chair Wakai, Vice Chair Taniguchi, and members of the Committee on Energy, Economic Development, and Tourism

Makai Ocean Engineering, Inc. **supports SB1444** that appropriates funds to the Hawaii Technology Development Corporation (HTDC) for continuance of the Small Business Innovation Research (SBIR) Program, Phase II and III.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for over 45 years and an active participant in the Small Business Innovation Research (SBIR) grant program. The SBIR program consists of three phases that encourages early stage investment and innovation in technology. Phase 1 provides a very small amount of money that is barely enough for proof of concept research. However, it is the Phase 2 and 3 funding stages that really provide a means of development for companies to transition the idea and research conducted in Phase I, to prototyping to commercialization.

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 in advancing development, which helps win later phase awards and assists in getting the technology out into the market. The SBIR matching grants assist companies that have a commercially-promising project that has a difficult development plan. Carefully selected matching grants represent more of a “sure bet” in terms of a successful and highly leveraged investment in economic development for the State, and growing our tech sector.

For example, Makai’s subsea cable laying software began as a Phase 1 SBIR (matched by State for \$20k in the year 2000) and then went on to Phase 2 and 3 and became the world’s #1 commercial cable laying software, with over \$30 million in commercial revenues and high tech jobs for Hawaii over the last 18 years. This is a direct multiplier of more than 1,500X for the State’s



investment, not counting the indirect benefits of retaining some of the world's best engineers in Hawaii and the additional technologies they have generated during this time.

Makai is currently working on a Phase 2 SBIR program focused on autonomous underwater vehicles, which could easily surpass the \$30 million cable laying software in terms of revenue to the state. Our federal customer noted that the work we had performed on the underwater vehicle under the HTDC Hawaii State matching grant program was a key reason we were selected for an additional \$2.1 million award that is currently underway. Makai will be testing this underwater vehicle technology in Hawaiian waters in the summer of 2019 using local engineers.

In addition, Makai and Referentia were two local companies honored with a national award, the SBIR Tibbetts Award at the Whitehouse in January, 2017. This award recognizes the very best SBIR companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and displaying success in **actually commercializing federal R&D**. We need this HTDC administered program to make possible more national success stories by local companies. See the Governor's press release about awards here: <http://governor.hawaii.gov/newsroom/latest-news/dbedt-news-release-htdc-small-business-grantees-honored-with-national-tibbetts-award-at-the-white-house/>

This is why we **SUPPORT SB1444**, which would provide the Hawaii Technology Development Corporation (HTDC) funds for continuance of the SBIR program Phase II and III, to enable companies to commercialize new technologies more effectively. Not only would this funding enable our tech industry to compete and win more Federal monies for technology development, it would provide highly-skilled professional jobs for our keiki here at home.

Thank you for the opportunity to testify.



Statement of
D. Elliot Parks, Ph.D.
President & CEO
Hawaii Biotech Inc.
before the
Committee on Energy, Economic Development, and Tourism
and
Committee on Technology
Tuesday, February 5, 2019
2:45 p.m.
State Capitol, Conference Room 414

In consideration of
SB1444
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Glenn Wakai, Vice Chair Brian T. Taniguchi, and Members of the Committee on Energy, Economic Development, and Tourism.

Chair Jarrett Keohokaoloe, Vice Chair J. Kalani English, and Members of the Committee on Technology.

Hawaii Biotech Inc. **supports** SB1444 that makes an appropriation of funds for the continuation of the small company innovation research grant program within the High Technology Development Corporation.

Hawaii Biotech is the oldest and largest biotech company in the State of Hawaii, founded by four UH professors in 1982. Our company is a World's leader in developing safe and effective vaccines to protect against emerging and re-emerging infectious diseases. As many of these diseases derive from tropical regions of the World, our Hawaii company has a significant competitive advantage. Another competitive advantage that Hawaii Biotech has is the fact that we do not use infectious viruses in the formulation of our protective vaccines. Additionally, we lead the World in developing small molecule drugs to combat bioterrorism threats like Anthrax and Botulinum toxins.

We applaud the Hawaii State Legislature for its leadership through the long-standing small business innovation research matching grant program and urge the Legislature to continue this program as articulated in SB 1444. Funds from this HTDC matching grant program have allowed Hawaii Biotech to attract more than \$100 million in Federal grants and contracts to the State of Hawaii in the past (**including \$38 million in**

Q4 2018), to our local company, to maintain our current workforce, and to recruit new employees to expand our workforce.

We believe HTDC has been a prudent and judicious steward of the State funds that have been awarded to the innovation technology matching grant program in past years. Therefore, we would hope that the Legislature sees fit to provide flexibility to HTDC in the award of future awards, whether in the form of matching grants or convertible note loans.

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
House Committee on Economic Development & Business
Tuesday, February 5, 2019
2:45 p.m.
State Capitol, Conference Room 414

In consideration of
SB1444
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT
CORPORATION

Chair Keohokalole, and Members of the Committee on Technology, Economic Development & Business and Chair Wakai and Members of the Committee on Energy, Economic Development, and Tourism.

Experiad **strongly supports** SB1444 for continuing the SBIR matching grant program administered by HTDC. My Honolulu software startup, Experiad Technologies, has raised \$5M in federal SBIR grants from the National Institutes of Health. We are developing software that will change how healthcare is performed in a wide range of fields, including the treatment of autism. I am a Kalani grad who went on to earn a PhD in computer science. Thanks in part to HTDC's matching SBIR program, I am happy to be back home now, winning millions of federal dollars to build a company that will ultimately create many local high-tech jobs.

During critical stages of our development effort, we received matching HISBIR funds from HTDC. **The HISBIR matching funds were critical to helping us expand our team and meet the goals of our research. The HISBIR program was directly responsible for us bringing in our 2nd \$1.8M Phase II award last year.** To date, the majority 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, which is seeding a sustainable business that will ultimately lead to an expansion of our local workforce for years to come.

Mahalo for listening,

A handwritten signature in black ink, appearing to read "Rex Jakobovits".

Rex Jakobovits, PhD



**PO Box 1095
Kurtistown, Hawaii
+1-808-938-2840
jim.wyban@gmail.com**

February 4, 2019

RE: SB1444 THAT APPROPRIATES FUNDS TO CONTINUE SBIR PROGRAM

Dear Committee:

I am writing to express my strong support of SB1444 that appropriates funds to the Hawaii Technology Development Corporation (HTDC) to continue the Hawaii Small Business Innovation Research (HSBIR) program.

I developed the World's first SPF shrimp broodstock company, High Health Aquaculture (HHA) based at NELHA in Kona. HHA was the beginning of what became a new industry in Hawaii – SPF Shrimp Broodstock, which exports more than \$30 M of product per year.

During my tenure at HHA, we received 9 SBIR grants from various federal agencies (NSF, USDA, DOC). For each of these we also received Hawaii SBIR matching grants. All of these greatly contributed to our IP development, which increased our company's value and success. This is a very valuable initiative that I strongly support.

After 20 years in business we sold HHA to an Asian multinational (SIS), which expanded the business and continues today.

I strongly support the Hawaii SBIR program and urge you to fund it.

Thanks,

Jim Wyban PhD



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON TECHNOLOGY AND
THE SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT & TOURISM
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 414
TUESDAY, FEBRUARY 5, 2019 AT 2:45 P.M.**

To The Honorable Jarrett Keohokalole, Chair;
The Honorable J. Kalani English, Vice Chair; and
Members of the Committee on Technology,

To The Honorable Glenn Wakai, Chair;
The Honorable Brian T. Taniguchi, Vice Chair; and
Members of the Committee on Energy, Economic Development & Tourism,

**TESTIMONY IN SUPPORT OF SB 1444 RELATING TO
THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce with approximately 650 businesses. I am writing share our support of SB 1444.

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. Therefore, we offer our 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.

LATE

SB-1444

Submitted on: 2/5/2019 11:57:46 AM

Testimony for TEC on 2/5/2019 2:45:00 PM

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

Comments:



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Energy, Economic Development &
Tourism and Committee on Technology
Tuesday, February 5, 2019 at 2:45 P.M.
Conference Room 414, State Capitol**

LATE

RE: SB 1444, RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chairs Wakai and Keohokalole, Vice Chairs Taniguchi and English, and Members of the Committees:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1444, which appropriates funds to the Hawaii Technology Development Corporation (HTDC).

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.

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.

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 the opportunity to testify.