



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee on Energy, Economic Development, and Tourism
And the
Senate Committee on Technology
Tuesday, February 5, 2019
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB994
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

The Hawaii Technology Development Corporation (HTDC) **supports** SB994 that appropriates funds to the Hawaii Technology Development Corporation to continue the Small Business Innovation Research program.

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 SB1444 and the Governor's budget which included \$1,000,000 for this program. Thank you for the opportunity to offer these comments.

SB-994

Submitted on: 2/4/2019 6:35:20 AM

Testimony for EET on 2/5/2019 2:50:00 PM

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

Comments:



Written Statement of
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT and TOURISM
&
SENATE COMMITTEE ON TECHNOLOGY
February 5, 2019
2:50 p.m.
State Capitol, Conference Room 414

In Support of
SB 994 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION

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

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

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of SB994

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of SB994**

The technology industry in Hawaii has grown over the past decade and has made significant strides towards achieving the goal of diversifying and stimulating Hawaii's economy. The continuation of the Small Business Innovation Research ("SBIR") grants is crucial to move the technology towards prototyping, customer interface, and commercialization,

The objectives of the SBIR grants are:

- To support economic growth and the diversification of our economy;
- To launch new ventures based on technology innovations; and
- To support the growth of the tech industry and the creation of intellectual property and innovation in the State.

We strongly urge you to support of SB994 and we appreciate your continued support of the technology industry.



Statement of
Hermann Kugeler
Business Development Manager
Makai Ocean Engineering, Inc.

before the
Senate Committee on Energy, Economic Development, and Tourism
and
Senate Committee on Technology

Tuesday, February 5, 2019
2:50pm
State Capitol, Conference Room 414
In consideration of
SB994

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

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

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS SB994** that makes an appropriation to HTDC to continue providing grants to businesses with a federal small business innovation research (SBIR) award.

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 **STRONGLY SUPPORT SB994**, which would provide the state matching funds for federal SBIR programs to enable companies to commercialize new technologies more effectively. Not only would this expansion of 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 offer these comments.

SB-994

Submitted on: 2/2/2019 12:43:12 PM

Testimony for EET on 2/5/2019 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann Chung	Individual	Support	Yes

Comments:

I STRONGLY SUPPORT SB994 relating to the Hawaii Technology Development Corporation which appropriates funds to HTDC for the small business innovation research program. This is a very successful existing program that has been working for many years and was funded last session as Act 68. I urge you to continue funding this very important program. Based on data provided by HTDC, 20 federal dollars are returned to the State for every dollar invested through the SBIR program. The existing grant program is successful in promoting innovation and stimulating economic development by supporting emerging technologies developed by Hawaii companies and creating innovation jobs.

Mahalo for the opportunity to testify