



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

Before the  
**HOUSE OF REPRESENTATIVES COMMITTEE ON  
ECONOMIC DEVELOPMENT and BUSINESS**

January 31, 2020

8:30 a.m.

State Capitol, Conference Room 309

In Support of  
**HB2140 RELATING TO INVESTMENT IN INNOVATIVE TECHNOLOGIES**

To: Chair Angus McKelvey, Vice Chair Lisa Kitagawa and Members of the  
Committee

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

Re: Testimony in Support of HB2140

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB2140**

The technology industry in Hawaii has grown over the decade and has made significant strides towards achieving the goal of diversifying and stimulating Hawaii's economy. More is still needed and an innovative technology plan is the right start to further the State of Hawaii's clean energy and sustainability goals.

Therefore, we support of HB2140 and we appreciate your continued support of the technology industry.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Economic Development and Business  
Friday, January 31, 2020 at 9:30 A.M.  
Conference Room 309, State Capitol**

**RE: HB 2140, RELATING TO INVESTMENT IN INNOVATIVE  
TECHNOLOGIES**

Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB2140, which requires the Department of Business, Economic Development, and Tourism to develop and implement an investment in innovative technologies plan to support the advancement of innovation technologies in the areas of energy, transportation, agriculture, and water, and appropriates funds.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 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.

Additionally, as the exclusive representative in Hawaii for the National Association of Manufacturers, the Chamber has created the Manufacturing in Hawaii Initiative. This initiative is led by the Manufacturing in Hawaii Group and made up of business leaders from various fields and industries. Its mission is to enhance the opportunities and competitiveness of doing business in Hawaii by becoming an advocate and voice for the manufacturing industry in the State of Hawaii.

The Chamber continues to support the State's efforts to promote and foster innovation research and development in Hawaii. Innovation is a proven catalyst for economic growth and the creation of high-skilled and high-paying jobs. By taking the first step in identifying areas where the state could make technological advancements, we can help to promote innovation while at the same time work to attract investments that will strengthen Hawaii's economy.

Thank you for the opportunity to provide testimony in support of this measure.

**LATE**



ELEMENTAL  
EXCELERATOR

Written Statement of Elemental Excelerator  
before the House Committee on Economic Development and Business  
January 31, 2020

In consideration of [HB 2140](#)  
RELATING TO INVESTMENT IN INNOVATIVE TECHNOLOGIES

Aloha Chair McKelvey, Vice-Chair Kitagawa, and Members of the Committee on Economic Development and Business:

Elemental Excelerator submits **support for the intent of HB 2140 with comments**, which:

1. Requires the Department of Business, Economic Development, and Tourism to develop and implement an investment in innovative technologies plan to support the advancement of innovative technologies in the areas of energy, transportation, agriculture, and water.
2. Appropriates funds.

Elemental Excelerator is a Honolulu-based non-profit organization that supports climate positive startup companies that are helping solve Hawai'i's most urgent environmental problems in energy, transportation, agriculture, water, and the circular economy. Each year, we select 15-20 companies annually that best fit our mission and fund each company up to \$1 million. To date, we have awarded \$36 million to 99 companies resulting in over fifty demonstration projects in Hawai'i & the Asia Pacific.

**We support the intent of HB 2140** because it brings necessary economic investments in climate change mitigation. According to the 2018 Hawai'i Sea Level Rise Vulnerability and Adaptation Report, Hawai'i, over the next few decades, will have, *"An estimated \$19 billion of economic loss [that] would result from chronic flooding of land and structures located within the seal level-rise of exposure area with 3.2 feet of sea-level rise."*<sup>1</sup> In our work, we have seen that every \$1 of public funding towards innovation for climate change mitigation and adaptation has shown to produce 20x that amount in follow-on investments. As of 2019, Elemental Excelerator funded \$36 million to our 99 portfolio companies which led them to raise \$790 million in follow-on funding. If the state were to increase public investments in innovation through this legislation, it could mitigate

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<sup>1</sup> Hawai'i Sea Level Rise Vulnerability and Adaptation Report, January 2018, Retrieved from [https://climateadaptation.hawaii.gov/wp-content/uploads/2018/01/SLR-Report\\_-\\_January-2018.pdf](https://climateadaptation.hawaii.gov/wp-content/uploads/2018/01/SLR-Report_-_January-2018.pdf)

the effects of climate change while simultaneously attracting outside investments that enhance Hawai'i's economy. <sup>2</sup>

**We respectfully submit the following comments on HB 2140:**

1. **Barrel Tax and Energy Special Security Fund:** Another way to provide cleantech funding for innovation is to increase the energy special security fund (ESSF) that is funded through the barrel tax. The ESSF is used to support the Hawai'i State Energy Office in tracking our state's progress in achieving 100% clean energy.<sup>3</sup> Tracking our progress requires long-term planning with a dedicated source of funding that allows us to follow through on our commitments. Increasing the ESSF back to 2018 levels from 5 to 15 cents a barrel will provide the energy office with the necessary resources to enter into public-private partnerships that utilize catalytic funding of innovative technologies to: (1) accelerate a clean economy for our state; and (2) help accomplish our state's 100% renewable energy goal by 2045. Increasing the ESSF from 5 to 15 cents barrel does not raise taxes or add additional financial burdens to the state's hard-working people. Instead, it is reallocating barrel tax money from the general fund back to a special fund. <sup>4</sup>
2. **Hawaii State Energy Office Clean Energy Innovation Plan:** In July 2018, the Energy Office published its "Clean Energy Innovation Plan," which outlines their strategies and tactics in achieving 100% clean energy goals. In that report, the office sees themselves as *"Providing support for the development of innovative technologies and businesses in an equitable manner while reducing risk from disruptive technologies."*<sup>5</sup> State funding for cleantech innovation should be directed to the energy office. They can partner with private, non-profit entities to find startups with the technologies and business models that help us meet that goal and assure these businesses remain accountable to the public.

Mahalo for the opportunity to provide testimony on this legislation. We attached a breakdown of how the barrel tax was allocated in 2018 and 2019.

Sincerely,



Aki Marceau  
Managing Director, Policy & Community

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<sup>2</sup> Elemental Excelerator 2019 Impact Report

<sup>3</sup> Who We Are, Hawai'i State Energy Office, Retrieved from <https://energy.hawaii.gov/who-we-are>

<sup>4</sup> [Hawaii State Energy Office 2019 Annual Report](#).

<sup>5</sup> Hawaii State Energy Office, Clean Energy Innovation Plan, 2018

## Barrel Tax Breakdown January 2020

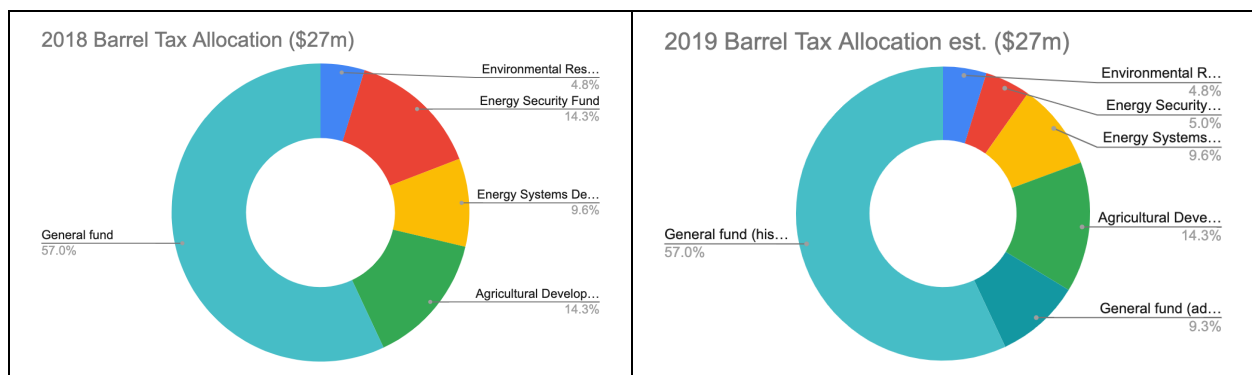
		2018	
\$0.05	4.78%	\$1,290,600	Environmental Response Revolving Fund
\$0.15	14.34%	\$3,871,800	Energy Security Fund
\$0.10	9.56%	\$2,581,200	Energy Systems Development Special Fund
\$0.15	14.34%	\$3,871,800	Agricultural Development and Food Security Fund
\$0.60	56.93%	\$15,371,100	General fund
\$1.05	99.95%	\$27,000,000	Total

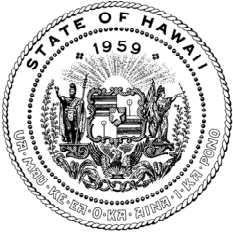
In 2018, \$.15/ barrel went to the Energy Security Fund.

		2019	
\$0.05	4.78%	\$1,290,600	Environmental Response Revolving Fund
\$0.05	5.00%	\$1,350,000	Energy Security Fund
\$0.10	9.56%	\$2,581,200	Energy Systems Development Special Fund
\$0.15	14.34%	\$3,871,800	Agricultural Development and Food Security Fund
\$0.10	9.34%	\$2,521,800	General fund (additional/ new)
\$0.60	56.93%	\$15,371,100	General fund (historical)
\$1.05	99.95%	\$27,000,000	Total

In 2019, \$.10 were reallocated from the Energy Security Fund to the General Fund.

We propose that the \$.10, or an approximate \$2,521,800/year is reallocated back to the Energy Security Fund for use by the State Energy Office. This will not increase taxes or create additional burden on families.





# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5<sup>TH</sup> Floor, Honolulu, HI 96813 | energy.hawaii.gov

DAVID Y. IGE  
GOVERNOR

SCOTT J. GLENN  
CHIEF ENERGY OFFICER

(808) 587-3807

Testimony of  
**SCOTT J. GLENN, Chief Energy Officer**

**LATE**

before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

Friday, January 31, 2020

9:30 AM

State Capitol, Conference Room 309

Comments in consideration of  
**HB 2140**  
**RELATING TO INVESTMENT IN INNOVATIVE TECHNOLOGIES.**

Chair McKelvey, Vice Chair Kitagawa, and members of the Committee. The Hawaii State Energy Office (HSEO) offers comments on HB 2140, which requires the Department of Business, Economic Development, and Tourism (DBEDT) to develop and implement an investment in innovative technologies plan to support the advancement of innovative technologies in the areas of energy, transportation, agriculture, and water, and appropriates funds.

The HSEO recognizes the important issues this bill seeks to address. Promoting innovative technologies is a critical path to achieving Hawaii's clean energy and decarbonization goals. While this bill requests DBEDT to undertake this effort, the mission is also in line with the HSEO, which could be the lead implementing agency. The HSEO is also charged with funding innovation with funds from the Energy Security Special Fund, subject to legislative appropriation.

Thank you for the opportunity to testify on this bill.

**LATE**

**HB-2140**

Submitted on: 1/30/2020 3:38:54 PM  
Testimony for EDB on 1/31/2020 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Megan Blazak	Individual	Support	No

Comments:



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON  
ECONOMIC DEVELOPMENT & BUSINESS  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309  
FRIDAY, JANUARY 31, 2020 AT 9:30 A.M.**

To The Honorable Angus L.K. McKelvey, Chair;  
The Honorable Lisa Kitagawa, Vice Chair; and  
Members of the Committee on Economic Development & Business;

**TESTIMONY IN SUPPORT OF HB2140 RELATING TO  
INVESTMENT IN INNOVATIVE TECHNOLOGIES**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our support of HB2140.

The Maui Chamber of Commerce supports HB2140 that requires DBEDT to develop and implement an investment in innovative technologies plan to support the advancement of innovative technologies in the areas of energy, transportation, agriculture and water. We appreciate the bill as economic development is one of our top legislative priorities and our state needs more diversification to help sustain our economy, bring in higher paying jobs and provide more opportunities. We think it is important that in moving forward with this plan, DBEDT review and include elements of the Hawaii 2050 Sustainability Plan and have strategies that work towards diversifying our economic base.

Additionally, we support the requirement for the plan to be published online and have annual updates.

We appreciate the opportunity to testify on this matter and ask that this bill be passed.

Sincerely,

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.