

HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5TH 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

before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
Friday, February 7, 2020
2:50 PM
State Capitol, Conference Room 414

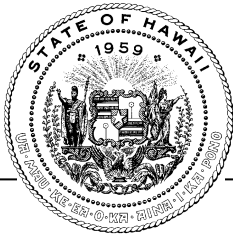
In SUPPORT of
SB 3005
RELATING TO THE SUPPLEMENTAL BUDGET.

Chair Wakai, Vice Chair Taniguchi and members of the Committee. The Hawaii State Energy Office (HSEO) supports SB 3005 with amendments, which appropriates funds for Fiscal Biennium 2019-21 as it relates to BED 120 special fund and trust fund ceilings.

The adjustments for BED 120 are necessary for the HSEO to carry out its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean energy decarbonized economy. An increase of the special fund ceiling will allow the HSEO to pay Special Fund Assessments for fiscal years 2020 and 2021, provide support for the Climate Change Mitigation and Adaptation Commission and the Greenhouse Gas Sequestration Task Force, and fund projects that promote and advance energy efficiency, renewable energy, and greater energy security and resiliency. A trust fund ceiling would serve the Volkswagen Environmental Mitigation Trust funds to implement eligible mitigation actions which aim to reduce vehicle emissions and provide solutions for clean transportation.

The HSEO respectfully requests the addition of \$65,000 (MOF A) to cover an anticipated payroll shortfall for a variance which resulted when an Energy Program Specialist position was re-described and filled with the Chief Energy Officer prescribed by Act 122, SLH 2019.

Thank you for the opportunity to testify.



OFFICE OF PLANNING STATE OF HAWAII

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DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
Friday, February 7, 2020
2:50 PM
State Capitol, Conference Room 414

in consideration of
SB 3005
RELATING TO THE SUPPLEMENTAL BUDGET.

Chair Wakai, Vice Chair Taniguchi, and Members of the Senate Committee.

The Office of Planning (OP) **supports** SB3005, specifically, the Greenhouse Gas Sequestration Task Force's request to appropriate \$200,000 out of BED 120, the Energy Security Special Fund (ESSF), for the Greenhouse Gas Sequestration Task Force (GHGSTF), as directed by the Legislature in Act 122 SLH 2019.

The Legislature established the Greenhouse Gas Sequestration Task Force within OP in 2018 through Act 15 (Chapter 225P-4) to undertake five specific tasks to increase sequestration of carbon dioxide and other greenhouse gas emissions within Hawaii's agricultural and natural environment.

The Task Force has 21 members who are committed to supporting research to establish a baseline, short- and long-term benchmarks, and criteria of soil health and increased product yield and quality and other benefits of soil health, agro-forestation, and use of compost, such as climate resiliency, and cooling urban areas.

The Task Force has initiated three studies with funds from FY2019, but did not receive funding in FY2020. The Task Force is requesting the Legislature's assistance to appropriate funds for FY2021 to continue the work plan mandated by the Legislature.

Thank you for the opportunity to testify on this measure.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented to the
Senate Committee on Energy, Economic Development, and Tourism
Friday, February 7, 2020 at 2:50 p.m.

by

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

SB 3005 – RELATING TO THE SUPPLEMENTAL BUDGET

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The University of Hawai'i (UH) strongly supports this bill that appropriates funds to support important innovation-related programs at the Hawai'i Technology Development Corporation (HTDC).

The University of Hawai'i shares a similar vision with HTDC to help establish a thriving innovation-based sector to boost the local economy and to develop a highly skilled technical workforce. As part of its innovation and commercialization effort, UH has established and manages an incubator/accelerator program that identifies promising startups built around innovations created by its faculty, students and alumni.

One of the key programs available to assist startups from UH and other locally based accelerators is HTDC's Hawai'i Small Business Innovation Research (SBIR) program, which provides grant funding to support a small startup firm in its early efforts to develop and improve the technology that forms the basis of the business opportunity. These funds are often crucial to assist startups in developing their new technologies to the point that will allow them to tap venture capital firms for the necessary funding to become commercially successful.

In order to build a successful innovation ecosystem in Hawai'i, all parties involved must work and support each other in their endeavors. With programs such as SBIR, manufacturing assistance and Entrepreneurs Sandbox, continued or increased funding for HTDC is crucial to moving innovation and commercialization efforts forward in the state.

The University of Hawai'i appreciates the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR

CURT T. OTAGURO
COMPTROLLER



An Agency of the State of Hawaii

ROSS I. YAMASAKI
CHAIRMAN, STADIUM AUTHORITY

SCOTT L. CHAN
MANAGER

RYAN G. ANDREWS
DEPUTY MANAGER

TESTIMONY
OF
SCOTT L. CHAN, MANAGER
ALOHA STADIUM
STADIUM AUTHORITY
TO THE
SENATE COMMITTEE
ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

February 7, 2020

S.B. 3005
2:50 p.m., Conference Room 414

RELATING TO THE SUPPLEMENTAL BUDGET

Chair Wakai, Vice Chair Taniguchi, and members of the committee, thank you for the opportunity to submit testimony in support of SB 3005.

First and foremost, the Stadium Authority Board (Authority) and I appreciate the Legislature's overall commitment and support in establishing a stadium development district inclusive of a multi-purpose sport and entertainment facility and extensive ancillary development that is both vibrant and an envisioned destination point.

Concurrent with the goal of developing a stadium development district, it is necessary for the Authority to continue to maintain and repair the existing Aloha Stadium facility to ensure the health and safety of the general public who attend events at the Aloha Stadium is paramount. The Authority appreciates the legislature's insertion of \$16.7 million in general funds to address the prioritized list of areas identified as requiring repair from the annual structural assessment report.

Health and safety repair and maintenance work will be required until the new Aloha Stadium entertainment district's sports and entertainment facility is completed and ready to open its doors to the general public.

One recommendation that the Authority would like for the Legislature to consider is to have the Stadium Authority as the expending agency specific to the \$16.7 million in general funds.

- Item No. 1., AGS889MA – Lump sum health and safety, Aloha Stadium, \$16,700,000A

Thank you for the opportunity to provide this testimony in support of SB 3055.



LATE

DAVID Y. IGE
GOVERNOR
MIKE MCCARTNEY
DIRECTOR

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Thursday, February 7, 2020
2:50 PM
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE STATE BUDGET.

Chair Wakai, Vice Chair Taniguchi and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports SB3005 which reflects the Governor's Executive FY 21 Supplemental Budget Operating Budget Adjustment Requests.

SB3005 adjusts and requests appropriations for Fiscal Biennium 2019-2021 funding requirements for operations.

Thank you for the opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

Testimony to the Senate Committee on Energy, Economic Development, and Tourism

**Friday, February 7, 2020 at 2:50 P.M.
Conference Room 414, State Capitol**

RE: SB 3005, RELATING TO THE SUPPLEMENTAL BUDGET

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3005, which appropriates funds for operating expenses of the Department of Business, Economic Development, and Tourism. Additionally, this bill would provide funding for the High Technology Development Corporation (HTDC) and its programs such as the Small Business Innovation Research Program (SBIR) and the Manufacturing Assistance Program (MAP).

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 assisted SBIR awarded companies since 1988; as a result, Hawaii companies have attracted 20 federal dollars in return to the state plus commercialization funding for every state dollar invested through this program. The federal SBIR grant program has continued its efforts to move companies through grant awards to commercial product sales, and this bill would allow HTDC to continue to provide the necessary support of a commercialization assistance program to all phases in the program for local businesses here in Hawaii.

Continuing to support MAP is also vital to HTDC's mission. This program has become a positive resource to aid companies with their investments for manufacturing equipment, training of their employees on newly purchased equipment, energy efficiency, and feasibility studies. We believe that the continuation of this program will help fuel manufacturing in Hawaii to grow and provide more products for both local consumption and export, and continued funding will help companies in Hawaii to start or grow their operations.

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. 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 in support of SB 3005.



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

Before the
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT and TOURISM

February 7, 2020
2:50 a.m.
State Capitol, Conference Room 414
In Support of
SB3005 RELATING TO THE SUPPLEMENTAL BUDGET

To: Chair Senator Glenn Wakai, Vice Chair Senator Brian T. Taniguchi, and
Members of the Committee

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

Re: Testimony in Support of SB3005

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of SB3005**

The technology industry in Hawaii has grown over the past 15 years 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, Manufacturing Grant and the excelerator program are crucial to move the technology towards prototyping, customer interface, and commercialization,

The objectives of the 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 SB3005 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
Friday February 7th, 2020
2:50pm
State Capitol, Conference Room 414
In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET.

Chair Wakai, Vice Chair Taniguchi, and members of the Committee.

Makai Ocean Engineering, Inc. **supports SB3005** that appropriates funds for operating expenses of the department of business, economic development, and tourism. This includes operational expenses for the Hawaii Technology Development Corporation (HTDC) in support of the HSBIR and Manufacturing assistance program grants.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for over 45 years. It is not an exaggeration to say that our company would not enjoy the level of success we currently do without HTDC. With HTDC's help, Makai has 1) developed the world's #1 subsea cable installation software, used by over 85% of the world's telecom cable installers to lay over 350,000 miles of subsea cable and bringing over \$35 million in taxable revenues to the State, 2) built the world's largest ocean thermal energy conversion (OTEC) facility, bringing more than \$30 million in federal and international R&D dollars into the State, and 3) supported a novel autonomous underwater vehicle development, which has already brought over \$7 million in federal R&D into the State.

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/>

HTDC is instrumental in supporting Makai and many other tech small businesses in the state that have an outsized economic impact. Their support and administration of grants like the HSBIR and Manufacturing Assistance Program has enabled us to reverse the "brain drain" by providing highly-skilled, high-paying jobs to talented kama'aina who would otherwise be forced to leave Hawaii for the mainland in search of suitable jobs.



This is why we **STRONGLY SUPPORT SB3005**, which would provide the Hawaii Technology Development Corporation (HTDC) funds to continue administering the HSBIR and MAP grant programs, to enable companies to commercialize new technologies more effectively.

Thank you for the opportunity to testify.



Adnoviv, Inc.
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Honolulu, HI 96822
info@adnoviv.com
www.adnoviv.com

Legislative Testimony

Written Testimony Presented to the
Committee on Energy, Economic Development, and Tourism
Friday, February 7, 2020 at 2:50 p.m.
By Natasa Petrovic, CFO
Adnoviv, Inc.

SB 3005 - RELATING TO THE SUPPLEMENTAL BUDGET
Chair Wakai, Vice Chair Taniguchi and Members of the Committee:

Adnoviv, Inc. supports this bill.

I am the chief financial officer for Adnoviv, Inc., a Honolulu startup founded in 2013. Our company would not be here today if not for the help and support provided by the Department of Business, Economic Development, and Tourism (DBEDT) and Hawaii Technology Development Corporation (HTDC). Through the HSBIR's Phase I and Phase II Matching Grants and the Manufacturing Assistance Program, we were able to bring our company from a mere idea to our current position as the startup with five employees and a fully developed product. With HSBIR funding, we expanded our workforce, obtained intellectual property rights and supported our business operations while going through the product research and development phase. Through HTDC's Manufacturing Assistance Program, we were introduced to the vendor that now manufactures our product, TruePODS™ (True Presence Occupancy Detection Sensors).

At Adnoviv, we strongly believe that our success leads to the state of Hawaii's prosperous future as well. Our intelligent occupancy sensors have the potential to accelerate Hawaii's energy efficiency efforts and to be a crucial part of our state achieving its net zero energy goal by 2045. By financially supporting and promoting innovative companies like Adnoviv through programs such as HSBIR Matching Grants and Manufacturing Assistance Program, state of Hawaii is investing in its own future, while helping local companies train, employ and keep high quality workers. I can personally vouch that the support provided by the DBEDT and HTDC to the local businesses directly benefits Hawaii residents and the state's economy - my own job position was created only after HSBIR Phase II Matching Grant allowed for its funding. Through this form of support in the future, Adnoviv and many other local companies will benefit tremendously on their path to success.

On behalf of Adnoviv, Inc., I respectfully request that the committee approves SB 3005.

Sincerely,

Natasa Petrovic, CFO
Adnoviv, Inc.

HVCA

HAWAII VENTURE CAPITAL ASSOCIATION

Written Statement of
Meli James
President
Hawaii Venture Capital Association
before the
Senate Committee on Energy, Economic Development, and Tourism
Friday, February 7, 2020
2:50 PM
State Capitol, Conference Room 414

In consideration of
HB 2080
RELATING TO THE SUPPLEMENTAL BUDGET

Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee on Economic Development & Business,

HVCA **supports SB 3005**, which provides an appropriation for Hawai'i to continue promoting the economic health and diversification of workforce opportunities in the State through funding DBEDT and HTDC for the Manufacturing Assistance Program (MAP), Small Business Innovation Research (SBIR), and accelerator programs across the state.

As the Legislature is aware, it is becoming more and more important for Hawaii to diversify its economy, as our over-reliance on tourism engenders a vulnerability for our citizens' livelihoods. While tourism is seemingly booming and the unemployment rate is low in Hawaii, a recent report by Hawaii Community Foundation said that 69% of Hawaii adults are struggling financially. Hawaii has the highest cost of living in the country while incomes are stagnant and often volatile thanks to the tourism economy, leaving over 50% of Hawaii adults spending more than they earn each month, according to Hawaii Community Foundation report. Locals are working multiple jobs, living in extended households, borrowing from friends and family, or living off of savings or credit. If this is the status of our people during good economic times, what does that mean when a global or national recession takes place?

As President of HVCA, I am made keenly aware of business growth barriers, thanks to our membership comprised of investors and business owners. A few barriers that come up continuously are: the potential for manufacturing, the importance of entrepreneurship, and the lack of government support for the aforementioned.

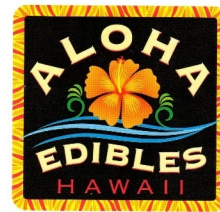
We are at a unique time in history where technology is lowering the barriers to running a global business from Hawaii's isolated location. We need to double down on this advantage by supporting initiatives that can really leverage Hawaii's premium brand, without deteriorating our current resources. Unlike tourism, global exports through e-commerce and manufacturing fit this bill. And yet, our state also hosts the lowest rate of manufacturing employment in the **country** - just 2.2%. Manufacturing, at scale, could lead to increased exportable goods, which could turbocharge our state's economy.

HTDC's development and support of key programs surrounding entrepreneurship such as their MAP, SBIR, and accelerator-partnership programs, have been integral to helping the few accelerators that do exist, to thrive. As such, HTDC should continue to receive support - in fact, should receive as much support as possible, in order to continue their great work.

Thank you for the opportunity to offer these comments.



Aloha Edibles, Inc



Statement of
Carri Loui
Manager
Aloha Edibles Inc
before the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Aloha Edibles Inc **supports** SB3005 that appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and HTDC.

The MAP grant has helped us tremendously. We've been able to expand our line of products leading to the hiring of 3 additional employees this past year.

Thank you for the opportunity to offer these comments.

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PH: 808-732-2292 EMAIL: ALOHAEDIBLES@GMAIL.COM FEIN # 46-5734I4I

Written Statement of
Brittany Heyd
Partner
Mana Up
before the
Senate Committee on Energy, Economic Development, and Tourism
Friday, February 7, 2020
2:50 PM
State Capitol, Conference Room 414

In consideration of
SB 3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Mana Up **supports SB 3005**, which provides an appropriation for Hawai'i to continue promoting the economic health and diversification of workforce opportunities in the State through funding DBEDT and HTDC for the Manufacturing Assistance Program (MAP), Small Business Innovation Research (SBIR), and accelerator programs across the state.

As the Legislature is aware, it is becoming more and more important for Hawaii to diversify its economy, as our over-reliance on tourism engenders a vulnerability for our citizens' livelihoods. While tourism is seemingly booming and the unemployment rate is low in Hawaii, a recent report by Hawaii Community Foundation said that 69% of Hawaii adults are struggling financially. Hawaii has the highest cost of living in the country while incomes are stagnant and often volatile thanks to the tourism economy, leaving over 50% of Hawaii adults spending more than they earn each month, according to Hawaii Community Foundation report. Locals are working multiple jobs, living in extended households, borrowing from friends and family, or living off of savings or credit. If this is the status of our people during good economic times, what does that mean when a global or national recession takes place?

Along with other accelerators and HTDC, Mana Up tackles this problem with entrepreneurship and mentorship, which allows us to build long-term valuable companies based in Hawaii, creating uncapped wealth potential for locals and well-paying jobs. We are at a unique time in history where technology is lowering the barriers to running a global business from Hawaii's isolated location. We need to double down on this advantage. Many of our Mana Up companies, for example, are using e-commerce and global supply chains to bring more dollars into the economy through exports to global markets. The HTDC funding we and some of our companies have received over the past year have allowed us to support these operations while we solidify revenue structures that support our programs long term, as well as relieved the financial burden on some of our companies as they scale - many with blooming manufacturing/e-commerce business models.

Hawaii accelerators and innovation-based initiatives like HTDC's are playing crucial roles in the development of an entrepreneurial ecosystem for Hawaii start-up companies. Without these programs, the most promising local companies would continue leaving for

opportunities outside of the state. Hawaii based accelerators and strong innovation programs also strengthen the entrepreneurial network between Hawaii and the rest of the world.

Thank you for the opportunity to offer these comments.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
Senate Committee on Energy, Economic Development, and Tourism
Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET.

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** SB3005 as it relates to appropriating funds to support the programs of the Hawaii 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. SB3005 appropriates \$1,000,000 for HTDC's Hawaii SBIR program, \$500,000 for the Manufacturing Assistance Program, \$300,000 for the Accelerator (exceleator) program, and \$36,000 for operations. Last session, these core HTDC programs were appropriated the same amounts but only for FY20. HTDC has administered these programs since 2016.

HTDC believes, at the very minimum, continuation of our existing programs is essential for growing the innovation economy. The programs have a proven track record and every year there are more qualified applicants than available funds.

For the Hawaii SBIR phase 2/3 program, in FY19, six out of the 12 applications were funded. \$4.5 million was requested and \$1.425 million was awarded. The applicants brought \$11.0 million of Federal SBIR awards into the State. The reported economic impact of the HSBIR program for 2018 was \$150 million with 589 jobs in Hawaii. For the MAP program, in FY19, 37 out of 69 applicants were funded. \$1.3 million was requested and \$898 thousand was awarded. The companies invested \$13.5 million. The reported impact of the MAP program for 2018 was \$748 million with 2,387 jobs in Hawaii. With the \$500k available in FY20, fewer companies will be awarded and the amounts will be lower. For the accelerator programs, 5 accelerators were funded in FY19. The accelerators were required to provide a minimum of a 1:1 match. All applicants exceeded the minimum requirement. HTDC comments that FY20 awards for all the programs will be made soon. HTDC believes increased funding for all 3 programs would be appropriate. The additional funding for operations would allow HTDC some capacity to host events and activities at the Entrepreneurs Sandbox. The Sandbox facility hosts events almost every single day of the month. Because HTDC does not have dedicated budget to host activities there, very few events are sponsored by the State. HTDC believes applying more resource will accelerate the facility.

HTDC supports this bill as it aligns with the Executive Budget request. Thank you for the opportunity to offer these comments.



Nalu Scientific
Data Acquisition Systems

Nalu Scientific, LLC
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Honolulu, HI 96822 USA
Phone: +1 (888) 717-6484
info@naluscientific.com

February 6th, 2020

Statement of
Isar Mostafanezhad, Ph.D.
Founder and CEO
Nalu Scientific, LLC
before the
COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
Friday, February 7th, 2020
2:50 pm
Conference Room 414
State Capitol
415 South Beretania Street
In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET.

Senator Glenn Wakai, Chair
Senator Brian T. Taniguchi, Vice Chair

Nalu Scientific, LLC supports SB3005, that appropriates funds to the Hawaii Technology Development Corporation (HTDC) for continuance of the small business innovation research (SBIR) program.

Nalu Scientific was founded in 2015 to commercialize advanced microelectronics for the US Department of Energy and its national labs. Since then we have been receiving steady support from the DOE SBIR program which has allowed us to grow to 12 full time employees. We have plans to even grow further and continue to provide technology and support to DOE and the national labs in their mission.

We have benefited immensely from the matching funds grant program (HSBIR) administered through the Hawaii SBIR program of HTDC. Given the high cost of doing business in Hawaii and the high risk- high reward nature of our innovation, these matching funds have been essential in helping us finish Phase I projects in time and bring in Phase II follow-on funding. We have used these matching funds to recruit exceptional and creative talent locally who have helped us start new programs and even bring in more follow-on funding from the Federal Government. With our growth we hope to be part of the start of a high technology jobs industry in Hawaii for the people of Hawaii.

To be more specific, for every dollar of matching funds that we have received, Nalu Scientific has attracted over 10 federal dollars in return to the state. 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. We believe this program is an investment in the future of our state and we humbly ask that the state allocates more funding to this effort.

Thank you for the opportunity to offer these comments.

Isar Mostafanezhad, Ph.D, Founder and CEO at Nalu Scientific, LLC



1012 Piikoi St.
Honolulu HI 96814
www.spectrum-photonics.com

Statement of
Edward Knobbe
President
Spectrum Photonics to the
Senate Committee on Energy, Economic Development & Tourism

Friday, 8 February 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB 3005
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Spectrum Photonics **supports** SB 3005 that appropriates funds to the Hawaii Technology Development Corporation for the Small Business Innovation Research program and Manufacturing Assistance Program.

Spectrum Photonics' core business is largely based on intellectual property licensed from University of Hawaii. During the past 9 years we have received approximately \$15,000,000 in federal SBIR contracts, which in turn has enabled Spectrum to win highly-competitive broad agency announcement (BAA) awards.

The Hawaii SBIR matching program supports projects with reviewed and vetted technologies, backed by investment of federal funds. The state matching funds are critical to winning later phase awards and getting HI-borne of the technologies to market; in particular, the matching funds allows small business to hire additional engineering staff and to conduct highly valuable field tests and to support technology validation exercises. Spectrum Photonics **strongly encourages** expansion of the State's SBIR matching funds.

Thank you for the opportunity to offer these comments.



Statement of
Donavan Kealoha
Executive Director
Purple Mai'a Foundation
before the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Purple Mai'a Foundation **supports** SB3005 that appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and HTDC.

The Purple Mai'a Foundation's mission is to educate and empower the next generation of culturally-grounded, community-serving tech makers and problem solvers. Our program, the Purple Prize is an accelerator program that empowers the people of Hawai'i to create impactful technology startups that are truly rooted in Hawaiian values. To date we have helped over 40 teams ideate innovative products and aided in the creation and/or growth of over a dozen companies. The funds appropriated by this bill supports accelerator programs like ours to continue to catalyze innovation and to advance and increase the number of innovative companies in the state of Hawai'i.

Thank you for the opportunity to offer these comments.

Sincerely,

Donavan Kealoha
Executive Director,
Purple Mai'a Foundation

SB-3005

Submitted on: 2/5/2020 10:47:32 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chenoa Farnsworth	Testifying for Blue Startups	Support	No

Comments:

Blue Startups respectfully submits testimony in **strong support** of SB 3005, in relation to a budget appropriation that allocates funds to HTDC to support the accelerator programs.

Accelerator program funding from the State has been instrumental in the launch of the Blue Startups venture accelerator program. The program has now has 82 companies in its portfolio, which have gone on to raise \$125 million in venture capital. Blue Startups is ranked as a top 20 accelerators in the U.S.

The HTDC Accelerator funds supports the growth of the innovation economy, including Hawaii-based accelerator programs critical to the growth of our economy.

Our innovation economy is off to a great start and we need to keep up the momentum to reach critical mass. Today, Hawaii has several nationally recognized Hawaii-based accelerator programs, launching over 40 innovation and tech companies each year and training our innovation workforce for today's digital economy.

We humbly ask for the Legislature's continued support to grow our innovation economy and keep Hawaii on the national map for tech startups and investment.

Thank you for the opportunity to provide testimony on this bill.

SB-3005

Submitted on: 2/5/2020 1:38:39 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tarik Sultan	Testifying for Sultan Ventures	Support	No

Comments:

SB-3005

Submitted on: 2/5/2020 8:42:09 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Kam	Testifying for Hawaii Business Group Incorporated	Support	No

Comments:

I am in favor of SB3005 to support local manufacturers. This has been the most helpful program of its kind to help expand small business.

Peter Kam, LLC Managing Partner

First Commercial Kitchen LLC

SB-3005

Submitted on: 2/5/2020 3:28:45 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Elden Ito	Testifying for RevaComm, Inc.	Support	No

Comments:

I would like to testify in favor of Bill SB3005 to appropriate supplemental funds to DBEDT and HTDC for the Manufacturing Assistance Program (MAP), Small Business Innovation Research (SBIR), and Accelerator programs.

Revacomm is a digital transformation services company that has been in business in Hawaii for 30 years. In early 2019 we were awarded a SBIR Phase I award by AFWERX, the innovation arm of the US Air Force. We have since won subsequent Phase II and concurrent phase III contract awards. Our contract continues to expand with more AF customers learning of our success in delivering on our SBIR scope and adding to or expanding existing contracts to have our team train and deliver software innovation to boarder AF operations. In the next 12 months, we expect to increase the number of employees supporting our SBIR contracts with Pacific Air Forces from a current count of 24 up to 40 highly skilled cloud infrastructure engineers, cyber security engineers, ux/ui designers, software engineers, project managers and other technology professionals. We could not have scaled up and mitigated the high risks associated with our SBIR contract scope to where we are today without the help of the matching funds from the State of Hawaii through HTDC. It will be a tremendous help to have continued support in the form of future matching SBIR Funds to mitigate the risks of scaling up and delivering to a larger Federal DoD market moving forward.

Please support this bill that supports innovative local business like Revacomm.

Very Respectfully,

Elden Ito, CEO

SB-3005

Submitted on: 2/5/2020 5:31:41 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Todd Robertson	Testifying for Hyperspective Studios, Inc.	Support	No

Comments:

The Manufacturing Assistance Program (MAP), Small Business Innovation Research (SBIR), and Accelerator programs are important programs to support in order to diversify our economy and to help grow businesses in Hawaii. These programs directly contribute to local businesses solving local problems and building toward global markets.

SB-3005

Submitted on: 2/6/2020 8:34:25 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Adrian Hong	Testifying for Island Plastic Bags, Inc.	Support	No

Comments:

Chair Wakai; Vice Chair Taniguchi; and Committee;

Thank you for the opportunity to submit testimony in strong support of SB 3005. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and food grade bags.

We received the MAP grant a number of years ago. It helped us upgrade our manufacturing facility, which doubled our manufacturing capacity, increased our productivity, and modernized our equipment. I feel the MAP grant is a great deal for both the state and businesses as businesses have to pay 80% and the state contributes up to 20% on equipment and training to ensure Hawaii's manufacturers continue to be competitive in the marketplace.

For that reason, I ask that SB 3005 be passed into law. Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian Hong

SB-3005

Submitted on: 2/6/2020 8:55:03 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Arif Rahman	Testifying for Hawai'i Innovation Lab	Support	No

Comments:

Dear Committee Chairman,

I am here to strongly support the bill SB3005. I will briefly explain the reason for my support.

I completed my Ph.D. from the University of Hawaii at Manoa in 2018 with an outstanding Ph.D. student awarde from the College of Engineering. During 5 years of Ph.D. study, over 40 of my colleagues have graduated from the College of Engineering with a Masters or Ph.D. and moved to mainland US with a job or started a business. Only one among forty stayed back in Hawaii because his wife was working in here. Despite the challenges of finding a job that commensurates with my skills, I decided to utilize my knowledge building the Hawaii community because I love the island and love the cohesiveness of this beautiful community.

I started a technology development startup in 2019, with a dream to create many technology jobs for UH graduates in Hawaii. Although I am still struggling to get the startup off the ground, HTDC is providing help, support, and inspiration to continue the struggle. I submitted two SBIR phase-I proposals but was unsuccessful. However, after multiple failures, I am quite confident now because HTDC has arranged mentoring, and workshops with the federal grant program managers, for young PIs like me, which inspired me to continue the struggle as a tech. entrepreneur. Although it would be more beneficial for the new tech. startups, if HTDC would support the new small business in Phase 0, such as help with the commercialization study, travel support, and help with the budget preparation, despite the limitation HTDC programs are accelerating and significantly contributing to the technology startups in Hawaii.

I hope that the bill is approved, and HTDC is able to support more to the small businesses creating technology jobs on our beloved island. Especially, I hope HTDC would be able to support the NEW technology startups better, in the federal grant proposal preparation phase.

Mahalo



4009 Black Point Rd, Honolulu, HI 96816 • (206) 588-5811

Statement of
Rex Jakobovits, PhD
President, Experiad Solutions
before the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Experiad **supports** SB3005 that appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and 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.** 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,

A handwritten signature in black ink, appearing to read "Rex Jakobovits", written over a horizontal line.

Rex Jakobovits, PhD

SB-3005

Submitted on: 2/5/2020 10:33:35 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Barrett	Testifying for Coastal Windows Inc.	Support	No

Comments:

Statement of
Robert Barrett
President
Coastal Windows Inc.
before the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Coastal Windows **supports** SB3005 that appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and HTDC.

Coastal Windows has been manufacturing windows and sliding doors here in Hawaii for 30 years. DBEDT, HTDC and MAP are an integral part of the manufacturing sector here in Hawaii and we support funding for them through this bill. As a board member for the National Association of Manufactures, I strongly encourage the passing of this bill. Manufacturing is a small segment of Hawaii's economy, we need to do more to support and encourage more business to bring manufacturing to Hawaii.

Thank you for the opportunity to offer these comments.

Robert Barrett

President
Coastal Windows

SB-3005

Submitted on: 2/5/2020 9:15:44 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tina Lau	Testifying for Island Maid, Inc.	Support	No

Comments:

Hawaii manufacturers need all the help and support we can get. Being on an island we have to deal with increased expenses such as freight and cost of goods that our mainland competitors do not have to deal with yet we still need to be price competitive. We've lost a lot of business to these mainland brands. Please support local manufacturers. We have to stop manufacturers from going out of business. Thank you.

SB-3005

Submitted on: 2/6/2020 1:24:17 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Weidenbach	Testifying for Hawaii Aquaculture & Aquaponics Association	Support	No

Comments:

The Hawaii Aquaculture & Aquaponics Association with statewide membership strongly supports SB3005, items 2. - 5. (BED 143 TE) for HTDC's SBIR Phase II and III matching grants program, the MEP manufacturing cost-share program, and the Excellerator program and supplemental funds for FY20 positions. HTDC's excellent programs have been very helpful and beneficial to local aquaculture and aquaponics producers participating in the Federal SBIR program, and the MEP and Accelerator programs will allow our companies to grow, innovate, and be more globally competitive. We strongly support these fiunding requests. Thank you for the opportunity to testify.



36 N Hotel Street
Suite. A
Honolulu, HI 96817

Aloha,

My name is Gerard Elmore and I'm the Lead Producer/Director at NMG Network. NMG Network is a cloud-based broadcasting company producing and aggregating original content including shows, films, music, and events. We utilize online, in-room hotel, resort, and luxury residential distribution channels to reach our audiences. NMG is Captive, Curated, and Controlled. We distribute magazine and video content internationally.

In addition to building our video division, I'm a Emmy® Award nominated writer/editor/producer/director who has a range of experience varying from television production, film and TV commercials.

On my free time, I devote time to my passion of building up the film community. I'm also the Executive Director for the [`Ohina Short Film Showcase](http://ohina.org), ohina.org, that is designed to help local filmmakers promote and screen their films in Hawaii.

I wanted to write to say that I fully support of SB 3005.

Specifically, the bill helps DBEDT and DBEDT has been instrumental in the growth of the industry. The Excelerator programs (like Creative Lab) have helped build up our local talent harness their talent and ambitions. We need to continue to providing opportunities in our community and our industry if we wish to grow it further.

With much aloha,

Gerard Elmore

Statement of
Nelson Kanemoto
President and CEO
Referentia Systems Incorporated
before the
Senate Committee on Energy, Economic Development & Tourism
Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
**RELATING TO THE SUPPLEMENTAL BUDGET; DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM; APPROPRIATION**

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

Referentia Systems **strongly supports** SB3005 that determines whether supplemental funds will be appropriated to DBEDT and to Hawaii Technology Development Corporation (HTDC) for the Manufacturing Assistance Program, Small Business Innovation Research (SBIR) and Accelerator programs.

Referentia Systems is a technology company with headquarters in Honolulu, Hawaii. Over the past 15 years, HTDC's grant funding has supported and enabled Referentia to develop proprietary technologies that are being commercialized within the State and on the U.S. mainland through several technology spin-offs.

One such technology and spin-off is LiveAction Inc., www.liveaction.com, which, on the basis of the technology supported by SBIR funding, raised over \$30 million in Series A and B venture financing. Most recently, with SBIR funding from HTDC, Referentia developed an innovative time-series database and analytics platform, in2lytics, which is providing the Hawaiian Electric Companies the insight needed to incorporate more renewables into their grid.

The grant that we received from HTDC in 2018 significantly helped further develop and commercialize this product, helping Hawaii work towards the goal of 100% renewables. More importantly, the funding helped position our technology platform to be the back-end database for a U.S. mainland partner with 900 electric utility co-operative customers. This achieves the State's objectives of increasing technology exports to grow high-tech companies and jobs at home.

Thank you for the opportunity to offer these comments in strong support of this measure.

SB-3005

Submitted on: 2/6/2020 2:30:24 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michelle Cheung	Testifying for TRUE Initiative, Hawaii Executive Collaborative	Support	No

Comments:

SB-3005

Submitted on: 2/6/2020 9:22:58 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Martin	Testifying for business	Support	No

Comments:

Aloha, I am Chad Martin, a career graphic designer, media producer, and creative entrepreneur born and raised in Hawai'i. I am in Support of SB3005 and the appropriation of funds for DBEDT, HTDC, SBIR and Accelerator programs.

I am a graduate of the DBEDT's Creative Lab/Creative Industries Accelerator program and have benefitted greatly as an artist and small business owner from the opportunities made available to me.

I applied to the Creative Lab program with a screenplay for my Hawaiian Mythology animated series, "WAO AKUA Realm of Gods". Creative Lab provided me with industry coaching with award-winning animation producers, 18 months of expert consultation, and tremendous opportunities to promote my property on local TV stations and social media. My animated series is now pitch-ready and I have the tools to represent myself and my project to any animation studio, national or international.

I have 'leveled-up' as a media producer and entrepreneur with the aid of DBEDT and Creative Industries, to the point that I am being interviewed on KHON2 today about another of our media properties. My goal is to eventually produce my animated series here in Hawaii - the story is as epic as any big name franchise out there and the best case scenario would be to produce it here in Hawaii to funnel all earnings back into the state.

Besides my flagship animated series, I also plan to produce medium-to-high budget media here in Hawaii, hire local creatives, and create content that celebrates the culture and history of our island home. My goals are very possible thanks to co-working facilities like HTDC's Entrepreneur's Sandbox and access to a network of local media producers and talent that have also graduated through the DBEDT'S Creative Lab program.

The investment in DBEDT and HTDC is an investment into island creatives and tech innovators, a sustainable and potentially huge returns. Mahalo to DBEDT Director Mike McCartney, Creative Lab, Chief Officer Georja Skinner, HTDC, and Senator Glenn Wakai for his fierce support of small business, island creatives and tech entrepreneurs.

Mahalo,

Chad Martin

Makaiwa Inc.



95-595 Kanamee Street, #326

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(815) 310-0808

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@hawaii A row of social media icons including Instagram, Twitter, YouTube, LinkedIn, Facebook, Messenger, and Pinterest.

February 5, 2020

Aloha e Senator Glenn Wakai, Chair; Senator Brian T. Taniguchi, Vice Chair; and members of the Committee on Energy, Economic Development, and Tourism:

I am writing to express my **support** for SB3005 as it relates to the supplemental budget.

Specifically, I urge your committee to support allocating \$1 million to the HSBIR Phase II and III Matching Grants program, and \$500,000 to Manufacturing Assistance Program Grants, as shown in the Program Appropriations of the bill.

These two programs have allowed Hawaii companies to grow both revenues and the local workforce in important industries that ultimately diversify the Hawaii economy beyond tourism and the military. Whether for economic security, sustainability, or local jobs and professional opportunities, this investment is both an important and valuable one in terms of the gains returned to the Aloha State.

Thank you for your consideration.

SB-3005

Submitted on: 2/5/2020 12:24:40 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tom Leonard	Individual	Support	No

Comments:

The SBIR and MAP grant programs are both very important economic development stimulus programs from the state. They need to not only be supported, but in my view, should be expanded, especially the Manufacturing Assistance Program.

SB-3005

Submitted on: 2/5/2020 12:28:15 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eric Schiff	Individual	Support	No

Comments:

I strongly support SB3005.

SB-3005

Submitted on: 2/5/2020 12:32:02 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Charlie Field	Individual	Support	No

Comments:

I strongly support SB3005.

SB-3005

Submitted on: 2/5/2020 1:42:33 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard B. Riegels	Individual	Support	No

Comments:

I am in strong support of the appropriation of supplemental funds to DBEDT and HTDC for the Manufacturing Assistance Program (MAP), Small Business Innovation Research (SBIR), and Accelerator programs. HTDC deserves the strong support of the State to help it develop and strengthen the high technology capabilities that are essential to the growth of a vibrant, entrepreneurial economy in Hawaii.

SB-3005

Submitted on: 2/5/2020 4:07:04 PM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Harm-Jan Steenhuis	Individual	Support	No

Comments:

It is important for Hawaii to diversify its economy. In particular manufacturing, business innnovation (SBIR) and accelerator programs can be helpful in this regard. Therefore I support that supplemental funds be appropriated to DBEDT and HTDC for MAP, SBIR and Accelerator programs.

SB-3005

Submitted on: 2/6/2020 8:23:35 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Megan Blazak	Individual	Support	No

Comments:

I strongly support appropriations to HTDC for the HMAP, HSBIR, and accelerator programs. These are critical sources of funding for Hawaii's innovative companies, especially for agricultural and food manufacturing companies working to build capacity in local processing supply chains. These programs are unique as one of the only sources of manufacturing and R&D working capital funding available to Hawaii's small businesses. HTDC has demonstrated that it is capable of administering these programs successfully. For these reasons, I urge you to support this bill. Mahalo.



Statement of
Premier Solutions HI LLC
to the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020

2:50 p.m.

State Capitol, Conference Room 414

In consideration of

SB3005

RELATING TO THE SUPPLEMENTAL BUDGET

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

Premier Solutions HI LLC, a Honolulu-based, SBA-certified disadvantaged minority-owned and woman-owned small business writes to offer our SUPPORT of SB3005, which appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and HTDC.

Premier Solutions HI (PSHI) provides innovative IT solutions and services to Federal government customers such as the US Navy. PSHI has benefited greatly from the programs offered by HTDC such as the Hawaii SBIR matching grant and HTDC events. PSHI has grown from 8 full-time employees to over 65 FTEs in the past five years.

In 2017 PSHI was awarded our first Small Business Innovation Research contract from the Naval Supply Systems Command. Since then we have won more than \$2 million in SBIR funding, and an additional \$8 million in revenue from Navy customers. Using SBIR funding, PSHI has developed a military logistics IT system that is currently used by every vessel in the Navy Fleet, and we support that system worldwide from our headquarters in Honolulu.

We attribute our success with the Navy in large part to 2 things:

- 1) The creativity and knowledge of our Hawaii-based research, development and engineering team.
- 2) Hawaii Technology Development Corporation HSBIR Phase matching funds for our Phase I and Phase II efforts which allowed us to travel from Hawaii to our mainland-based Navy customers, build invaluable relationships with our Federal

sponsors, and develop product prototypes that exceeded our customer's expectations.

In 2019 we anticipate moving into Phase III production of our SBIR-developed technology, bringing additional Navy and DoD program funding to Hawaii. Production will involve light manufacturing and assembly of system components, and our plans involve engaging HTDC's assistance through the Manufacturing Assistance Program. Over the next few years, we plan to accelerate our growth and are looking to hire more Hawaii-based engineers, software developers, technicians and innovators.

Access to state SBIR matching funding for Phase II and Phase III efforts is vital to our strategy of attracting more SBIR funding and other Federally-funded projects to leverage our current success.

We are very thankful for the support provided by HTDC and the State of Hawaii, and respectfully ask that the legislature pass SB3005.

If you have any questions, please feel free to contact me at 808-341-4702 or at steveb@premiersolutionshi.com

Very respectfully,
Steve Brennan
Premier Solutions LLC
808-396-4444
Honolulu, HI 96813
steveb@premiersolutionshi.com

SB-3005

Submitted on: 2/6/2020 10:34:09 AM

Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Tribble	Individual	Support	No

Comments:

The HSBIR program provided by the State is valuable to me as an employee and program manager of a local technology firm and as a resident of the state.

Grants from the HSBIR program have helped us hire 3 developers in our 60-person tech company. I say helped because the grants have provided the funding to bridge between contracts without having to ask people to take time off. That means I can hire quality people and keep them even when DoD contracting is slow (as it always seems to be).

We also use the grant money to get more face-time mainland customers. My mainland competitors are able to drive or quickly "hop" in to see Navy people on the East and West coasts at a much lower cost. The SBIR grant money has helped level that playing field to a degree, allowing me to see the customer more often and get their interest. I'll be on a plane in three weeks to follow up on Navy interest in Hawaii-built software and solutions. Thank you HSBIR!

Grants from the SBIR program also represent another element of the State's efforts to reverse the "brain drain". We have hired an absolute hot-shot developer who was returning to the islands after working in the Seattle start-up scene, and we kept an excellent UH grad from leaving for the mainland. That's two successes directly fueled by the HSBIR program.

This is a good program. It helps us hire and maintain high-paying jobs in the state and be with our mainland customers more often. What's not to like about that?

LATE

SB-3005

Submitted on: 2/6/2020 7:37:15 PM
Testimony for EET on 2/7/2020 2:50:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dave Kozuki	Testifying for Tow Choice	Support	No

Comments:

Tow Choice has strong support for any HTDC activities, especially the Excellerator. Keep up the great work!



Statement of
Gary Yoshioka
President
Diamond Bakery
before the
Senate Committee on Energy, Economic Development, and Tourism

Friday, February 7, 2020
2:50 p.m.
State Capitol, Conference Room 414

In consideration of
SB3005
RELATING TO THE SUPPLEMENTAL BUDGET

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

Diamond Bakery Co., Ltd. **supports** SB3005 that appropriates funds to the Department of Business, Economic Development, and Tourism for supporting funding for Hawaii Technology Development Corporation programs: Small Business Innovation Research program, Manufacturing Assistance Program, Accelerator program, and HTDC. In fact, if funds are available, I encourage you to increase funding to these highly effective organizations.

I am writing to you today to express my support for INNOVATE Hawaii and its valuable programs. INNOVATE Hawaii supports small and medium-sized manufacturers, like us, to enhance business productivity, growth, and technical performance through educational programs and customized services.

My company, Diamond Bakery Co., has been a client of INNOVATE Hawaii for the last five years and benefited greatly from the resources and expertise of this organization. INNOVATE Hawaii has helped us more competitively position our business in the following ways:

- Provided information, consultation, and direct support via their expert staff and programs
- **Promoted and supported the application process for the MAP grant program where we have gratefully been the recipient of over \$150,000 in capital equipment grants.**
- Connected us with the local SBDC, who helped us structure and analyze equipment financing options to ensure our financial health.
- Provided active leadership support to our industry association, the Hawaii Food Manufacturers Association and the Hawaii Chamber of Commerce.
- Conducted numerous education programs on critical industry topics such as Global Food Safety, U.S. Food Safety Modernization Act, Activating Social Media Resources.

- Coordinated the development of a customized 48-week Industrial Automation Training Program for our company technicians working in concert with the State Department of Labor and Industrial Relations, Hawaii Chamber of Commerce, University of Hawaii, and Leeward Community College, which will be offered industry wide.
- Supported the development of the first ever State of Hawaii sponsored Food Manufacturing Apprenticeship program in coordination with DLIR, Leeward Community College, and the City and County of Honolulu, in process today.
- Implemented a LEAN manufacturing training program for our company
- Implemented a Design Thinking training seminar for our company.
- Extended the resource network exponentially for Diamond Bakery.

This assistance has had a direct impact on my company's operations and overall performance. It has enriched the roles of my employees with new learning and capability. And it has caused us to increase by two, key management positions to meet the growth and operating needs of our business. We are growing across all key metrics over the last four years. We thank HTDC and INNOVATE Hawaii for their help and support to achieve these results.

INNOVATE Hawaii is an active supporter and advocate for our local business and manufacturing community. This organization works hard to understand the changing needs of businesses in Hawaii, helps us meet current challenges, and provides support to help local businesses not only grow, but prosper.

Their assistance has led to a compounded annual growth rate that has met or exceeded our company targets. Our export business to Japan is growing rapidly, with new customers in the cue, thanks to the State's support of export development.

The building of a strengthened small business, manufacturing and innovation-focused economy in Hawaii is well underway in my view. Having HTDC and INNOVATE Hawaii as a trusted ally and resource is invaluable for both my business and Hawaii's manufacturing sector as a whole. As a strong supporter of INNOVATE Hawaii, I look forward to working together in the future and helping propel Hawaii forward as a global marketplace leader.

Thank you for the opportunity to offer these comments.