

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT,
AND TOURISM
ON
HOUSE BILL NO. 2225, H.D. 1

March 14, 2022
3:00 p.m.
Room 224 and Videoconference

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2225, H.D. 1, appropriates an unspecified amount of general funds for FY 23 to the Hawai'i Technology Development Corporation (HTDC) for its various business assistance and grant programs. Specifically, the measure appropriates unspecified amounts for the Hawai'i Small Business Innovation Research (HSBIR) program, the Manufacturing Assistance Program (MAP), and the Excelerator Grant Program (EGP).

B&F notes that the Governor's FY 23 Executive Supplemental Budget submitted to the Legislature already includes general fund appropriation requests for each of these programs administered by HTDC in the amounts requested by the agency: \$1,000,000 for the HSBIR program; \$500,000 for MAP grants; and \$500,000 for EGP. If it is the intent of the Legislature to provide additional funding for these items, B&F notes that this can be accomplished via a budget adjustment rather than a specific appropriation bill.

Finally, B&F notes that, with respect to the general fund appropriations in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



Written Statement of
Len Higashi
 Acting Executive Director
 Hawaii Technology Development Corporation
 before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Monday, March 14, 2022
 3:00 p.m.
 Videoconference

In consideration of
HB2225, HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

The Hawaii Technology Development Corporation (HTDC) **supports** HB2225, HD1 that Appropriates moneys to the Hawaii Technology Development Corporation for its manufacturing assistance programs.

HTDC supports initiatives aimed at promoting technology and manufacturing jobs. Due to budget shortfalls caused by the pandemic, HTDC did not receive an appropriation for FY21 for our three core grant programs: Hawai'i Small Business Innovation Research (HSBIR), Manufacturing Assistance Program (MAP), and accelerator (a.k.a. exceleator) programs.

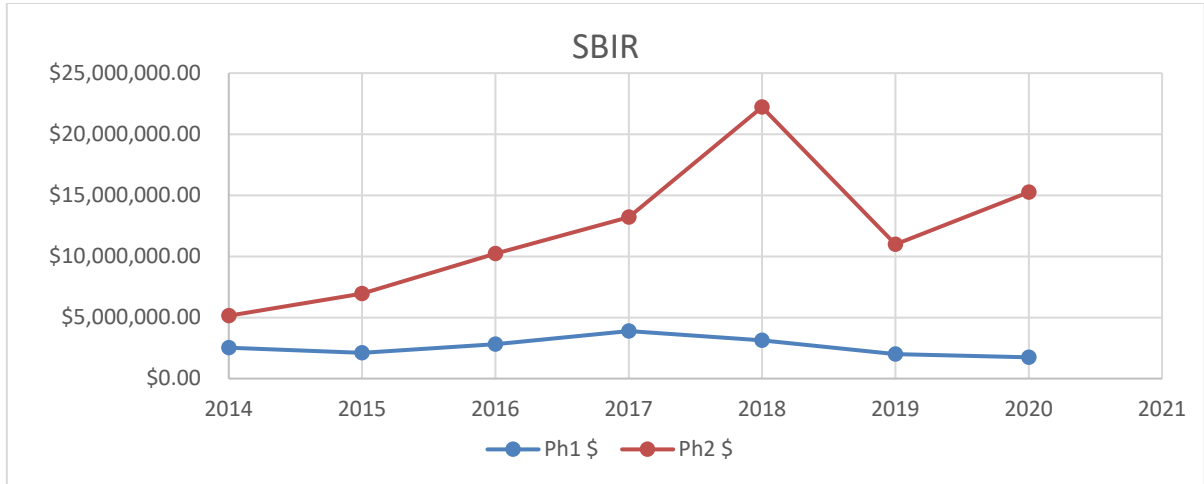
SBIR

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	FY19	FY20	FY21
Appropriation	\$2 MM	\$2 MM	\$1 MM	\$1.5 MM	\$1MM	-
# of Applications	11	9	9	12	16	-
# of Awards	7	8	5	6	14	-
\$\$ Awarded	\$2 MM	\$1.9 MM	\$900 K	\$1.4 MM	\$900K	-
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9 MM	\$8.0 MM	\$11.0 MM	\$53.0 MM	-
Estimated New Jobs	17	70	15	135	509	-

A chart of the federal SBIR awarded to Hawai'i companies follows. Note: the difference between the federal SBIR dollars reported in the table above versus the federal SBIR dollars charted below are due to the lag between the calendar year that the Federal dollars are awarded versus the state fiscal year that the Hawai'i SBIR matching grant is awarded. The companies are

eligible to apply for Hawai'i State matching grants while the SBIR project is active, which is typically 18-24 months.



data from sbir.gov/awards

The data shows an upward trend in the amount of federal dollars the industry is awarded each year. The federal SBIR funds are highly competitive with a fixed budget each year. Therefore, the industry is securing for Hawai'i federal funds that would otherwise be awarded to companies in other states. 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 is working with the University of Hawai'i Office of Innovation and Commercialization to continue growing the pipeline of companies pursuing SBIR funds and with several DoD and DoD related groups on developing further commercialization opportunities for Hawai'i companies developing new technologies.

MAP

HTDC has been providing MAP matching grants to manufacturers since FY16. A summary of the awards made by the matching grant program is listed below:

	FY16	FY17	FY18	FY19	FY20	FY21
Appropriation	\$2 MM	\$1 MM	\$1 MM	\$1 MM	\$500 K	-
# of Applications	82	42	51	69	45	-
# of Awards	51	25	29	37	18	-
\$\$ Awarded	\$2 MM	\$932K	\$931K	\$899K	\$486 K	-
Company investment	\$31 MM	\$5.5 MM	\$13.6 MM	\$13.4 MM	\$9.0 MM	-
Estimated New Jobs	-	353	230	465	281	-

Every year, there have been more qualified applicants than available funds. The funding awarded to companies provides a partial reimbursement (20%) for equipment upgrades and other eligible expenses. Through our federally funded INNOVATE Hawai'i program, HTDC provides wrap-around support services for the matching grants to help Hawai'i manufacturers become more globally competitive.

Hawai'i manufacturers plays an important role in our economy, for food-security, sustainability, and resilience initiatives, and is an important driver for innovation.

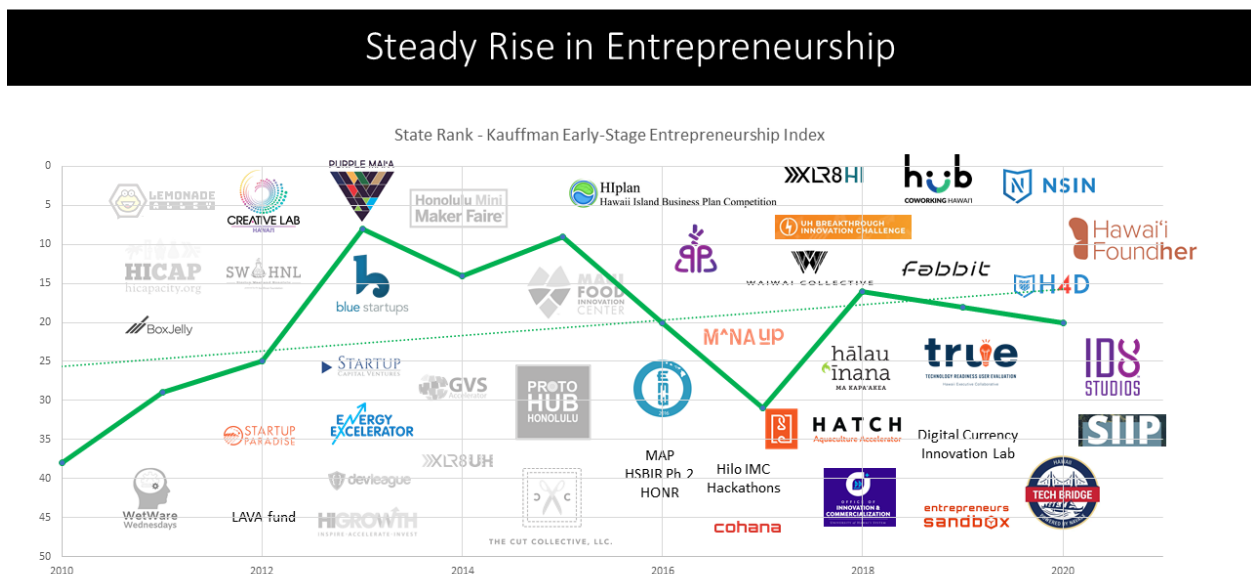
ACCELERATORS

The 5 programs awarded in 2021 supported **49 companies** this year, investing \$283,000, **92% headquartered in Hawai'i**. All-time, these programs supported **257 companies** which generated **\$43+ million of revenue** in 2020, secured **\$330+ million** in follow-on investment, and provide **1000+ jobs**. The programs provide a diverse set of entrepreneurs, startups, and early-stage companies opportunities to grow their business in Hawai'i.

Background

Business accelerator programs are designed to accelerate the growth of startups by providing seed funding, mentorship, and business network to the strongest applicants. While the Silicon Valley origin of these programs were exclusively targeting software internet businesses, Hawai'i accelerator programs have evolved into a broad range of specializations including software, renewable energy, products, aquaculture technologies, social impact, female founders, fashion, creative media, University, and defense research.

The state has partnered/co-invested/sponsored many of the private sector accelerator programs. The model is an extremely cost-effective way of providing support to emerging Hawai'i businesses. Before the accelerator programs were established in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business support.



Through the success of the accelerator programs, over the past 10 years Hawai'i has improved its state rank from 38 to 20 in the [Kauffman Early Stage-Entrepreneurship Index](#) (economic development benchmark). At its peak, in the first year of the accelerator programs, Hawai'i improved to seven. HTDC began funding accelerators in 2018. Prior to that financial support was provided by HSDC.

Accelerator program awards by HTDC in each fiscal year:

Year	FY2018	FY2019	FY2020	FY2021
\$ Amount	\$1,000,000	\$1,425,000	\$300,000	\$205,000
Accelerator programs	Blue Startups EEX GVS	Blue Startups EEX GVS Mana Up XLR8UH	Blue Startups EEX ManaUp XLR8HI	Blue Startups Mana Up XLR8HI Social Impact Incubator Hawai'i FoundHer

ACCELERATOR PROGRAMS



<https://www.bluestartups.com/>

55% headquartered in Hawai'i - 114 companies total, 56 active, \$1.7 million invested into Hawai'i companies, \$330 million follow-on funding
2021 - 9 companies, invested \$225,000

VENTURE ACCELERATOR

Blue Startups is a Top 20 Accelerator in the US (Techcrunch) focused on helping scalable-technology companies compete globally. They host demo days in Hawai'i, Silicon Valley, New York introducing startups to venture capital investors.

Highlights



56 active companies, \$330 million follow on investments, 650 jobs
Hosts an Annual conference with over 400 attendees



[Blue Startups company Volta goes IPO](#)

Company Portfolio:
<https://www.bluestartups.com/portfolio>



<https://manauphawaii.com/>

100% headquartered in Hawai'i - 47 companies total, \$6.3 million investment fund
2021- 12 companies, 2 investments

PRODUCT ACCELERATOR

Mana Up hosts a 6-month accelerator program geared for Hawai'i-based product companies with a focus on scaling markets globally through both retail and e-commerce channels

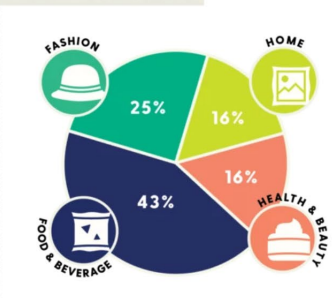
Highlights

<https://manauphawaii.com/pages/economic-impact-2021>

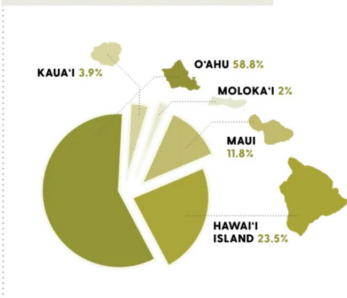
Mana Up Companies: At a Glance



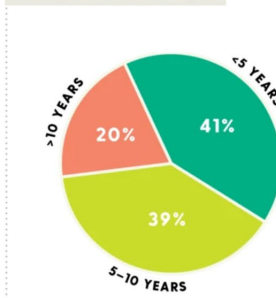
WHAT WE CREATE



WHERE WE COME FROM



YEARS IN BUSINESS



Mana Up: By the Numbers

ANNUAL REVENUE N=47

N = Number of total companies reporting

2019 SNAPSHOT		2020 SNAPSHOT	
\$36 MILLION	▶▶ TOTAL ANNUAL REVENUE ▶▶	\$43.4 MILLION	
\$766,396	▶▶ AVERAGE ANNUAL REVENUE PER COMPANY ▶▶	\$923,290	
25.3%	▶▶ MEDIAN GROWTH RATE ▶▶	17.6%	
142%	▶▶ MEAN GROWTH RATE ▶▶	65%	

REVENUE GENERATED

OUTSIDE HAWAII N=40

\$18.47M

TOTAL JOBS

2019
264 JOBS

2020
315 JOBS

Company Portfolio:
<https://manauphawaii.com/pages/our-cohorts>

Pre-Accelerator Programs



<https://siiphawaii.com>

100% headquartered in Hawai'i – 14 projects, \$16,150 grants awarded
2021 - 8 projects, invested \$8,000

SOCIAL IMPACT PROJECT PRE-ACCELERATOR
The Social Impact Incubator Program is a A Five Month Incubator Program For Early-Stage Entrepreneurs Who Want To Have Impact In Hawai'i.

Project Portfolio:
<https://siiphawaii.com/cohorts/>

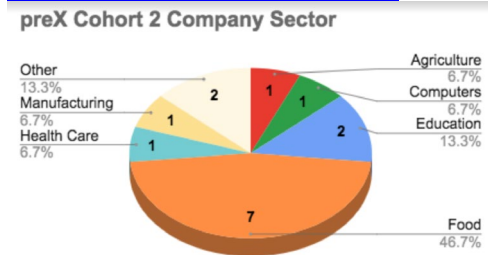


<https://xlr8hi.com/>

100% headquartered in Hawai'i - 30 companies total
2021 - 15 companies

PRE-ACCELERATOR TRAINING
Free 4-Week Virtual Investment Readiness And Business Scaling Program

Company Portfolio:
<https://xlr8hi.com/prex-alumni/>





100% headquartered in Hawai'i - 5 companies, \$50,000 invested

FEMALE FOUNDER BUSINESS ACCELERATOR

FoundHer is an accelerator program tailored specifically to the needs of Native Hawaiian, Pacific Islander, and/or Asian women and mothers starting businesses in five core markets of Hawai'i's economy: Tech, Fashion, Health & Wellness, Food System/Restaurants, and Keiki/Education.

Company Portfolio:

<https://www.foundher.org/companies>

Previously Awarded



10% headquartered in Hawai'i - 136 companies, 12 exits, \$60 million invested
2021 - 19 companies

CLIMATE CHANGE TECHNOLOGY BUSINESS ACCELERATOR

Elemental has invested in over 100 growth-stage companies and celebrated more than a dozen exits, funded more than 70 technology projects, and built a platform for scaling equitable, market-driven solutions to climate change.

Companies

<https://elementalexcelerator.com/companies/>

HTDC comments that SB2808 appropriates funds for HTDC to administer the \$56MM federal State Small Business Credit Initiative (SSBCI). HTDC intends to leverage the accelerator programs to provide technical assistance support for the SSBCI investments.

HTDC believes the three core grant programs provide leverage and positive economic development value for the State. HTDC respectfully requests restoring the appropriation and correction of the defective effective date.

Thank you for the opportunity to offer these comments.



Statement of
JEAN-PAUL GEDEON
FOUNDER + CEO
JPG HAWAII INC.
before the
Senate Committee on Energy, Economic Development, and Tourism

Monday, March 14, 2022
3:00 PM
State Capitol, Conference Room 224 & Videoconference

In consideration of
HB2225 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

JPG HAWAII INC. supports HB2225 HD1 that appropriates funds to the Hawaii Technology Development Corporation for the **Hawaii Small Business Innovation Research Program** to fund the matching grant for Phase II and Phase III awards to assist companies in getting their product to market. 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.

This bill also appropriates funds for the **Manufacturing Assistance Program**. According to the National Association of Manufacturers, Hawaii has an average of 11,000 manufacturing employees working at 750 manufacturing firms with an output of \$1.66 billion. The MAP grant limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers who are trying to scale their businesses in Hawaii and helping to grow the industry.

This bill also appropriates funds for the **accelerator grant program**. The state has partnered/co-invested/sponsored many of the private sector accelerator programs. This model is an extremely cost-effective way of providing support to emerging Hawai'i businesses. Before the accelerator programs were established in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business support.

JPG Hawaii Inc. is a business which provides products and services to businesses. We offer Graphics Design, Printing, Graphic Installation and Advertising



Services to local and regional businesses. We're working on new project to create jobs in the field of sign production, fabrication which creates jobs and much needed skills which will be relevant for years to come. Our student intern program will benefit the youth and teach new skills and provide steady employment to our local community. By participating in the MAP and accelerator program our company will have access to the much needed funds to grow our business implement the projects stated above.

Thank you for the opportunity to offer these comments.

RYAN KAWAILANI OZAWA

P.O. Box 892727

Mililani, HI 96789-8332

Main: (808) 707-3027

Fax: (808) 427-9227



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

Email: hawaii@hey.com

March 11, 2022

Aloha, Senator Glenn Wakai, Chair; Senator Bennette E. Misalucha, Vice Chair; and members of the Committee on Energy, Economic Development, and Tourism:

I am writing to express my **support** of HB2225, HD1, which appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research Program.

I have participated in several local accelerator programs, and I have seen firsthand that they are critical to fostering local entrepreneurship and giving startups a solid start in finding success. And in their success, Hawaii continues to diversify its economy while keeping more local talent in the islands.

Meanwhile, the matching grants for Phase II and Phase III awards assist companies in getting their product to market. 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.

This bill also appropriates funds for the Manufacturing Assistance Program.

Mahalo for your consideration.



Ryan Kawailani Ozawa



Statement of
Isar Mostafanezhad, Ph.D.
Founder and CEO
Nalu Scientific, LLC
before the
House Committee on Economic Development

Monday, March 14, 2022 at 3:00 PM

In consideration of
HB2225 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Senator Glenn Wakai, Chair; Senator Bennette E. Misalucha, Vice Chair; and members of the Committee on Energy, Economic Development, and Tourism:

Nalu Scientific, LLC **supports** HB2225 HD1 that (1.) Increases the SBIR Matching Grant Program, (2.) Increases the Manufacturing Grant Program, and (3.) Increases the Excelsior Grant Program.

I founded Nalu Scientific in 2016, and since then, we have earned multiple large-scale federal grants totalling more than \$10 million, many boosted with critical and much needed support from SBIR programs.

Indeed, our company employs many UH graduates and former Hawaii residents who were able to return home to the islands and apply their specialized skills in the islands. Programs like those in this bill have been a key reason why we have been able to provide these opportunities and to support Hawaii's innovation community.

These programs have already paid dividends to the state, both in supporting local businesses and diversifying Hawaii's economy. Now is the time to expand them and accelerate Hawaii's progress toward a sustainable, tech-empowered future.

Thank you for the opportunity to offer these comments.



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

Before the
SENATE COMMITTEE OF ENERGY, ECONOMIC DEVELOPMENT AND TOURISM

Monday, March 14, 2022
3:00 p.m.
State Capitol, Conference Room 224 & Videoconference

In Support of
HB2225 RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

To: Chair Senator Glenn Wakai and Vice Chair Senator Bennette Misalucha and Members of the Committee

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

Re: Testimony in Support of HB2225

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony in **Support of HB2225**

The technology industry in Hawaii has grown over the past 12 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 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 HB2225 and we appreciate your continued support of the technology industry.



TEN
TOMORROW

Statement of
Summer Shiigi
Owner
TEN TOMORROW
before the

Senate Committee on Energy, Economic Development, and Tourism

Monday, March 14, 2022

3:00 PM

State Capitol, Conference Room 224 & Videoconference

In consideration of

HB2225 HD1

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

TEN TOMORROW supports HB2225 HD1 that appropriates funds to the Hawaii Technology Development Corporation for the **Hawaii Small Business Innovation Research Program** to fund the matching grant for Phase II and Phase III awards to assist companies in getting their product to market. 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.

This bill also appropriates funds for the **Manufacturing Assistance Program**. According to the National Association of Manufacturers, Hawaii has an average of 11,000 manufacturing employees working at 750 manufacturing firms with an output of \$1.66 billion. The MAP grant limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers who are trying to scale their businesses in Hawaii and helping to grow the industry.

This bill also appropriates funds for the **accelerator grant program**. The state has partnered/co-invested/sponsored many of the private sector accelerator programs. This model is an extremely cost-effective way of providing support to emerging Hawai'i businesses. Before the accelerator programs were established in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business support.

TEN TOMORROW is a small women's clothing brand with a store/workspace located in the heart of Kaimuki. Our brand was started in 2014 and is a graduate of the HTDC Incubator Program. We are proud to say 100% of our manufacturing happens in Hawaii. We've been recipients of the MAP grant program in the past and it has helped us purchase a CAD design program and training, a large plotter, and more sewing machines. All of this equipment has helped us go digital, reduce waste, and streamline our production. As a



manufacturer who is dedicated to keeping production local, grants like this are essential. Growth can be hard for small businesses like us because it requires simultaneous investment in raw materials, staff, and equipment at the same time. The reimbursement gave us the security to take our company to the next level. Even through the pandemic, we have managed to increase gross sales, hire new staff, and explore new opportunities - which included our first showing in Japan. We truly hope you continue to support the efforts of HTDC with passing this bill.

Thank you for the opportunity to offer these comments.



Statement of
Mr. Craig Leidholm, MS
Senior Vice President, Materials Manufacturing
TruTag Technologies, Inc.
before the **Senate Committee on Energy, Economic Development, and**
Tourism

Monday, March 14, 2022
3:00 PM
State Capitol, Conference Room 224 & Videoconference

In consideration of
HB2225 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

TruTag Technologies, Inc. **supports** HB2225 HD1 that appropriates funds to the Hawaii Technology Development Corporation for the **Hawaii Small Business Innovation Research Program** to fund the matching grant for Phase II and Phase III awards to assist companies in getting their product to market. 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.

This bill also appropriates funds for the **Manufacturing Assistance Program**. According to the National Association of Manufacturers, Hawaii has an average of 11,000 manufacturing employees working at 750 manufacturing firms with an output of \$1.66 billion. The MAP grant limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers who are trying to scale their businesses in Hawaii and helping to grow the industry.

This bill also appropriates funds for the **accelerator grant program**. The state has partnered/co-invested/sponsored many of the private sector accelerator programs. This model is an extremely cost-effective way of providing support to emerging Hawai'i businesses. Before the accelerator programs were established



in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business support.

TruTag Technologies, Inc. is addressing the global counterfeit drug problem, which has a negative global economic impact of over \$200 billion per year, and leads to over one million deaths per year, through TruTag's proprietary product identity solution based on spectrally-encoded, nano-porous silica microtags. Our technology was researched, developed and commercialized here in the State of Hawaii, and we are currently in the process of designing, purchasing and installing millions of dollars of customized, advanced material manufacturing equipment for our production facility in Kapolei, where we manufacture our microtag material. To accommodate these new manufacturing lines, we are building out and upgrading our current facility to expand operations. Finally, we are also currently hiring many engineers, chemists, biologists and technicians to run and support our manufacturing operations as we grow to multiple manufacturing shifts per day to scale up our capacity requirements.

Legislation like HB2225 HD1 helps support innovative technology-forward companies like TruTag, especially companies with the particular growth burdens of a manufacturing business, as we scale and invest in capital-intensive operations to meet customer demand ahead of commensurate revenue growth. It is during this critical growth stage that many start-up companies can fail. Hawaii manufacturers need total community support to compete on the global stage.

Thank you for the opportunity to offer these comments.

Regards,

A handwritten signature in black ink, appearing to read "Craig Leidholm". The signature is fluid and cursive.

Craig Leidholm | Sr. Vice President of Materials Manufacturing
TruTag Technologies, Inc.



Testimony Presented to
Senate Committee on Energy, Economic Development, and Tourism
Monday, March 14, 2022 3:00pm Conference Room 224

by
Ron Weidenbach, Co-owner/President, Hawaii Fish Company Inc., Waialua, HI

SUBJECT: Support for HB2225 HD1 – RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Glenn Wakai, Vice Chair Misalucha, members of the Committee:

Hawaii Fish Company (HFC), established in 1978, is Hawaii's oldest commercial fish farm and a federal Small Business Innovation Research (SBIR) awardee and Hawaii SBIR matching grant awardee since 1993. In 2000, HFC was awarded the U.S. Small Business Administration's Tibbitts Award, as a national model of excellence for the SBIR program, and a place in the SBIR Hall of Fame, Washington DC. We strongly support HB2225 HD1.

Our long-term success has been made possible by the research support received from the Hawaii SBIR matching grant program and closely aligned Manufacturing Enterprise Program (MEP)'s workshops and technical support which we have found to be critical elements of our continuing success in local food production and novel technology development. As a result of these programs, our farm has been able to research, develop, successfully test market, and commercialize two new products, have three additional products in Phase III beta testing and refinement, and currently have two additional SBIR Phase I feasibility awards from USDA and DOE in progress.

HFC strongly believes that if the State of Hawaii is serious about economic diversification, then HTDC's HSBIR and MEP programs need continuing and increasing support. Thank you for the opportunity to testify in strong support of HB2225 HD1.

Respectfully,

Ronald P. Weidenbach
Co-owner and President
Hawaii Fish Company Inc.

Sustainability. Innovation. Quality.

P.O. Box 740 | Waialua, HI 96791 USA | info@hawaiifishcompany.com | hawaiifishcompany.com



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

FEBRUARY 11, 2022

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 2225
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Conference Room 312 & Videoconference
10:00 AM

Aloha Chair Quinlan, Vice-Chair Holt, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 2225, which appropriates funds to the Hawaii Technology Development Corporation for its manufacturing assistance program.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. One way farmers can do this is by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawaii's farmers and value-added food producers. Labor, taxes, land, transportation, utilities, and supplies are all costs of doing business that often results in value-added food producers just being able to break even.

Hawaii is potentially losing millions of dollars because of the cost to process agricultural crops into value-added products. HFB supports any program that supports the production of value-added products so that farmers can increase their income while allowing locally produced value-added goods can compete with imported products, strengthening our local economy.

The strength of Hawaii's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities. This HTDC's manufacturing assistance programs supports this goal.

Thank you for the opportunity to comment on this measure.



Statement of
George Fein, PhD
President and Senior Scientist
Neurobehavioral Research, Inc.
before the

Senate Committee on Energy, Economic Development, and Tourism

Monday, March 14, 2022
3:00 PM
State Capitol, Conference Room 224 & Videoconference

In consideration of
HB2225 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Neurobehavioral Research, Inc.

Neurobehavioral Research, Inc **supports** HB2225 HD1 that appropriates funds to the Hawaii Technology Development Corporation for the **Hawaii Small Business Innovation Research Program** to fund the matching grant for Phase II and Phase III awards to assist companies in getting their product to market. 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.

This bill also appropriates funds for the **Manufacturing Assistance Program**. According to the National Association of Manufacturers, Hawaii has an average of 11,000 manufacturing employees working at 750 manufacturing firms with an output of \$1.66 billion. The MAP grant limits reimbursement to 20% of qualified expenses capped at \$100,000. The program shows the State's support for local manufacturers who are trying to scale their businesses in Hawaii and helping to grow the industry.

This bill also appropriates funds for the **accelerator grant program**. The state has partnered/co-invested/sponsored many of the private sector accelerator programs. This model is an extremely cost-effective way of providing support to emerging Hawai'i businesses. Before the accelerator programs were established in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business support.

NEUROBEHAVIORAL RESEARCH, INC.

NRI was formed in California in 1999. In 2005, it relocated to Hawaii. NRI is a neuroscience research company devoted to the study of the effects of aging, drugs and disease on brain function and the development of technology to support such studies. Since moving to Hawaii in 2005, NRI has received over 16.5 million dollars in NIH basic and clinical neuroscience research funding and in SBIR technology development funding. Currently, NRI is involved in developing novel, cutting-edge treatments for addiction. We have current NIDA SBIR funding to develop a neurofeedback intervention for Opioid Use Disorders designed to change the tone of brain networks involved in reward processing. The Hawaii Technology Development Corporation Small Business Innovative Research Program is in the process of awarding us a matching grant that will help put us in the best position to achieve a 2 million dollar Phase II NIH grant for a clinical trial of our technology. If this endeavor is successful, it will generate 2.5 Ph.D. level engineering positions for the Phase II grant and may eventually result in a manufacturing facility in Hawaii.

Thank you for the opportunity to offer these comments.



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Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Energy, Economic Development, and Tourism
Senator Glenn Wakai, Chair
Senator Bennette E. Misalucha, Vice Chair

LATE

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 14, 2022
TIME: 3pm
PLACE: Via Videoconference

RE: HB2225 HD1 Relating to Hawaii Technology Development Corporation

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure to appropriate moneys to the Hawaii Technology Development Corporation for its manufacturing assistance programs. The Hawaii manufacturing industry, albeit small, is important to our economy. Hawaii food products, clothing, and other products are sought throughout the world. Our manufacturers need assistance in controlling costs, making sure employees are well trained, and securing the latest technology to grow their business. There is great potential for growth in Hawaii's manufacturing sector. The Hawaii products of the future need the support of our legislature in order to realize that potential. We urge the Committee to pass this measure and we thank you for the opportunity to testify.

LATE

HB-2225-HD-1

Submitted on: 3/14/2022 12:33:03 AM

Testimony for EET on 3/14/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Steve Miller	Testifying for Sweet Brown Hawaii	Support	Written Testimony Only

Comments:

Hello Chair and members of the Senate Committee on Energy, Economic Development, and Tourism,

My name is Steve Miller, owner of Sweet Brown Hawaii and I am testifying in support of HB2225. As a small business owner I see when money is spent wisely with a good ROI and funds for HTDC is money well spent. They are an incredibly sharp and very helpful bunch over there and we all know that small businesses in Hawaii can use all the help they can get.

The same can be said for the Manufacturing Assistance Program. Investing in equipment is an investment in a company's future. An investment in a company's future is an investment in Hawaii's future.

In conclusion, I ask that you please vote Yes on HB2225.

Aloha and stay safe,

Steve



Chamber of Commerce HAWAII

The Voice of Business

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

Monday, March 14, 2022, at 3:00 P.M.
Conference Room 224 & Videoconference

LATE

RE: HB 2225 Relating to the Hawaii Technology Development Corporation

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

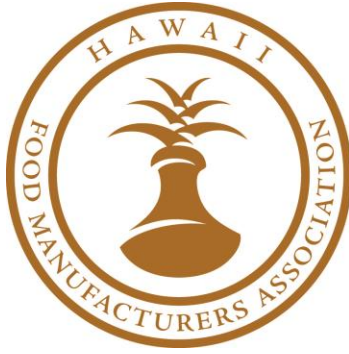
The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2225, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the Manufacturing Assistance Program (MAP).

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.

Continuing to support the Manufacturing Assistance Program is vital to Hawaii Technology Development Corporation'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 continued funding of this program will help fuel manufacturing in Hawaii to grow and provide more products for both local consumption and export, and this amendment will help companies in Hawaii to start or grow their operations.

Hawaii Technology Development Corporation 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. Hawaii Technology Development Corporation 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.



LATE

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

**Monday, March 14, 2022, at 3:00 P.M.
Conference Room 224 & Videoconference**

RE: HB 2225 Relating to the Hawaii Technology Development Corporation

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

The Hawaii Food Manufacturers Association **supports** HB 2225, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the Manufacturing Assistance Program (MAP).

The Hawaii Food Manufacturers Association (HFMA) is a non-profit organization of approximately 120 members that has been promoting Hawaiian grown or manufactured products since 1977. The HFMA works to increase the understanding and appreciation of the unique flavors, quality, and care that go into the production of Hawaii's fine foods and beverages represented by our valued members and enjoyed by our valued community.

The food manufacturing industry in Hawaii generates \$900 million in annual revenue and is the largest manufacturing sector in the state using local inputs according to the Hawaii State Department of Business, Economic Development and Tourism. The industry provides over 6,100 jobs in the state and an annual payroll of more than \$160 million.

The Manufacturing Assistance Program is vital to the members of HFMA, especially our smallest businesses. This program assists our members with training, energy savings, equipment, and planning of new facilities. It is crucial to continue growing the industry in our state and for the companies operating currently to prosper. HFMA believes that additional funding being put into this program will help kickstart food manufacturing in Hawaii and provide more products for both local consumption and export.

We have seen a rising demand from people wanting to open food manufacturing businesses here in Hawaii. There is a real desire for 'Made in Hawaii' products from consumers globally, which will continue to economically benefit our state.

Thank you for the opportunity to testify.

LATE

HB-2225-HD-1

Submitted on: 3/13/2022 8:16:49 PM

Testimony for EET on 3/14/2022 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Robbie Melton	Individual	Support	Written Testimony Only

Comments:

Dear Chair, Vice Chair and Committee Members,

Thank you for allowing me to testify in support of HB2225. The HTDC SBIR Matching Grant program is a game changer for Hawaii's brightest technology, scientific and manufacturing companies. The matching funds provides critical resources to companies to support their research to develop state of the art products. It covers expenses that are not provided by the federal SBIR grant funds. In the past 7 years that the SBIR PhaseII/III funding has been available it has elevated Hawaii's tech companies and made a major impact in Hawaii's economy.

The Manufacturing Assistance Programs helps companies that have moved from development into product launch and sales. This programs helps the smallest manufacturers and Hawaii's prominent manufacturers. Equipment is very expensive and this reimbursement program encourages our manufacturers that there is hope for them to expand and be a vital part of the economy. In Kauai we have an emerging manufacturing industry and the MAP funding will strengthen our manufacturing industry on Kauai.

Thank you very much for allowing me to submit my testimony.

Sincerely,

Robbie Melton