

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 WAYS AND MEANS
ON
HOUSE BILL NO. 2225, H.D. 1, S.D. 1

April 7, 2022
10:20 a.m.
Room 211 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, S.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 Accelerator 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 recommends that a budget adjustment be made rather than making an adjustment through 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 WAYS AND MEANS

Thursday, April 7, 2022
 10:20 a.m.
 Conference Room 211 & Videoconference

In consideration of
HB2225, HD1, SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** HB2225, HD1, SD1 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.

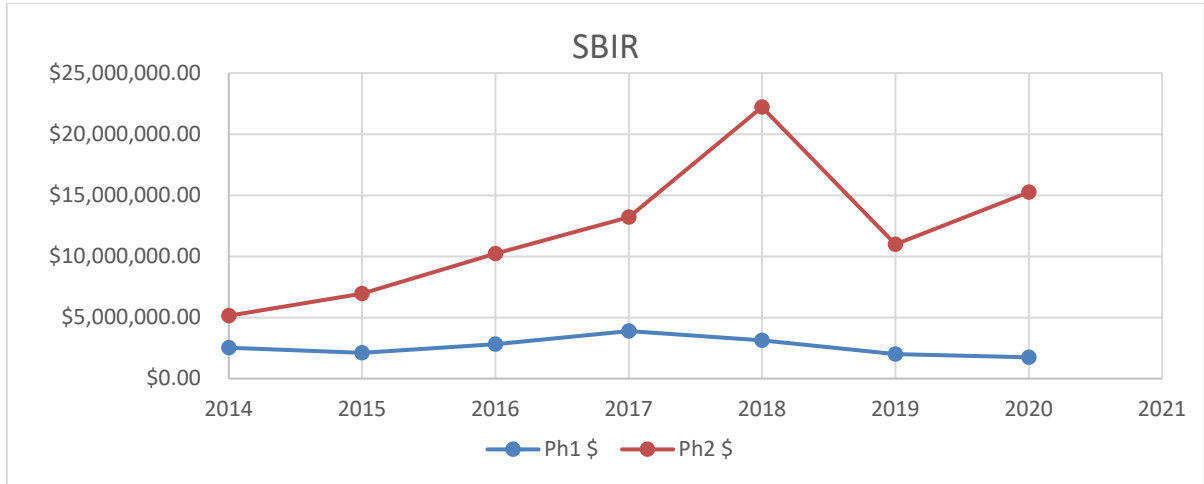
SBIR

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.

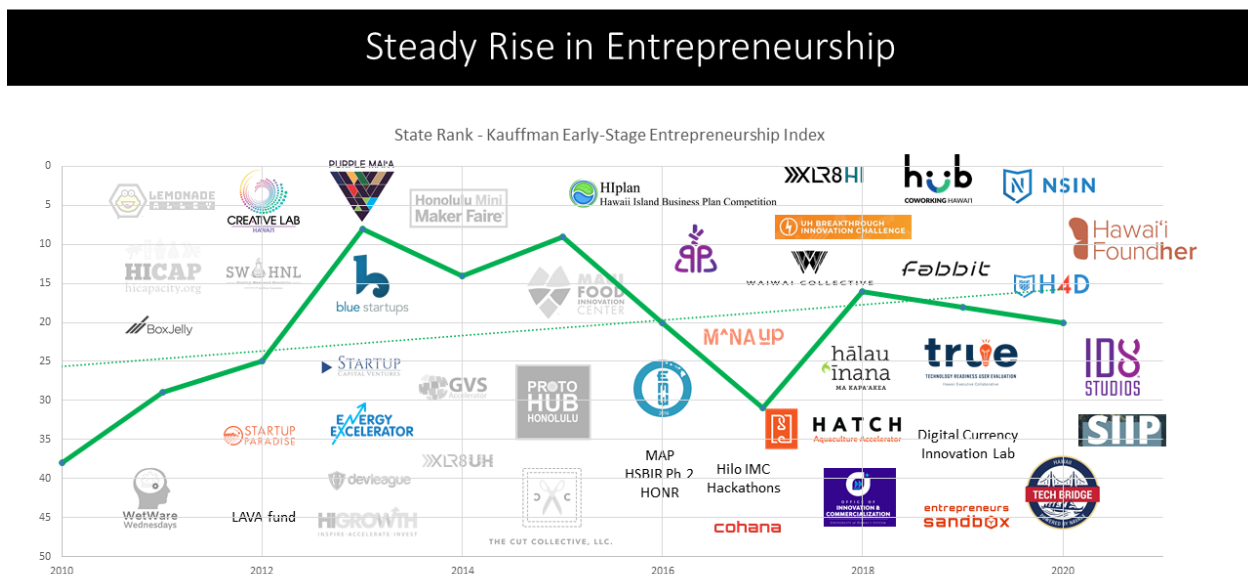
ACCELERATORS

The five 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 7. 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>

MANA UP

<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

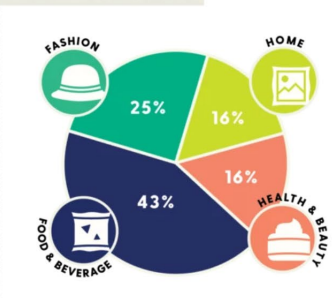
Highlights

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

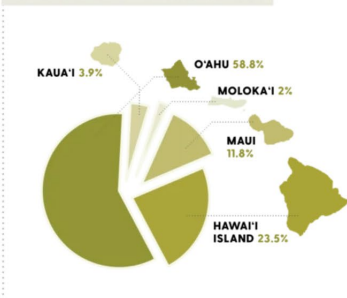
Mana Up Companies: At a Glance



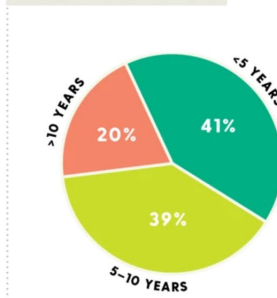
WHAT WE CREATE



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 HAWAI'I 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/>

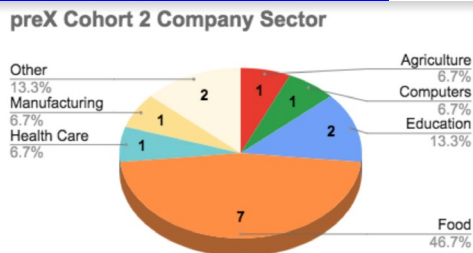
100% headquartered in Hawai'i - 30 companies total
2021 - 15 companies

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 3 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.



**Testimony to the Senate Committee on Ways and Means
Thursday, April 7, 2022, at 10:20 A.M.
Conference Room 211 & Videoconference**

RE: HB 2225 Relating to the Hawaii Technology Development Corporation

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2225 HD1, SD1, which Appropriates funds to the Hawaii technology development corporation for its grant programs.

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.

The Small Business Innovation Research Program (SBIR) is a highly competitive federal program that encourages domestic small businesses to engage in federal research and development that has the potential for commercialization. Through the Hawaii SBIR Program, Hawaii-based companies receive matching funds that can help them to enhance their project development, compete for more lucrative awards and ultimately reach successful commercialization.

The Hawaii Technology Development Corporation has provided assistance to SBIR awarded companies since 1988; as a result, Hawaii companies have attracted federal dollars in



Chamber of Commerce HAWAII

The Voice of Business

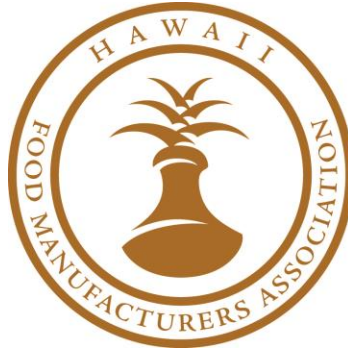
return to the state plus commercialization funding for every state dollar invested through this program. The federal SBIR grant program has continued its efforts to move companies through grant awards to commercial product sales, and this bill would allow the Hawaii Technology Development Corporation to continue to provide the necessary support of a commercialization assistance program to all phases in the program for local businesses here in Hawaii.

The Small Business Credit Initiative Program (SSBCI) was created in 2021 when Congress appropriated funds for the program to assist small businesses accessing capital during the COVID19 pandemic. The State of Hawaii will receive over \$56 million in federal funds to provide capital assistance to our small businesses in Hawaii.

While the SSBCI program requires private capital to match these funds, the program has the potential to create over \$600 million in capital and investment into Hawaii's small businesses that faced significant impacts and Challenges caused by the COVID-19 pandemic.

In general, loan guarantee programs provide an assurance to lenders of partial repayment if a loan goes into default once the lender makes every reasonable effort to liquidate available collateral and collect on personal guarantees.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means
Thursday, April 7th, 2022, at 10:20 A.M.
Conference Room 211 & Via Videoconference**

RE: HB 2225, HD1, SD1 - Relating to the Hawaii Technology Development Corporation

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

The Hawaii Food Manufacturers Association **strongly supports** HB 2225 HD1 SD1 , which appropriates funds to the Hawaii technology development corporation for its grant programs.

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 of 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.

HB-2225-SD-1

Submitted on: 4/5/2022 1:45:08 PM

Testimony for WAM on 4/7/2022 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Gary T. Yoshioka	Testifying for Diamond Bakery Co., Ltd.	Support	Written Testimony Only

Comments:

As we emerge from the pandemic, as we first recover, we need to also drive economic growth. The programs of HTDC supported by this bill have proven to be economic drivers led by a proven organization in HTDC that leads them. Funds in support of this bill would produce strong economic ROI for Hawaii. Please kindly support this bill. Mahalo nui loa.



Statement of
Brian Watanabe
President
Island Grown Foods, Inc. dba: Hawaii Food Products
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Hawaii Food Products (HFP) supports HB2225 HD1 SD1 that appropriates funds to the Hawaii Technology Development Corporation for the **Hawaii Small Business Innovation Research Program (HSBIRP)** 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 (MAP)**. 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.

Hawaii Food Products (HFP) manufactures local food delicacies with humble beginnings in local livestock agriculture. We are actively searching for new equipment processing technologies to increase efficiencies and production capabilities, capture sanitation data under USDA guidelines, and create new opportunities in the local and national marketplace. The HSBIRP, MAP and accelerator grant programs will afford us benefits and support toward product innovation, increase production capacity, market awareness, and reduce energy consumption. HFP currently employs approximately 45 local family members. These grant programs would assist in building on our Kama'aina legacy, business opportunities, and local employment base.

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

Apr 7, 2022 10:20 AM
State Capitol, CR 211 & 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.

Statement of

<john f betlach>

<manager>

<open access>

before the

Senate Committee on Ways and Means

Thursday, April 7, 2022

10:20 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of

HB2225 HD1 SD1

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

<Open Access> supports HB2225 HD1 SD1 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.

<about your company, we want to make ice cream, shakes, for stores and export, why the grant is important,

Many folks just do not get the support to start and are trying to compete with seasoned companies 40 years old with all the ppp funds, low interest money they want and cares act help and no help for the smaller companies, mass markets, predatory lending, low access to funds, product dumping at lower than cost, faulting or unhealthy products rule the market place as cheaper and more sugary rules the market place at the expense of the uneducated consumer, educating the public and building the brand

how it benefits your business,

for one providing a place for the people with vision to meet, practice pitching ideas, and their company, the grants can help companies make that next step where all the other programs well intentioned need 2-3 staff members just to apply for- which is unrealistic. Many factors can present boundaries to market access.

include any stats on revenue and employees that you are comfortable sharing with the public

much of us fulfill the tourist industry 50-250 k. We come in at 167k and are aiming for 250 k this year. With market entry we could reach 350k this year(restaurants have a large volume they can consume), staff and funding , and mentoring 550k, year two 750 k, and year five 1,500k But our manufacturing has yet to brake even with the investments 55k. Uneducated government staff in the health department unfamiliar with food safety blocking basic market entry, daily permits for events rather than a yearly fee 500 never used and lost on permits, top heavy paperwork funding barriers (extra staff and outside core competency needed to even have a chance), lack of experienced mentors, packaging expanses, need for low cost insurance needs , hotel drain the labor pool, help with making the transition to 1 person and family to 3-5 employees part time – sorry clueless here.

Help Mr Wizard. You as a rep

have an opportunity to really make a difference, microgrants, trainings, mentorship, counseling, and what HTDC are doing can go far give us a hand. Local the da kind products have a huge export potential , and do not drain the local economy as the money stays in Hawaii instead of the big hotel export rev off island. Also the heatheir aspect of good food over low cost fake or health sacrifice foods that flood the market. Don't get me started we do not have cheap shipping, low energy cost here, and an excess of labor or trained labor here, and low cost money available like the mainland. Help Hawaii make a difference

Thank you for the opportunity to offer these comments.

Sincerely

John Betlach

Open Access

Kona Hawaii



Statement of
Meli James
President
HVCA
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

HVCA **supports** HB2225 HD1 SD1 that appropriates funds to HTDC 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 in growing sectors. Before the accelerator programs were established in Hawai'i, entrepreneurs had to leave the state to receive this type of capital and business



support. Now companies can receive the support needed to build and grow their business in Hawaii — creating jobs, revenue and a sustainable livelihood.

The Hawaii Venture Capital Association (HVCA) is a local nonprofit formed in 1988 that stands as a nexus for entrepreneurs, capital foundation, and networking opportunities in Hawaii. Our organization helps to foster entrepreneurship through education and exposure to key members in our business community in order to support our islands' emerging entrepreneurs, all while sustaining a vibrant and successful business community.

Many of the solutions these awarded companies offer positively impact our business community and can help to solve challenges that many of the small local companies we work with face. HB2225 HD1 SD1 would help Hawaii-based innovators and small local businesses alike to develop new products and services that can reach global markets. Investing in the HSBIR program will allow Hawaii companies to bring new businesses and ideas to market, which has the potential to attract 20x the investment in federal dollars to the State, and help contribute to further diversifying and expanding our local economy.

We respectfully ask for your support of HB2225 HD1 SD1 to foster innovation amongst our local community and to create solutions to challenges that many of our island-based companies face. Mahalo for the opportunity to submit this testimony on behalf of HVCA.

Sincerely,

A handwritten signature in black ink, appearing to read 'Meli James', with a stylized flourish at the end.

Meli James
President, HVCA

P.O. Box 4677
(808) 354-1238 Honolulu, HI 96812
meli@hvca.org

www.hvca.org

Statement of
Meli James
Cofounder
Mana Up
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Mana Up **supports** HB2225 HD1 SD1 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.

Mana Up is an accelerator and venture fund for Hawai'i-based products growing to markets globally, with the mission to increase economic opportunity and jobs for the people of Hawai'i. Since launching Mana Up in 2018, we have helped 63 local companies graduate from our six-month accelerator program that provides expansion opportunities and helps solve business challenges. In 2020, we found that 88% of our Mana Up portfolio companies manufacture their products locally, meaning that a large number of these companies could benefit from this funding.

Investing in HB2225 HD1 SD1 will help Hawaii-based innovators and small local businesses alike to develop new products that can reach global markets. This then creates an opportunity to potentially attract 20x the investment in federal dollars to the State, which can help contribute to further diversifying and expanding our local economy through job creation and dollars generated within the State. In 2020, we found that 47 of our portfolio companies headquartered here in Hawaii collectively contributed \$43.4 million to the state economy in annual revenue (generated from their product businesses) and created 315 jobs for locals. This being said, we fully support HB2225 HD1 SD1.

Mahalo for the opportunity to submit this testimony on behalf of Mana Up.

Sincerely,



Meli James
Cofounder, Mana Up

HB-2225-SD-1

Submitted on: 4/5/2022 6:43:40 PM

Testimony for WAM on 4/7/2022 10:20:00 AM

Submitted By	Organization	Testifier Position	Testify
Jalene Hitzeman	Individual	Support	Written Testimony Only

Comments:

Statement of

Jalene Kanani Hitzeman

President

JaleneKanani, Inc. dba. NOHO HOME

before the

Senate Committee on Ways and Means

Thursday, April 7, 2022

10:20 AM

State Capitol, Conference Room 211 & Videoconference

In consideration of

HB2225 HD1 SD1

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

NOHO HOME **supports** HB2225 HD1 SD1 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.

As business owners we have invested in Hawai'i by starting businesses here, employing residents, bringing new technology and IP, and participating in manufacturing and export.

Investing in HB2225 HD1 SD1 will help Hawaii-based innovators and small local businesses to develop new products that can reach global markets. This then creates an opportunity to potentially attract 20x the investment in federal dollars to the State, and help contribute to further diversifying and expanding our local economy through job creation and dollars generated for the State.

Sincerely,

Jalene Kanani Hitzeman

JaleneKanani, Inc.



Testimony Presented to
Senate Committee on Ways and Means
Thursday, April 7, 2022 10:20am Conference Room 211
by

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

SUBJECT: Support for HB2225 HD1 SD1 – RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran, 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 SD1.

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 and their workshops and technical support which we have found to be critical elements of our continuing success in local food production and novel agricultural technology development. As a result of these programs, our farm has been able to research, develop, successfully test market, and commercialize two new aquaculture 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 SD1.

Respectfully,

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

Sustainability. Innovation. Quality.

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



Manulele Distillers, LLC dba Ko Hana Distillers

Statement of
Jason Brand
Co-Founder
Manulele Distillers, LLC dba Ko Hana Distillers
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT
CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Ko Hana Distillers **supports** HB2225 HD1 SD1 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,



Manulele Distillers, LLC dba Ko Hana Distillers

entrepreneurs had to leave the state to receive this type of capital and business support.

Ko Hana Distillers manufactures one of the world's finest pure cane spirits, Ko Hana Hawaiian Agricole Rum. Manufacturing in Hawaii requires scale, and scale requires capital. The MAP grant can assist our company to acquire the needed equipment for our growth. This growth leads to more employment, more exports in our case, and more skilled labor.

Many of the solutions these awarded companies offer positively impact our business community and can help to solve challenges that many of the small local companies we work with face. Investing in HB2225 HD1 SD1 will help Hawaii-based innovators and small local businesses alike to develop new products that can reach global markets. This then creates an opportunity to potentially attract 20x the investment in federal dollars to the State, and help contribute to further diversifying and expanding our local economy through job creation and dollars generated for the State.

Mahalo for the opportunity to submit this testimony on behalf of Ko Hana Distillers.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Brand". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jason Brand
Co-Founder
Manulele Distillers, LLC dba Ko Hana Distillers



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

April 7, 2022

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON HB 2225, HD1, SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Conference Room 211 & Videoconference
10:20 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

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

The Hawai'i Farm Bureau supports HB 2225, HD1, SD1, which appropriates funds to the Hawai'i Technology Development Corporation for its grants 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 Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i'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.

Hawai'i 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 Hawai'i'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 grant programs support this goal.

Thank you for the opportunity to comment on this measure.



Statement of
Isar Mostafanezhad, Ph.D.
Founder and CEO
Nalu Scientific, LLC
before the
Committee on Ways and Means

Monday, April 7, 2022 at 10:20 AM in Conference Room 211

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Senator Donovan M. Dela Cruz, Chair; Senator Gilbert S.C. Keith-Agaran, Vice Chair; and members of the Committee on Ways and Means:

Nalu Scientific, LLC **supports** HB2225 HD1 SD1, which:

1. Funds 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.
2. Funds the Manufacturing Assistance Program. Hawaii has an average of 11,000 manufacturing employees working at 750 manufacturing firms with an output of \$1.66 billion. 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.
3. Funds the accelerator grant program. This model is an extremely cost-effective way of providing support to emerging Hawaii businesses. Before the accelerator programs were established in Hawaii, entrepreneurs had to leave the state to receive this type of capital and business support.

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.

Statement of
Maui Kahawaiolaa
President
Federal Industrial Corporation
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Federal Industrial Coporation supports HB2225 HD1 SD1 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.

We are a start-up company in process of manufacturing 3 ply masks in Honolulu. We currently invested in our first machine and raw materials to produce 1.5 million masks. The grant would help us to expand to the KN95 masks machinery and producing our own PP Thermal Electrostatic meltblown fabric by 24 tons monthly. Recycling material to follow.

Thank you for the opportunity to offer these comments.

Maui Kahawaiolaa
Managing Director

Federal Industrial Corporation

Headquarters:
1309 Coffeen Ave. STE 1531
Sheridan, Wyoming 82801

Branch:
Hawaii Foreign-Trade Zone No.9 STE 204
521 Ala Moana Blvd., Pier 2
Honolulu, Hawaii 96813

Tel: (1)307-461-5314
Fax: (1)307-429-3157

Statement of

Rachel Campbell
Chief Executive Officer/Chief Financial Officer and Owner
VisSidus Technologies, Inc.

before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
SB2806 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Yamashita, and Members of the Committee on Finance.

VisSidus Technologies, Inc. **supports** HB2225 HD1 SD1 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..

VisSidus focuses on the Research and Development (R&D) of technologies that enable small and inexpensive satellites to collaborate and accomplish tasks that are impossible to achieve with much larger and costlier satellites. Our objective is to launch a

mission consisting of 12 satellites, each satellite the size of a college dorm room refrigerator and separated from its neighbor by the length of a football field. Together they form a mile-long radar at 200 miles altitude to generate weekly global maps of soil moisture and plant growth. Such maps are of commercial interest to the agriculture community and scientific interest to earth scientists.

To achieve VisSidus' ambitious vision, we have embarked on a long, lonely, and expensive journey due to the low technology readiness levels and the high business risks of the mission. However, through SBIR and STTR programs we have been able to secure R&D funding from the U.S. Army Space and Missile Defense Command (SBIR Phase I contract W9113M-16-C-0003) as well as NASA (STTR Phase I contract 80NSSC18P2136). In 2020 our proposal to NASA for a Phase II STTR (80NSSC20C0022), for the coordination and control of satellite swarms, was selected and funded with a period of performance that ends in June 2022. With these contracts and internal funding, we have steadily advanced the state of the art and retired some of the technical risks. Our commercialization efforts proved fruitful through our participation as a subcontractor to a non-SBIR DARPA 2020-2021 seedling program on distributed radar (Master Agreement No.: HR0011-20-9-0110).

In late 2019 we moved from Florida to Hawaii attracted in part by matching incentives such as the HTDC SBIR Program. As we are all aware, the State of Hawaii started to feel the impact of the CoV-SARS 19 pandemic in March 2020. In late 2020, as our community adjusted to the pandemic, we engaged with the Aloha Connects Innovation program that introduced us to our full-time Avionics R&D Engineer and part-time Software Engineer Intern. During the summer of 2021 the STEMWorks program brought us two high school summer interns who turned into part time Software Developer Interns.

As founders who are organically growing our business while supporting the community, we are proud to employ local talent and provide growth opportunities to the Hawaii high technology workforce. The salaries of our new employees come from internal funding that at the time of this writing is stretching very thin. A matching grant from the Hawaii SBIR Program would allow VisSidus to significantly increase efforts to commercialize the technologies developed through SBIR and internally funded R&D projects, offer college tuition support to current employees, and hire new employees.

To conclude, we believe that funding from the Hawaii SBIR Program will further support and accelerate our undiluted growth, thus creating a solid foundation towards commercialization of our technologies.

Thank you for the opportunity to offer these comments.

Mahalo nui loa,
Rachel A. Campbell
CEO, CFO
VisSidus Technologies, Inc.
O: 386-868-2227
M: 206-617-2445
rachel.campbell@vissidus.com
590 Lipoa Pkwy, Suite #224
Kihei, HI 96753



Statement of
Alec Wagner
Director of Operations, Mālama
Purple Mai'a Foundation
before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

supports HB2225 HD1 SD1 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.

The Purple Mai'a Foundation (PMF) is a 501(c)(3) non-profit organization based in Honolulu, HI whose mission is to educate and inspire the next generation of culturally grounded, community serving technology makers and problem solvers. PMF has



offered several innovation and entrepreneurship programs including Hawai'i FoundHer, which has provided funding and capacity building resources to local small businesses led by women of color, many of which are on a path to becoming manufacturers. The Hawaii Technology Development Corporation's Manufacturing Assistance Program is critical to the success and development of our small business and manufacturing economy.

Additionally, PMF hosted the Purple Prize, which provided funding and capacity building resources to local technology projects and companies, many of which consider the SBIR an important resource. The Hawaii SBIR program is critical to the success and development of our innovation and technology economy.

Thank you for the opportunity to offer these comments.

Sincerely,

DocuSigned by:
Alec Wagner
912107AAFA7541B...

LATE

Statement of Kelleigh Stewart, Founder & Director of Big Island Coffee Roasters, on behalf of Big Island Coffee Roasters



before the
Senate Committee on Ways and Means

Thursday, April 7, 2022
10:20 AM
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225 HD1 SD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Big Island Coffee Roasters LLC **supports** HB2225 HD1 SD1 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.

Big Island Coffee Roasters is a mill and roaster on Hawaii Island, and we work with farmers across the state to deliver the widest variety of genuine Hawaii coffees worldwide. We employ 10 people, with the majority working in our manufacturing and roastery facility, and we anticipate doubling that in the next 12-18 months. In recent years we've purchased nearly \$4 million of raw, unrefined Hawaii-grown coffee from the 25 local farmers we work with, and have milled, graded, sorted, roasted, packed and delivered it from our facility in Mountain View near Hilo. We also sit on the Board of Directors for the Hawaii Coffee Association.

We owe our growth in part to a grant we received in 2013 from HTDC, to purchase coffee refining equipment. Thanks to that \$13,000 grant, we've refined thousands of pounds of coffee and helped establish Ka'u, Puna, and Hamakua as excellent coffee growing regions alongside Kona. At the time we received the grant, BICR had revenues around \$30,000 annually. This year, our revenues will exceed \$4.5 million. I think you'd agree, that's a good return on investment!

As a coffee manufacturer and small but growing business located in a low income, non-tourist dependent location, the work of HTDC, the MAP grant, and other measures in support of small business have been vital. Spending less money on equipment and marketing means we can spend more on developing professional skillsets in our employees, from within the coffee industry to marketing and ecommerce.

Many of the solutions these awarded companies offer positively impact our business community and can help to solve challenges that many of the small local companies we work with face. Investing in HB2225 HD1 SD1 will help Hawaii-based innovators and small local businesses alike to develop new products that can reach global markets. This then creates an opportunity to potentially attract 20x the investment in federal dollars to the State, and help contribute to further diversifying and expanding our local economy through job creation and dollars generated for the State.

Mahalo for the opportunity to submit this testimony on behalf of Big Island Coffee Roasters

Sincerely,

Kelleigh Stewart

Co-Founder and Director of Big Island Coffee Roasters



LATE

6 April 2022

To : HOUSE FINANCE COMMITTEE

R.e. HB 2225 HD 1 SD1

Scheduled to be heard by WAM, Thursday, 04-07-22, 10:20 AM in
Senate conference room 211.

Dear Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Senate Ways and Means Committee,

I write in **strong support of HB 2225 HD 1 SD1** 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.**

We believe that these awards are critical to the development of innovative small businesses in Hawaii, and aid the transition from high-risk research to commercialization.

Our company is an exemplar of how these funds can aid in this transition. Consider our experience with the Velella Project, which was awarded one of **TIME Magazine's "25 Best Inventions of the Year"** for 2012. The Velella Project was funded by the National Science Foundation's SBIR program. Our Phase I and Phase II research work laid the ground-work for understanding the opportunity, but did not identify a ready path to commercialization. By the end of the Phase II project, we were still a long way from having a viable business plan.

By good fortune, one of our collaborating partners – the Illinois Soybean Association – had provided a significant matching contribution to our Phase II research. This allowed us to obtain a **further \$500,000 in Phase IIB funds from NSF**. This follow-on funding meant we could go back out offshore, and deploy and operate a modified version of the original concept, which could then more clearly demonstrate the social, ecological and commercial benefits of the project. Out of that Phase IIB work grew a new Lockheed-Martin spin-off company – Forever Oceans that now operates independently out of NELHA, with Kona-based employees totaling over fifteen engineers and biologists, with the head of biological research a UH Hilo graduate, and his deputy a UH Manoa graduate.

The Velella Project technologies developed through these matching funds also underpin the commercial expansions that we are pursuing offshore of `Ewa Beach, as well as in Florida. These technologies are also applicable to the Kona-based kampachi farm, and other future offshore farms in Hawaii and the Pacific Islands.

Without the Phase II matching support of Illinois soybean farmers, then the NELHA-based Lockheed spin-off company, and our own ongoing research program at NELHA would all have wilted on the vine. As a Hawaii company, we cannot always rely on friends from Illinois; such critical support for Phase II and Phase III match needs to be also available locally.

Thank you for the opportunity to offer these comments, and for your ongoing support of high technology development in Hawai`i.

Mahalo, and aloha,



Neil Anthony Sims, M.Sc.
Founder, CEO, Ocean Era, Inc.

LATE

Statement of
Nelson Kanemoto
President and CEO
Referentia Systems Incorporated
before the
Senate Committee on Ways and Means
Thursday, April 7, 2022
10:20 a.m.
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB2225
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Referentia Systems Incorporated strongly **supports** SB2806, that appropriates funds to the Hawaii Technology Development Corporation (HTDC) 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.

Referentia Systems is a technology company with headquarters in Honolulu, Hawaii. Over the past 15 years, HTDC's SBIR 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 a proven technology spin-off model.

One such technology and spin-off is LiveAction Inc., www.liveaction.com, which is supporting over a thousand enterprise companies such as Netflix, Home Depot and Walmart. Most recently, SBIR funding from HTDC has positioned Referentia and its T-REX/in2lytics technology to help accelerate the Cyber Mission Assurance process for the US Air Force.

The grant that we received from HTDC significantly helped further develop and expand the capabilities of this product, increasing its value to our customers. In addition, the funding helped position our technology platform to be the back-end database for a solution being deployed to over 50 electric utilities on the mainland and 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.



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Charlie Gustafson, Tamura Super Ma
Eddie Asato, Pint Size Hawaii, *Vice C*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

LATE

TO: Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: April 7, 2022
TIME: 10:20am
PLACE: Via Videoconference

RE: HB2225 HD1 SD1 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.

HB-2225-SD-1

Submitted on: 4/5/2022 3:44:26 PM

Testimony for WAM on 4/7/2022 10:20:00 AM

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

Comments:

Aloha Senator Dela Cruz and Senator Keith-Agaran,

I am writing in support of HB2225 HD1 SD1. Funding for this program is vital to support Kauai's growing manufacturing and technology industry sectors. The MAP and SBIR supports important resources that will help our business expand and become globally competitive. It will also help diversify our economy and become less reliant on tourism. Thank you for allowing me to submit testimony. Respectfully, Robbie Melton

RYAN KAWAILANI OZAWA

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Mililani, HI 96789-8332

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

Email: hawaii@hey.com

April 5, 2022

Aloha, Senator Donovan M. Dela Cruz, Chair; Senator Gilbert S.C. Keith-Agaran, Vice Chair; and members of the Committee on Ways and Means:

I am writing to express my **support** of HB2225, HD1 SD1, which appropriates funds to the Hawaii technology development corporation for its grant programs, including start-up accelerators.

I have participated in several local accelerator programs, and I have seen firsthand that they play a key role in fostering local entrepreneurship and giving startups a solid start in finding success. And through 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