

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 HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 2225

February 11, 2022
10:00 a.m.
Room 312 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 appropriates a total of \$14,000,000 in 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 \$10,000,000 for the Hawai'i Small Business Innovation Research (HSBIR) program; \$2,000,000 for the Manufacturing Assistance Program (MAP); and \$2,000,000 for the Excelsior 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 appropriation 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
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
HOUSE ON ECONOMIC DEVELOPMENT

Friday, February 11, 2022
10:00 a.m.
State Capitol, Conference Room 312 & Videoconference

In Support of
HB2225 RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

To: Chair Representative Sean Quinlan and Vice Chair Representative Daniel Holt
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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Friday, February 11, 2022, at 10:00 A.M.
Conference Room 224 & Videoconference**

RE: HB 2225 Relating to the Hawaii Technology Development Corporation

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2225, which appropriates moneys to the Hawaii Technology Development Corporation (HTDC) for the Manufacturing Assistance Programs (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 HTDC's mission. This program has become a positive resource to aid companies with their investments for manufacturing equipment, training of their employees on newly purchased equipment, energy efficiency and feasibility studies. We believe that the 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.

HTDC and its programs actively support and advocate for the specific needs of Hawaii's technology and manufacturing businesses. We have seen a rising demand from local companies wanting to manufacture here in Hawaii in order to maintain quality control, as well as an increasing desire for 'Made in Hawaii' products from consumers globally, which will continue to economically benefit our state. HTDC and its programs are integral to the growth and success of these companies who seek information and guidance on what it takes to succeed in Hawaii.

Thank you for the opportunity to testify.



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

Friday, February 11, 2022 at 10:00 AM

In consideration of
HB2225
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Rep. Sean Quinlan; Vice Chair Rep. Daniel Holt; and members of the Committee on Economic Development:

Nalu Scientific, LLC **supports** HB2225 that (1.) Increases the SBIR Matching Grant Program from \$1M to \$10M, (2.) Increases the Manufacturing Grant Program from \$500,000 to \$2M, and (3.) Increases the Exceleator Grant Program from \$300,000to \$2M.

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 the SBIR Matching Grant Program.

Nalu Scientific was named Hawaii's Most Innovative Company in 2019 by both the U.S. Small Business Administration (SBA) and Hawaii Business Magazine. Our company employs many UH graduates and former Hawaii residents who were able to return home to the islands and apply their specialized skills. 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
PACIFIC IMPACT ZONE
Before the
HOUSE ON ECONOMIC DEVELOPMENT

Friday, February 11, 2022
10:00 a.m.
State Capitol, Conference Room 312 & Videoconference

In Support of
HB2225 RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

To: Chair Representative Sean Quinlan and Vice Chair Representative Daniel Holt and Members of the Committee
From: Kevin Miyashiro, Executive Director
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 tech industry in Hawaii has grown over the past 15 years and has made significant strides towards achieving the goal of diversifying Hawaii's economy. Many companies compete for federal support through the Small Business Innovation Research ("SBIR") grant program. I started my business, TeraSys Technologies, in 2007. We were successful in capturing phase I and II SBIR contracts worth over \$3,000,000 and received over \$250,000 in matching grants from HTDC through the HSBIR Matching Grant Program.

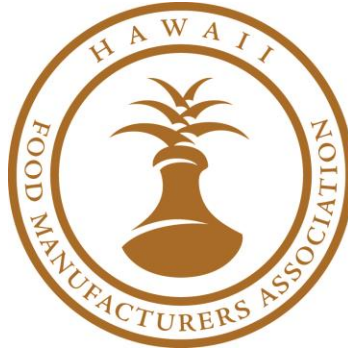
TeraSys continued to grow in large part because of our ability to successfully commercialize the SBIR research by strategically leveraging the HSBIR matching funds, generating over \$9,000,000 in follow-on research and commercial sales. In 2019, we were successfully acquired by another business in the defense sector.

Today, due in part to the successful sale of TeraSys, I am privileged to serve as the Executive Director of the Pacific Impact Zone, a 501(c)(3) chartered to grow Hawaii's economy by building up the Dual Use technology sector.

I can state unequivocally that TeraSys would not have been able to commercialize our products without HTDC's support. The commercial success of TeraSys enabled its acquisition which now enables me to support other up-and-coming SBIR businesses in Hawaii to create a virtuous cycle of successful SBIR businesses. We strongly urge you to support HB2225 so our collective goals of economic resiliency and diversity can become a reality.

Sincerely,

Kevin Miyashiro, Executive Director, Pacific Impact Zone



**Testimony to the House Committee on Economic Development
Friday, February 11, 2022, at 10:00 A.M.
Via Videoconference**

RE: HB 2225 Relating to the Hawaii Technology Development Corporation

Chair Quinlan, Vice Chair Holt, 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 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.



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.

HB-2225

Submitted on: 2/10/2022 8:25:52 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Collin Kobayashi	3D Innovations	Support	No

Comments:

I am in support of this proposed bill. As a member of the R&D and manufacturing community, we have seen the impact of the SBIR and manufacturing assistance grant programs. These programs continually assist local companies with R&D and manufacturing efforts to allow them to advance technologies, retain a highly skilled workforce, and to seek exporting opportunities. If additional funds are allocated to these programs, further development activities can be conducted and will assist with bringing back the technology sectors that Hawaii continues to be involved in.

HB-2225

Submitted on: 2/10/2022 9:13:00 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Russell Seeney	Pacific Business Services	Support	No

Comments:

Statement of

[Russell Seeney](#)

President

Pacific Business Services, Inc

before the

House Committee on Economic Development

Friday, February, 2022

10:00 AM

State Capitol, Conference Room 312 & Videoconference

In consideration of

HB2225

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Quinlan, Vice Chair Holt, and Members of the Committee on Economic Development.

Pacific Business Services, Inc supports HB2225 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 program 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. 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

We have availed ourselves of HTDC services in order to bid on National projects that we would never have the opportunity to bid on without their capabilities.

Thank you for the opportunity to offer these comments.



Written Statement of
Len Higashi
 Acting Executive Director
 Hawaii Technology Development Corporation
 before the
HOUSE COMMITTEE ECONOMIC DEVELOPMENT

Friday, February 11, 2022
 10:00 a.m.
 Videoconference

In consideration of
HB2225
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Quinlan, Vice Chair Holt and Members of the Committee.

The Hawai'i Technology Development Corporation (HTDC) **supports** HB2225 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 3 core grant programs: Hawai'i Small Business Innovation Research (HSBIR), Manufacturing Assistance Program (MAP), and accelerator (a.k.a. exceleator) programs.

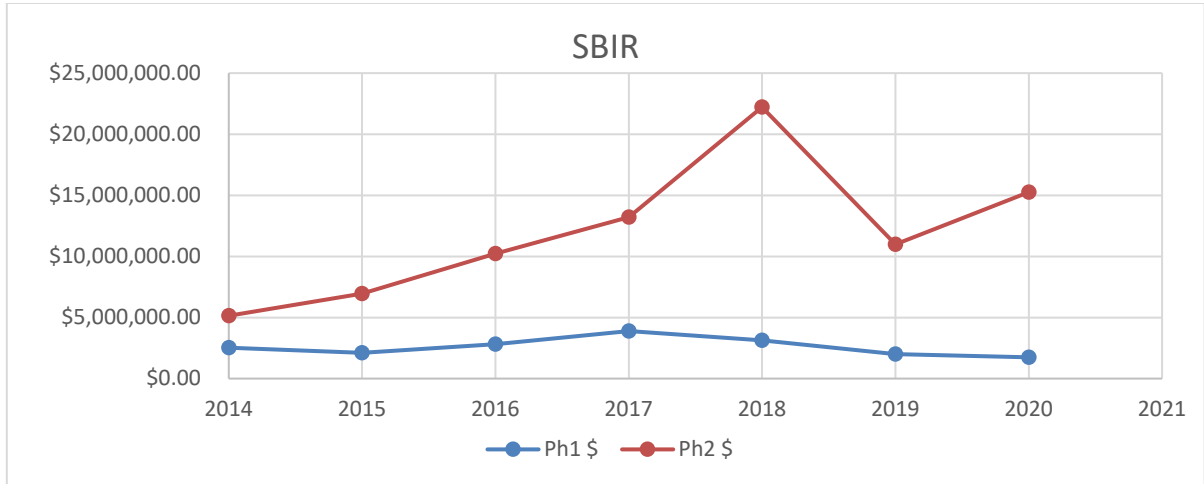
SBIR

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.

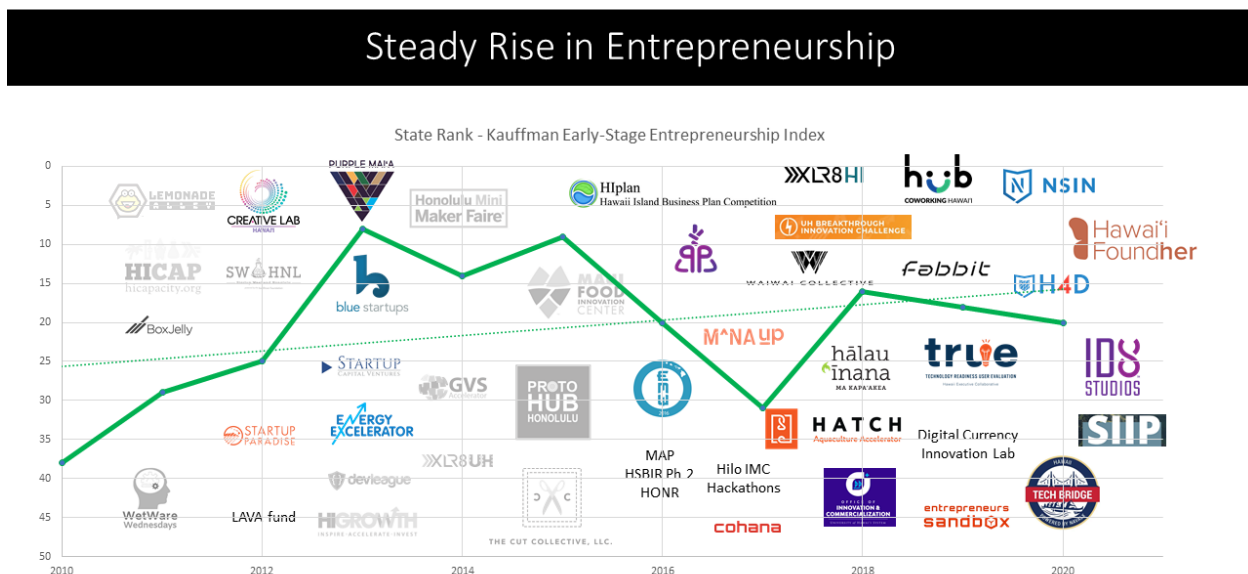
ACCELERATORS

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 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

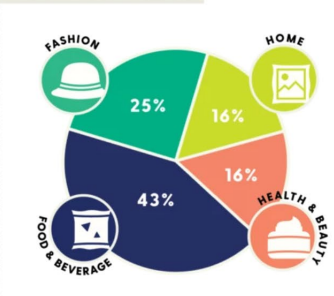
Highlights

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

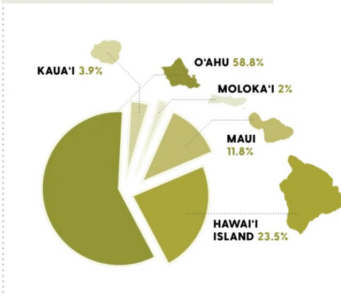
Mana Up Companies: At a Glance



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/>

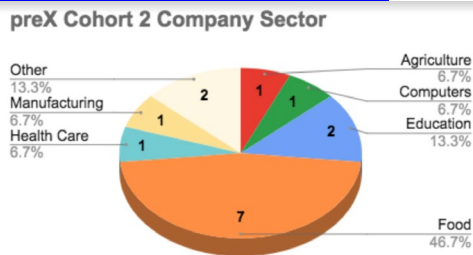
100% headquartered in Hawai'i - 30 companies total
2021 - 15 companies

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.

Thank you for the opportunity to offer these comments.



Statement of:
Todd J. Robertson
President/CEO
Hyperspective
Before the
House Committee on Economic Development
Friday, February, 2022, 10:00 a.m., State Capitol, Conference Room 312

In consideration of
HB2225 RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Quinlan, Vice Chair Holt, and Members of the Committee on Economic Development.

Hyperspective supports HB2225 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 program 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. 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

Hyperspective is a digital creative agency, focused on creating cutting edge creative media and products for use in the arts, entertainment, and communications both within the State of Hawaii and for global export. We support many local tech and manufacturing businesses within this sector.

Thank you for the opportunity to offer these comments.

Sincerely,

Todd J. Robertson
President/CEO, Hyperspective

HYPERPERSPECTIVE STUDIOS, INC.
677 ALA MOANA BLVD. #805
HONOLULU, HAWAII 96813

HYPERPERSPECTIVE.COM
808.353.3618



Statement of
Hermann Kugeler
Vice President of Business Development
Makai Ocean Engineering, Inc.
before the
House Committee on Economic Development
Friday, February 11, 2022
10:00 am
State Capitol, Conference Room 312 & Videoconference
In consideration of
HB2225
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Quinlan, Vice Chair Holt, and Members of the Committee.

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB2225** that makes an appropriation to HTDC to provide grants to businesses through the Hawaii small business innovation research and manufacturing assistance programs.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for nearly 50 years and an active participant in the Small Business Innovation Research (SBIR) grant program. The SBIR program consists of three phases that encourages early stage investment and innovation in technology. Phase 1 provides a very small amount of money that is barely enough for proof of concept research. However, it is the Phase 2 and 3 funding stages that really provide a means of development for companies to transition the idea and research conducted in Phase I, to prototyping to commercialization.

According to HTDC, for every dollar invested through this program, Hawaii companies have attracted nearly 15 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical in advancing development, which helps win later phase awards and assists in getting the technology out into the market. The SBIR matching grants assist companies that have a commercially-promising project that has a difficult development plan. Carefully selected matching grants represent more of a “sure bet” in terms of a successful and highly leveraged investment in economic development for the State, and growing our tech sector.

For example, Makai’s subsea cable laying software began as a Phase 1 SBIR (matched by State for \$20k in the year 2000) and then went on to Phase 2 and 3 and became the world’s #1 commercial cable laying software, with over \$35 million in commercial revenues and high tech jobs for Hawaii over the last 20+ years. This is a direct multiplier of more than 1,750X for the State’s investment, not counting the indirect benefits of retaining some of the world’s best engineers in Hawaii and the additional technologies they have generated during this time.

Makai is currently working on a Phase 2 SBIR program focused on development of a temperature sensing tow cable. Makai was also recently awarded a Phase III for this program. In 2018 HTDC awarded Makai an HSBIR Phase I grant for this program, that we believe was a key



reason we were selected for the Phase II and III awards. This program alone, has already resulted in a direct multiplier of more than 120X the State's investment, in federal funds. This is expected to grow as the technology transitions to the Navy fleet and commercial markets in the coming years.

In addition, Makai and Referentia were two local companies honored with a national award, the SBIR Tibbetts Award at the Whitehouse in January, 2017. This award recognizes the very best SBIR companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and displaying success in **actually commercializing federal R&D**. We need this HTDC administered program to make possible more national success stories by local companies. See the Governor's press release about awards here: <http://governor.hawaii.gov/newsroom/latest-news/dbedt-news-release-htdc-small-business-grantees-honored-with-national-tibbetts-award-at-the-white-house/>

While Makai has historically been an engineering services provider, with the help of the State's manufacturing assistance program, Makai has been able to diversify into low-volume manufacturing. Makai has been involved in marine-related engineering in Hawaii for over 50 years, and began a heat exchanger R&D program in 2009. Now, we are ramping up production from a small manufacturing plant for heat exchangers on the Big Island of Hawaii, which is sustaining approximately 8 highly-skilled, high-paying STEM / engineering jobs in rural Kona. We have a strategic advantage for developing and manufacturing low-volumes of these components in Hawaii for two reasons: the U.S. Navy and Air Force's presence in Hawaii, and Makai already owns and operates a marine heat exchanger test facility and marine corrosion lab on the Big Island. As an example, Makai has been awarded contracts by the U.S. Air Force, U.S. Army, and U.S. Department of Energy to design new heat exchangers for vehicle cooling and renewable energy applications. We hope to continue and scale-up manufacturing units over the coming years.

The program limits reimbursement to 20% of qualified expenses capped at \$100,000. Because they are matching funds, a manufacturer is eligible only if they are already making an investment in the local community and providing jobs. The program amplifies these efforts, and shows the State's support for local manufacturers willing to make the investment and commitment to adding jobs, and growing their businesses and the industry in Hawaii.

This is why we **STRONGLY SUPPORT HB2225**, which would provide the state matching funds for federal SBIR programs and manufacturing assistance to enable companies to commercialize new technologies more effectively. Not only would this expansion of funding enable our tech industry to compete and win more Federal monies for technology development and manufacturing, it would provide highly-skilled professional jobs for our keiki here at home.

Thank you for the opportunity to offer these comments.

HB-2225

Submitted on: 2/10/2022 10:24:03 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ronald Weidenbach	Hawaii Fish Company Inc.	Support	No

Comments:

THIRD ATTEMPT TO SUBMIT TESTIMONY IN STRONG SUPPORT OF HB2225

Hawaii Fish Company, established in 1978 and inducted into the US/SBA SBIR Hall of Fame, Washington DC, in 2000, strongly supports HB2225. Our family-owned fish farm has been active in the Federal SBIR and HSBIR matching grant program since 1993 and have found the HSBIR program and closely aligned MEP program to be critical elements of our continuing success and local food production. 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. We strongly believe that if the State of Hawaii is serious about economic diversification, then HTDC's HSBIR and MEP programs need continuing and increasing support. We respectfully request your support of HB2225.

HB-2225

Submitted on: 2/10/2022 10:50:06 AM

Testimony for ECD on 2/11/2022 10:00:00 AM



Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gary T. Yoshioka	Diamond Bakery Co., Ltd.	Support	No

Comments:

Dear honorable House leaders and committee members,

I am writing in emphatic support of HF2225.

This proven job and financial return generating MAP program has transformed the companies that have participated in it, including Diamond Bakery.

It creates a value multiplier effect for our Hawaii economy.

Please support this bill to continue investment in our small but growing manufacturing industry that spans from food to high technology.

Mahalo nui loa!

HB-2225

Submitted on: 2/10/2022 11:57:54 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Susan Hanes	Dana Labels, Inc.	Support	No

Comments:

Statement of

Dana Labels, Inc.

before the

House Committee on Economic Development

Friday, February, 2022

10:00 AM

State Capitol, Conference Room 312 & Videoconference

In consideration of

HB2225

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Quinlan, Vice Chair Holt, and Members of the Committee on Economic Development.

Dana Labels, Inc. supports HB2225 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 program 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. 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

Mahalo for the opportunity to offer these comments and show our support for Hawaii Technology Development Corporation.

HB-2225

Submitted on: 2/10/2022 2:09:34 PM

Testimony for ECD on 2/11/2022 10:00:00 AM



Submitted By	Organization	Testifier Position	Remote Testimony Requested
Steve Brennan	Premier Solutions	Support	No

Comments:

Honorable Chair and Committee Members,

Premier Solutions HI LLC, a Honolulu-based, SBA-certified disadvantaged minority-owned and woman-owned small business that provides information technology, systems development and professional services to government and commercial customers, writes to offer our **STRONG SUPPORT** of SB2225 which allocates funding to HTDC for the small business innovation research program and other essential "Innovate Hawaii" programs.

Premier Solutions HI (PSHI) has benefited greatly from the programs offered by HTDC such as the Hawaii SBIR matching grant and the bi-annual Hawaii SBIR Conference. In 2017 PSHI was awarded our first Small Business Innovation Research contract from the Naval Supply Systems Command, and progressed through Phase II with the support of the Innovate Hawaii HSBIR matching funding. In 2021, based on that original Phase I award, we were successful in winning more than \$7 million in Phase III contracts from the US Navy and US Marine Corps. PSHI has also won multiple additional Phase I & II SBIR awards and is currently working on an exciting new R&D effort with the Marine Corps Warfighting Laboratory involving the application of artificial intelligence and machine (AI/ML) to help improve logistics and speed delivery of medical supplies at remote locations such as Pacific Islands.

HSBIR Phase I matching funds have been critical in our success, allowing us to travel from Hawaii to our mainland-based Navy and Marine Corps customers, build invaluable relationships with our Federal sponsors, and develop product prototypes that exceeded our customer's expectations. HSBIR funding also allowed us to make key investments in tools and training for our Hawaii-based engineering staff.

We plan to continue our growth as we build upon the new capabilities our SBIR success has provided, and are currently seeking to hire more Hawaii-based engineers. We are very thankful for the support provided by HTDC and the State of Hawaii, and respectfully ask that the legislature pass SB2225.

If you have any questions, please feel free to contact me at steveb@premiersolutionshi.com

Very respectfully,

Steve Brennan

Director of Business Development
Premier Solutions LLC
600 Kapiolani Blvd Suite 302
steveb@premiersolutionshi.com



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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*

TO: Committee on Economic Development
Rep. Sean Quinlan, Chair
Rep. Daniel Holt, Vice Chair



FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 11, 2022
TIME: 10am
PLACE: Via Videoconference

RE: HB2225 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

Submitted on: 2/10/2022 9:19:26 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Jeffrey Orig	Individual	Support	No

Comments:

Please support this bill. These programs are so valuable and key to helping Hawaii diversify our economy and create a more resilient place and better home for everyone here.

Again, please support the Hawaii Technology Development Corporation to support the Hawaii Small Business Innovation Research Program Phase II matching grant, the Manufacturing Assistance Program (MAP), and the accelerator grant program.

Thank you.

-Jeff Orig

HB-2225

Submitted on: 2/10/2022 9:38:30 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Steven Singer	Individual	Support	No

Comments:

HTDC has proven to be a major player in the workforce preparation arena. I highly support State monies to maintain and promote its activities.

LATE

HB-2225

Submitted on: 2/10/2022 11:45:38 AM

Testimony for ECD on 2/11/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Robbie Melton	Individual	Support	No

Comments:

Dear Rep Quinlan, Rep Holt and committee members,

I strongly support HB2225. Funding for the Manufacturing Assistance Program is vital to Kauai's economy and for all the manufacturing companies in the state. Kauai has a growing manufacturing sector, including long established businesses and emerging manufacturers. Our companies want to grow but are limited by the high cost of equipment that will help them scale and manufacture their products more quickly. The MAP grant program provides them the opportunity to purchase the much needed equipment that will expand their market and sales and add additional products to their suite of offerings.

Thank you for this opportunity to testify in support of this bill.

Respectfully,

Robbie Melton