



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, March 1, 2024
9:55 AM
State Capitol, Conference Room 211

In consideration of
SB2081, SD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) **strongly supports** SB2081, SD1, which establishes the Aerospace and Aeronautics Development Program within DBEDT and makes an appropriation.

DBEDT is supportive of initiatives that promote economic diversification through technology as it is within the department's mission to embrace innovation in an effort to be globally competitive and dynamic. DBEDT agrees with the premise of the bill that the aeronautics and aerospace industries hold great potential to enable future development and innovation in science and technology in Hawai'i. DBEDT supports initiatives that intersect with aerospace and is supportive of leveraging Hawai'i's resources to help realize humankind's full potential in space and to establish the State as a major contributor to, and beneficiary of, global space enterprise.

Thank you for the opportunity to strongly support this measure.



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Written Statement of
Wayne Inouye
Interim Director
Hawaii Technology Development Corporation
before the
Senate Committee on Ways and Means

Friday, March 1, 2024
9:55 AM
State Capitol, Conference Room #211

In consideration of
SB2081 SD1
RELATING TO ECONOMIC DEVELOPMENT

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** SB2081 SD1 that Establishes the Aerospace and Aeronautics Development Program within the Department of Business, Economic Development, and Tourism. Declares that the general fund expenditure ceiling is exceeded. Makes an appropriation.

The aerospace industry plays a key role in the State's economic diversification by providing alternative avenues for growth, high-paying jobs and revenue generation beyond tourism. By investing in a focused aerospace program, the State can take advantage of its geographic positioning and geological features which make Hawaii uniquely qualified to support emerging industries such as: space surveillance, stratospheric monitoring, environmentally responsible satellite launch, and clean electric powered transportation of people and goods within our island chain. HTDC is currently engaged in discussions with providers of the aforementioned technologies that will benefit greatly by this Bill.

Some examples of existing aerospace assets in the State include:

The Pacific Missile Range Facility (PMRF) on Kauai, is the world's largest instrumented multi-environmental range capable of supported surface, subsurface, air, and space operations simultaneously. The military has conducted a variety of missile defense tests at PMRF since the 2000s. There are over 1,100 square miles of instrumented underwater range and over 42,000 square miles of controlled airspace. In addition to missile defense, the facility supports training operations, which vary from small, single-unit exercises up to large scale, multiple-unit battle group scenarios. PMRF is the third largest employer on the island, and the key driver in infusing approximately \$80-\$100 million annually - primarily by the Department of the Navy - to Kauai County, with another \$1 million annually to Niihau (Source: <https://defenseeconomy.hawaii.gov/pmrf-2/>);

The Maui Space Surveillance Complex (MSSC), operated by the 15th Space Surveillance Squadron and the Air Force Research Laboratory (AFRL), located on the summit of Haleakala, hosts various tracking optics, including the DoD's largest optical telescope, designed for tracking and imaging satellites; as well as Ground-Based Electro-Optical Deep Space Surveillance Systems (GEODSS), which plays a vital role in tracking deep space objects. The MSSC is taking on an increasingly prominent role in the expanding operations, research and connected funding from the Space Force providing much needed economic diversification, high-tech STEM related jobs and revenue to Maui County; and

The Hawaii Space Flight Laboratory (HSFL) at the University of Hawaii which is involved in the design, building, launching, and operation of small satellites for science and educational tasks. It has developed a low-cost CubeSat kit and an undergraduate course that prepares its students to enter the aerospace industry. HSFL brings in nearly \$7 million annually for space-science initiatives through grants from agencies such as NASA, the Department of Defense, and the National Science Foundation (Source: <https://research.hawaii.edu/noelo/higp-propelling-aerospace-innovation>).

Hawaii Center for Advanced Transportation Technologies (HCATT) Aerospace: HCATT is leading a consortium of the Air Force, State of Hawaii, and private sector stakeholders in demonstrating, validating, and integrating the latest hydrogen fuel cell and environmentally compliant technologies for use by the Air Force. HCATT's over 20 years of work with DARPA, APTO, and AFRL demonstrations in the alternative and renewable projects has culminated in its newest initiative for the Pacific Energy Assurance and renewable Laboratory (PEARL) incorporating liquid hydrogen system production, storage, and dispensing technologies for the support of Unmanned Aerial Vehicles and System operations.

PMRF, MSSC, HSFL, and HCATT are examples of just some of the capable entities and operations which have demonstrated the ability to attract, build and support a base of the aerospace industry within the State. Although successful on their own, these and other like entities provide a greater collective opportunity to the State at large that can be leveraged by a focused program that supports and drives the industry as a whole, supporting collaboration, funding, workforce development, and private sector partnerships enabled by State, Federal and private funding. The Aerospace program will not be focused on policy but rather on business development of the industry in the State. A robust and growing aerospace industry will provide the State with expanding opportunities in high-tech, high-paying jobs that will extend our capabilities in key areas such as advanced manufacturing, artificial intelligence and machine learning.

Passing this Bill to establish the Aerospace and Aeronautics Program within DBEDT will provide a force and fund multiplier in the growth of the aerospace industry within the State by creating a much-needed point of responsibility to support and bring together the substantial assets operating in Hawaii with a unified vision and goal. Along with the establishment of the Aerospace and Aeronautics Program, will come the establishment of an Aerospace Development Specialist position that will focus on planning, implementation and evaluation of aerospace-related programs and maintains a strategic plan to ensure that Programs are align with the Aerospace Strategic Plan. One other major task of this

position is to look out for grants that can fund Program projects and activities to carry out the Program's mission. The position will also monitor grants to ensure that grant funds are spent in accordance with grant specifications and that grant reports are filed timely and effectively.

Requested Budget:

1. Aerospace Development Specialist: \$75,000;
2. Program Travel and Conferences: \$40,000
 - a. This budget will cover the costs of attending key aerospace conferences, meetings with potential key partner companies, and regular visits to Maui, Kauai, and Hawaii Island partners and key infrastructure; and
3. Consulting/Subject Matter Expertise (SME) support: \$35,000
 - a. This budget will cover consulting and SME support to gain access to key partners and programs for DoD and Civilian projects currently identified and prioritized as foundational programs for the aerospace industry in the State. This budget will also be utilized to support and strengthen federal proposals which will be provide substantial return on investment by the State in the form of Federal Program funding into the State.

This budget ensures that the program has the necessary funds to attract and retain high-quality personnel to continue and increase the State's engagement with the broader national and international aerospace community. The intended outcome of this budget is to leverage the State's investment into larger federal programs funding additional infrastructure, capabilities and permanent operations serving the Pacific Region.

Thank you for the opportunity to provide this testimony.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Friday, March 1, 2024 at 9:55AM
Conference Room 211**

RE: SB2081 SD1 Relating to Economic Development

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) **supports SB2081 SD1**, which establishes and makes appropriations for the Aerospace and Aeronautics Development Program within the Department of Business, Economic Development, and Tourism.

As advocates for innovation, the Chamber endorses initiatives that promote growth and invest in economic diversification through technology. The aeronautics and aerospace industries hold especially great potential to enable future development and innovation in science and technology in Hawaii. The passage of this measure would help to realize this potential. Furthermore, this measure would increase our state’s economic competitiveness on a global scale.

The Chamber completed its 2030 Blueprint for Hawaii Initiative earlier this year. The vision was to create a data-based action plan for business to lead and shape Hawaii’s economic future as a top place to do business. We connected with stakeholders from business, government & community to shape goals and priorities and develop a strategy that presents achievable policy reforms and metrics to increase Hawaii's economic competitiveness.

Through interviews, focus groups, surveys, and extensive research it was made clear that an increase in coordination between the chamber’s I.T. Sector Partnership and the Hawaii Technology Development Corporation will contribute to diversification of the state’s economy. Facilitating the expansion of these tech subsectors was also shown to support employment growth in Hawaii.

The Chamber also advocates for the expansion and strengthening of STEM Education opportunities. The establishment of this program would be a step towards the realization of this initiative, while opening the door for professional development opportunities in this discipline here in Hawaii.

Investing in these endeavors not only propels scientific progress but also cultivates a culture of creativity and problem-solving. By supporting the passage of this measure, we pave the way for groundbreaking discoveries, technological advancements, and economic growth, ensuring a more lucrative future for our state.

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.

On behalf of The Chamber, thank you for this opportunity to testify.