



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented to the
House Committee on Economic Development
Wednesday, February 1, 2023 at 10:00 a.m.

by

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

HB 395 – RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

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

The University of Hawai'i shares a similar vision with HTDC to help establish a thriving innovation-based sector to boost the local economy, create jobs and to develop a highly skilled technical workforce. One of the key programs available to assist startups from UH and other locally based accelerators is HTDC's Hawai'i Small Business Innovation Research (HSBIR) Phase II program, which provides matching grant funding to support a small startup firm in its early efforts to develop and improve the technology that forms the basis of the business opportunity. These funds are often crucial to assist startups in developing their new technologies to the point that will allow them to tap venture capital firms for the necessary funding to become commercially successful.

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

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

HB-395

Submitted on: 1/30/2023 11:27:28 AM

Testimony for ECD on 2/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Chenoa Farnsworth	Blue Startups	Support	Written Testimony Only

Comments:

In consideration of

HB395

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Blue Startups supports HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

Many companies in the Blue Startups program access non-dilutive capital through the SBIR program. Matching Hawaii State funds for these grant recipients helps bring more money to the State.

Thank you for the opportunity to offer these comments.



30 January 2023

Testimony before the
House Committee on Economic Development

Wednesday, February 1, 2023

10:00 AM

State Capitol, Conference Room 423 & Videoconference

In consideration of

HB395

RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Dear Chair Holt, Vice-Chair Lamosao, and Members of the Economic Development Committee,

I write in **strong support of HB395** 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 to allow 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.

Statement of
Ann Chung
Corporate Communications Consultant
PacMar Technologies
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

PacMar Technologies **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

PacMar Technologies was founded in 1979 with its home office and headquarters in Honolulu, Hawaii. PacMar Technologies' research team has world-class expertise in advanced ship hull hydrodynamic research, naval architecture, alternative energy, autonomy and artificial intelligence, and other maritime technologies. PacMar Technologies produces innovation through research—inventing, innovating, developing, building, and testing advanced technologies. A significant amount of research and development funding comes through SBIR Phase II and Phase III awards, which enable transition from design and concept, to modeling and simulation, to prototypes in the hands of end users, which is extremely unique for a company this size. Matching grants are a vital opportunity for us to bridge the gap between different phases of projects, on the path towards commercialized products.

Thank you for the opportunity to offer these comments.

Statement of
Ann Chung
Corporate Communications Consultant
PacMar Technologies
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

PacMar Technologies **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

PacMar Technologies was founded in 1979 with its home office and headquarters in Honolulu, Hawaii. PacMar Technologies' research team has world-class expertise in advanced ship hull hydrodynamic research, naval architecture, alternative energy, autonomy and artificial intelligence, and other maritime technologies. PacMar Technologies produces innovation through research—inventing, innovating, developing, building, and testing advanced technologies. A significant amount of research and development funding comes through SBIR Phase II and Phase III awards, which enable transition from design and concept, to modeling and simulation, to prototypes in the hands of end users, which is extremely unique for a company this size. Matching grants are a vital opportunity for us to bridge the gap between different phases of projects, on the path towards commercialized products.

Thank you for the opportunity to offer these comments.

Hawaii State Legislature
January 30, 2023
Re: HB395

Hawaii's SBIR program supports development in "risky" high-tech and scientific areas that conventional funding sources such as banks and venture capitalists usually avoid. Without SBIR funding, valuable innovations and inventions from Hawaii companies may never be developed, and Hawaii will have a less profitable future as a result.

Please support and pass this bill, as I believe it is essential to continuing to develop innovations and progress in Hawaii's high-tech manufacturing sector.

Please feel free to call or email with any questions,

With Warm Aloha, Tim Mann, President, Ocean People, Inc.

Tim Mann

HB-395

Submitted on: 1/30/2023 12:21:49 PM

Testimony for ECD on 2/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Robert Paparelli	The Patisserie Inc	Support	Written Testimony Only

Comments:

i support HB395 fully



Statement of
Premier Solutions HI, LLC
before the
House Committee on Economic Development

Wednesday, February 1, 2023 | 10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Premier Solutions HI, LLC (PSHI), a Honolulu-based, 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 HB395** that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

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. In 2018, we were successful in winning Phase II funding of \$750,000 for that project. To date, PSHI's efforts and investment in technology R&D have resulted in the award of six (6) SBIR Phase I, Phase II, and Phase III contracts totaling more than \$8 million in federal funding. PSHI has also won additional SBIR Phase I and II awards from the Navy and Marine Corps. HSBIR matching funds were critical in this success, allowing us to travel from Hawaii to mainland-based Navy 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 investments in our Hawaii-based engineering staff. **HTDC's support has been vital to the success of our SBIR endeavors.**

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, interns and business development staff. We are very thankful for the support provided by HTDC and the State of Hawaii, and respectfully ask that the legislature pass HB395. If you have any questions, please feel free to contact me at steveb@premiersolutionshi.com.

Thank you for the opportunity to offer these comments.

Very respectfully,

Steve Brennan
Business Development Director
Premier Solution Hi, LLC



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Wednesday, February 1, 2023, at 10:00 A.M.
Conference Room 423 & Videoconference**

RE: HB 395 Relating to the Hawaii Technology Development Corporation

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

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 395, which appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the Small Business Innovation Research Program (SBIR).

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.

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 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 Chamber of Commerce Hawaii believes an increase in funding would spur more economic growth for our small businesses and continue the advancement of technology and innovation through an increase in research and development.

Thank you for the opportunity to testify.



Statement of
Brian Watanabe
President
Island Grown Foods, Inc.
dba: Hawaii Food Products
Before the
House Committee on Economic Development

Wednesday, February 1, 2023,
10:00 AM HST
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
Relating to Hawaii Technology Development Corporation

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

Island Grown Foods, Inc. dba: Hawaii Food Products **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

Hawaii Food Products (HFP) has benefited from the Hawaii Technology Development Corporation's (HTDC) guidance and assistance with funding and support services to develop sales opportunities by providing food safety consultation, accreditations, certifications, and sourcing of equipment which allows HFP to compete in the marketplace. Large corporations such as Costco, Sam's Club, and local retailers requires specific equipment for food safety as well as 3-party audits to ensure consumer safety. HTDC has been invaluable in securing over \$100,000.00 in sales and retention of 40-local employees.

Thank you for the opportunity to offer these comments.





4009 Black Point Rd, Honolulu, HI 96816

Statement of
Rex Jakobovits, PhD
President,
Experiad Solutions
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Experiad **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR Phase II and Phase III awards to assist companies in getting their product to market. As a small business owner, I have experienced firsthand the impact that these grants can have on the local economy. By providing state funds to match Small Business Innovative Research grants, we are investing in the growth and development of small businesses in our state. This not only benefits the business owners, but also the employees and local community.

As you know, Small businesses are the backbone of our local economy, providing jobs and driving innovation. By providing these businesses with access to additional funding, we are supporting their ability to grow and expand, leading to increased economic activity and job creation. Furthermore, SBIR grants provide valuable opportunities for small businesses to bring their innovative ideas to market, which can have a positive impact on the local economy by attracting new businesses and industries to our state.

Our story is direct proof that the HTDC SBIR program is critical to attracting high tech startups to Hawaii, and it has brought millions of additional federal dollars to our local economy. My software startup Experiad has received matching funds for our Phase I and Phase II SBIRs, funded by the National Institutes of Health (NIH) to develop software for behavioral therapists who **treat kids with autism**. The funds distributed by HTDC have been critical to our success, allowing us to conduct an extensive field test of our prototype product in the homes of kids with autism. The data we gathered allowed us to win a new fast-track NIH grant



4009 Black Point Rd, Honolulu, HI 96816

proposal last year. We could not have done it without the research funded by the Hawaii matching grant. Thus, **the Hawaii SBIR matching grant was directly responsible for us being awarded \$3.6M in additional federal dollars.** That money is feeding the local high tech economy, and acting as critical seed capital that will generate dozens of high tech jobs in Hawaii if we succeed.

Furthermore, HTDC has served as a critical conduit for bringing Hawaii tech entrepreneurs together, leading to collaboration and team-building that propelled our success. We met our VP of Clinical Product, Emaley McCulloch, when she was building a business within HTDC's manoa site in 2015, and without her, we would not be where we are today. HTDC is a vital hub for Hawaii's technology entrepreneurship, and we are an example of that.

In conclusion, I strongly urge the Senate Committee to consider appropriating state funds to match Small Business Innovative Research grants. This investment in our small businesses will pay dividends for our local economy, creating jobs and driving economic growth. HTDC is exactly the type of investment that our economy needs right now.

Mahalo for listening!

A handwritten signature in black ink that reads "Rex Jakobovits". The signature is fluid and cursive, with a long horizontal flourish extending from the end of the name.

Rex Jakobovits, PhD
President, Experiad Solutions



**PO Box 1095
Kurtistown, Hawaii
+1-808-938-2840
jim.wyban@gmail.com**

January 30, 2023

RE: HB395 THAT APPROPRIATES FUNDS TO CONTINUE SBIR PROGRAM

Dear Committee:

I am writing to express my strong support of **HB395** that appropriates funds to the Hawaii Technology Development Corporation (HTDC) to continue the Hawaii Small Business Innovation Research (HSBIR) program.

I developed the World's first SPF shrimp broodstock company, High Health Aquaculture (HHA) based at NELHA in Kona. HHA was the beginning of what became a new industry in Hawaii – SPF Shrimp Broodstock, which exports more than \$30 M of product per year.

During my tenure at HHA, we received 9 SBIR grants from various federal agencies (NSF, USDA, DOC). For each of these we also received Hawaii SBIR matching grants. All of these greatly contributed to our IP development, which increased our company's value and success. This is a very valuable initiative that I strongly support.

After 20 years in business we sold HHA to an Asian multinational (SIS), which expanded the business and continues today.

I strongly support the Hawaii SBIR program and urge you to fund it.

Thanks,

Jim Wyban PhD



Testimony Presented to
Committee on Economic Development
Wednesday, February 1, 2023 10:00am, Conference Room 423

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

SUBJECT: Strong support for HB 395 – RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Rep. Daniel Holt, Chair, Rep. Rachele F. Lamosao, Vice Chair, and Members of the Committee on Economic Development:

Hawaii Fish Company Inc. (HFC), established in 1978, is Hawaii's oldest commercial fish farm and a federal 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. Our continuing SBIR success, with thirteen awards to date, has been made possible by the supplemental research support received from the Hawaii SBIR matching grant program.

HFC therefore strongly supports HB 395 which appropriates funds for fiscal year 2023-2024 and 2024-2025 for the HTDC's Hawaii SBIR Matching Grant Program. This valuable program supports matching grants of up to 50% of the Federal SBIR Phase II/III awards to a maximum of \$500,000, enabling awardees to cover important research, development, intellectual property (IP) protection, and pre-commercialization expenses that are not covered by the federal awards, placing Hawaii companies in a favorable competitive position nationally.

This very successful program was the first of its kind in the nation and has since been widely copied and expanded upon by other States seeking to attract innovative technology companies and economic development to their respective States. The return on investment to the State of Hawaii in terms of small business start-ups, expansion, diversification, job creation, and economic impact has been impressive, with aquaculture and agriculture companies being an active component of this State success. This program is critical to the continued efforts to diversify Hawaii's economy and to the continued commercialization success and growth of HFC. Thank you for the opportunity to testify in strong support of HB 395.

Respectfully,

Ronald P. Weidenbach

Televoice 2000

Statement of
Tom Leonard
Owner
Televoice 2000
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Televoice 2000 **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

TV2k does consulting in telecommunications, and advises Hawaii companies on a wide range of issues including and product development. In my view, innovation is the life blood of growth. Throughout the years, I have referred a number of my clients to HTDC for support in obtaining grants. A grant can make all the difference between the growth or stagnation of an enterprise.

Thank you for the opportunity to offer these comments.

Tom Leonard

Statement of
Seibert L Murphy
CEO
Guide Star Engineering LLC
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Guide Star Engineering, LLC, **supports** HB395 that appropriates funds to the **Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program** to fund the matching grant for SBIR 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 are a technology company that has successfully been awarded contracts with the Department of Defense SBIR program and applying dual use technology we want to develop new products. This opens new market opportunities. The **HTDC HSBIR** matching grant is important to us for two reasons; first because it allows us to bridge the gap in funding from the federal government, and second because the grant provides needed funding for us to develop and innovate those products. For example, we are currently planning an investment campaign to raise over \$5M. With continued support we provide full and part time jobs to 10 people over two years. If we expect our families to grow in Hawai'i then we must make the opportunities for growth possible.

Thank you for the opportunity to offer these comments.



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 1, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 395
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Conference Room 423 & Videoconference
10:00 AM

Aloha Chair Holt, Vice-Chair Lamosao, and Members of the Committees:

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 395, which appropriates funds to the High Technology Development Corporation for the Small Business Innovation Research Program.

A major impediment to agriculture in Hawaii is the lack of technology. Many of our agribusinesses continue to operate as they did during their parents' generation despite advancements in technology. A good example is Food Safety for farmers. The majority of Hawaii's farms are small and have difficulty with the requirements and costs associated with food safety requirements.. Food Safety requires recordkeeping and traceability. Due to the size of our farms, traceability recordkeeping is a major issue. We know RFID technology is advanced and used in all places. For example, when you return your car rental, the agent scans the barcode to get your data. It seems these technologies could be adapted to our farms. We need entrepreneurs such as those in the SBIR program to help us address these issues.

Continued funding, with possible targets for agriculture, will be of great assistance to the industry. Agriculture technology includes sophisticated technologies such as robots, temperature and moisture sensors, aerial images, and GPS technology. These advanced devices and precision agriculture and robotic systems allow agribusinesses to be more profitable, efficient, safer, and more environmentally friendly.

Thank you for the opportunity to provide our support on this measure and for your continued support of Hawai'i's farmers and ranchers.

HB-395

Submitted on: 1/31/2023 7:06:48 AM

Testimony for ECD on 2/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jeffrey Orig	Orig Media	Support	Written Testimony Only

Comments:

We support HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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.

It creates an environment of innovation, a place of support, and helping diversify our economy.



Statement of
Hermann Kugeler
Vice President of Business Development
Makai Ocean Engineering, Inc.

before the
House Committee on Economic Development

Wednesday, February 1, 2023

10:00 am

Videoconference

State Capitol, Conference Room 423

In consideration of

HB395

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

Makai Ocean Engineering, Inc. **SUPPORTS HB395** that makes an appropriation to HTDC to continue providing grants to businesses through the Hawaii small business innovation research program.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for 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.

This is why we **SUPPORT HB395**, which would provide the state matching funds for federal SBIR programs 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.



Written Statement of
Len Higashi
 Executive Director
 Hawaii Technology Development Corporation
 before the
House Committee On Economic Development
 Wednesday, February 1, 2023
 10:00 a.m.
 Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

The Hawai'i Technology Development Corporation (HTDC) **supports** HB395 that appropriates funds to the Hawai'i Technology Development Corporation for the Small Business Innovation Research Program.

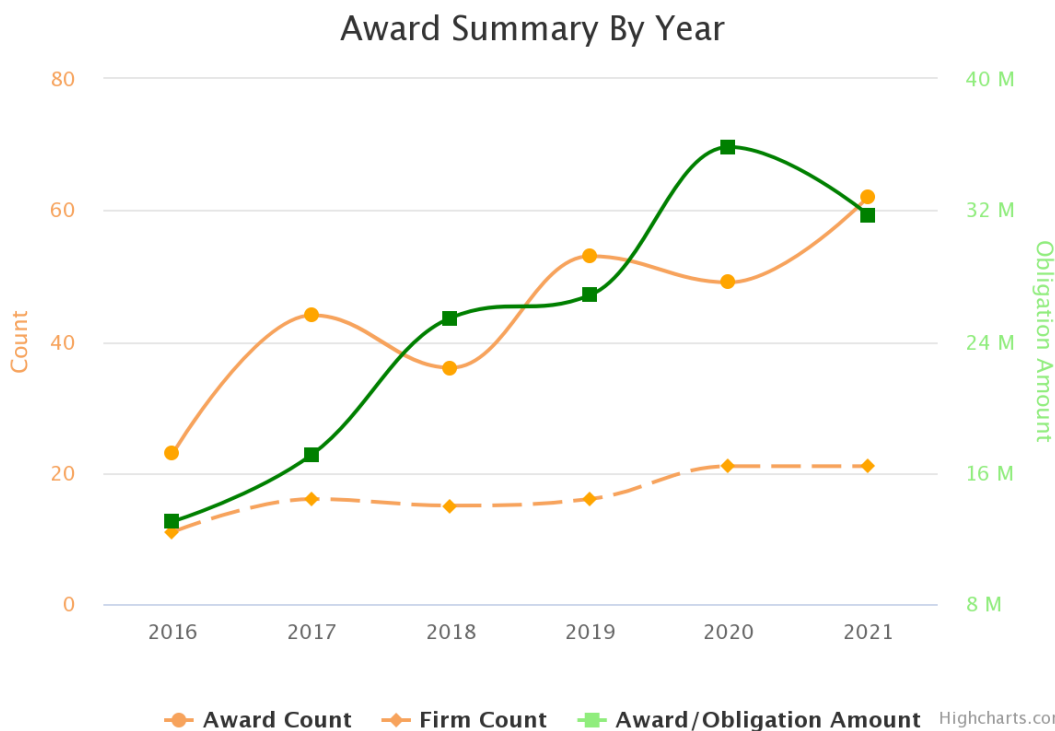
HTDC supports initiatives aimed at growing tech and innovation jobs. The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program is known as America's seed fund awarding over \$4 billion a year to domestic small businesses to engage in Federal Research/Research and Development (R/R&D) with the potential for commercialization. The HSBIR program provides matching grants and wrap-around support services to small businesses in Hawai'i who are able to secure these funds and conduct their activities within the State. The companies provide high-wage engineering and science jobs in the State. The goals of the program are to increase the number of participating companies, increase the federal funds awarded, and increase the number of jobs in the State.

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	FY21/22	FY22
Appropriation	\$2 MM	\$2 MM	\$1 MM	\$1.5 MM	\$1 MM	-	\$1.5 MM
# of Applications	11	9	9	12	16	-	17
# of Awards	7	8	5	6	14	-	TBD
\$\$ Awarded	\$2 MM	\$1.9 MM	\$900 K	\$1.4 MM	\$900 K	-	TBD
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9 MM	\$8.0 MM	\$11 MM	\$53 MM	-	\$20 MM
Estimated New Jobs	17	70	15	135	509	-	TBD

Impact:

A chart of the federal SBIR awarded to Hawai'i companies follows.



data from sbir.gov/awards

The federal research dollars awarded to Hawai'i small businesses has been increasing. Hawai'i small businesses are securing funds that would otherwise be awarded to companies in other states because the federal SBIR program has a fixed budget each year and a highly competitive application process. Every year, there have been more qualified applicants for matching HSBIR grants 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 Hawai'i SBIR program, Hawai'i 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. HTDC is also working with the Department of Defense on strategies to accelerate the transition of the Hawaii SBIR technologies into solutions for the government. The program provides great leverage for the state. Thank you for the opportunity to offer these comments.

Statement of
Nelson Kanemoto
President & CEO
Referentia Systems
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Video Conference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Referentia Systems **supports** HB395 that appropriates funds to the Hawaii Technology Development Corporation (HTDC) for the **Hawaii Small Business Innovation Research (HSBIR)** Program to fund the matching grant for SBIR Phase II and Phase III awards, which assists companies in getting their product to market. For every dollar invested through the HSBIR 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. Referentia Systems has received great support from HTDC including the HSBIR program. Over the past 15 years, HTDC's HSBIR 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 technology spin-off process.

The support and augmented funding from HTDC for HSBIR has helped our local small business to compete through marketing, the commercialization of HSBIR technologies and has positioned Referentia to secure large HSBIR Phase III contracts including a \$30M Air Force project that we are performing for our 4th year and has been expanding.

We greatly appreciate all the work the HTDC team has been doing for the State of Hawaii, and the growth of our Tech economy.

Thank you for the opportunity to offer these comments.

Statement of
S Morris Wise
Owner
Kō Bakery, Kauai
before the
House Committee on Economic Development

Wednesday, February 1, 2023
10:00 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Kō Bakery supports HB395 that appropriates funds to the Hawaii Technology Development Corporation for the Hawaii Small Business Innovation Research (HSBIR) Program to fund the matching grant for SBIR 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 are a small bakery business on the island of Kauai. Grants from HTDC helped us make purchases for our business that allowed us to grow. This in turn provided opportunities for jobs for Kauai residents, and we have grown to be the premier cake supplier on the island of Kauai. HTDC's effect is far reaching, in effect touching every customer we have provided products to since 2016, the year we first received grants for large equipment.

Thank you for the opportunity to offer these comments.



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

Before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Wednesday, February 1, 2023
10:00 a.m.
State Capitol, Conference Room 423 and Videoconference

Offers Comments to
**HB395 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION**

To: Representative Daniel Holt, Chair, Representative Rachele Lamasao, Vice Chair,
and Members of the Committee

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

Re: Comments relating to HB395

Honorable Chair, Vice-Chair and Committee Members:

Testimony in Support for HB395

The technology industry in Hawaii has grown over the past 20 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.

When the SBIR matching program started a few decades ago, Hawaii was ranked close to the bottom in the US. After this program, Hawaii's success ranking improved to 30th out of 50 States. Accordingly, there is a direct correlation between the State's SBIR Matching Grant Program and improving Hawaii's position in receiving federal SBIR funds. Adding more funds is expected to further improve Hawaii's position and contribute significant research capital into the State of Hawaii, providing a positive ROI, plus supporting the diversification of Hawaii's economy.

Therefore, Oceanit requests to increase the grant to \$5M.

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

Wednesday, February 1, 2023
 10 a.m.
 VIA VIDEOCONFERENCE, Conference Room 423

In consideration of
HB395
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Mana Up **supports** HB395 that appropriates funds for the small business innovation research program under the Hawaii technology development corporation—appropriating the sum of \$2,000,000 or so and the same sum or so much thereof as may be necessary 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.

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 74 local companies graduate from our six-month accelerator program that provides expansion opportunities and helps solve business challenges. In 2021, we found that over 70% 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 HB395 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 2021, we found that over 60 of our portfolio companies headquartered here in Hawaii collectively contributed \$60 million to the state economy in annual revenue (generated from their product businesses) and created 415 jobs for locals. This being said, we fully support HB395.

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

Sincerely,

Meli James
Cofounder, Mana Up

HB-395

Submitted on: 1/30/2023 8:28:28 PM

Testimony for ECD on 2/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Conan Wykes	Individual	Support	Written Testimony Only

Comments:

I support HB395 because it is imperative to Hawaii's children, communities, and the future of Hawaii's economic self-sustainability. This bill will appropriate funds to the HTDC to help to diversify the economy and to create better-paying jobs for Hawaii's residents.

The pandemic underscored Hawaii's need to diversify its economic resources for the future of its people.

HB-395

Submitted on: 1/30/2023 11:55:19 PM

Testimony for ECD on 2/1/2023 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Ann Chung	Individual	Support	Written Testimony Only

Comments:

The SBIR program has proven to be an effective and significant program for the technology industry in Hawaii. Please pass this bill.