

Statement of
Chenoa Farnsworth
Managing Partner
Blue Startups
before the
House Committee on Finance

Sunday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAI'I TECHNOLOGY DEVELOPMENT CORPORATION

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

Blue Startups **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

Blue Startups benefits from the accelerator funding provided by HTDC. Without HTDC funding, we would not be able to provide the support for our technology based companies in Hawaii. We believe strongly that we need to grow the technology sector in Hawaii in order to provide high paying jobs in the future. To date, Blue Startups has supported 131 companies through its 12-week mentorship program. Those companies have gone on to attract over \$1 billion in funding and created over 1000 jobs.

Thank you for the opportunity to offer these comments.



PO Box 1459
Kahului, Hawaii 96733
Phone (808) 877-3144
Fax (808) 877-5030
www.biodiesel.com

Testimony in Support of HB454

FIN Hearing February 24, 2025 at 10:00am

Chair Yamashita, Committee Members:

We very much appreciate the efforts of HTDC to promoting manufacturing in Hawaii. The challenges the manufacturing industry faces here are considerable, but the benefits of providing quality family-wage earning jobs in manufacturing and technology are considerable. Pacific Biodiesel supports almost 100 families in Hawaii, many of whom have returned home from mainland jobs now that they can be gainfully employed in technically advanced positions.

HTDC has a very high success rate compared to similar agencies in other states, which we should applaud and support.

Mahalo,

Bob King, President
Pacific Biodiesel Technologies

Statement of
Dr. Michael Reiley
President, HNu Photonics
before the
COMMITTEE ON FINANCE
Monday, February 24, 2025
10:00 a.m.
State Capitol, Conference Room 308

In consideration of
HB454

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

HNu Photonics **STRONGLY SUPPORTS** HB454 that makes an appropriation to HTDC to continue providing grants to businesses with a federal small business innovation research (SBIR) award.

Recognizing that small businesses are the engine of economic growth in the United States, many Federal agencies fund early-stage research endeavors under the Small Business Innovative Research (SBIR) program. SBIR awards are extremely competitive with an overall win probability of about 15%.

These awards are firm fixed price at predetermined funding levels, regardless of the geographic location of the Company. This puts Hawaii companies at a distinct disadvantage to companies from many other states because our cost of doing business is so much higher. From salaries to facilities to taxes to travel expenses, it is much more difficult for Hawaii companies to deliver results to win awards for additional phases of SBIR research under a fixed budget.

The Hawaii SBIR matching grant program is crucial for leveling the playing field to enable Hawaii companies, who have been successful in winning an SBIR award, to deliver results of a caliber to secure funding for subsequent SBIR phases.

My company has been the grateful recipient of several of these matching awards and it has made an enormous contribution to accelerating much-needed technologies for NASA, the Defense Logistics Agency, DARPA and the U.S. Army. This program truly has a real impact on economic development and diversification.

For my company, SBIR projects and matching Phase I and Phase II grants have directly resulted in our ability to hire additional qualified staff. Living wage jobs for Kama'aina graduates are a tangible outcome of this program. Mahalo!

Statement of
David Clements
Director of Vaccine Research
Hawaii Biotech, Inc.
before the
House Committee on Finance

Monday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Hawaii Biotech, Inc. (HBI) **supports** HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

HBI has been a cornerstone of biotechnology in Hawaii for 40 years. The company is focused on the research and development of vaccines and therapeutics for established and emerging infectious diseases. The company has developed proprietary expertise in the production of recombinant proteins and have established a platform technology applicable to the development of safe and effective vaccines. HBI's drug development activities are focused on small molecule drugs that block intracellular and extracellular bacterial toxins.

Over the years HBI has been awarded over \$130 million in federal research and development grants and contracts. HBI currently has 15 employees and has projected annual revenues of \$4.5 mil. HBI strives to create as many high paying technology positions, and it is our mission to expand further and open new positions. HBI has been awarded matching funds from HTDC through the Hawaii Small Business Innovation Research (HSBIR) Program which has been instrumental to the company to further our research, support our current staff, fill gaps, and bolster our ability to secure additional federal funding. **Given the current uncertainties at the Federal level, the continuation of State support is critical.**

HBI has also demonstrated a regulatory pathway for its vaccines through successful interactions with the FDA. Through our active West Nile virus vaccine program, HBI has established manufacturing capabilities at our Iwilei facilities. The West Nile vaccine project serves both to demonstrate these capabilities as well as advance the vaccine to human testing. It is important to note that with this work being done here in Honolulu, jobs and funds are kept in Hawaii rather than engaging a contract manufacturer on the mainland.

Thank you for the opportunity to offer these comments.



Statement of
Robert Nakata, PhD, MBA
Co-Founder
Nuveia LLC
before the
House Committee on Finance

Sunday, February 24, 2025

10:00 AM

State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAI'I TECHNOLOGY DEVELOPMENT CORPORATION

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

Nuveia LLC **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

Nuveia LLC is a small self-funded technology company that is addressing an unmet market need for monitoring residential and commercial geothermal heat pumps used for heating and cooling. Geothermal heat pumps extract heating and cooling from the ground and are an alternative to costly traditional HVAC equipment that pollute the environment through inefficient fossil fuels. We provide the energy monitoring capability for these installations using our Internet of Things (IoT) connected devices and servers.

HTDC programs are important because they reduce the capital pressure on startups like us to survive as we develop our products and establish a market presence. Receiving funds from the Manufacturing Assistance Program will offset the expenses incurred to bring our product to market.

Thank you for the opportunity to offer these comments.

Statement of
Lanikai Brewing Company, LLC
before the
House Committee on Finance

Sunday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Lanikai Brewing Company **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

Lanikai Brewing Company has been fortunate to be a recipient of multiple MAP Grants, which have allowed us to invest in new equipment that makes our production processes more efficient and hire additional employees to expand production.

Thank you for the opportunity to offer these comments.

Respectfully,

Al Darling, Co-Founder and CFO
Lanikai Brewing Company, LLC
al@lanikaibrewing.com
808-393-3417

HB-454-HD-1

Submitted on: 2/22/2025 9:32:27 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Judiah McRoberts	Kauai Hemp Company	Support	Written Testimony Only

Comments:

Testimony in Support of HB454

Aloha Chair, Vice Chair, and Members of the Committee,

My name is Judiah McRoberts, and I am submitting testimony on behalf of Kauai Hemp Company in strong support of HB454. As Hawai‘i’s largest certified organic hemp farm and CBD manufacturer, we have directly benefited from state-supported grant programs that have allowed us to expand our operations and compete in new markets.

These grant programs have been crucial to our growth, enabling us to enhance our manufacturing capabilities and scale production to meet increasing demand. Thanks to this support, we have successfully entered new markets, including Japan, bringing high-quality, Hawai‘i-grown hemp products to an international audience. Without this assistance, navigating the financial and logistical challenges of expansion would have been significantly more difficult.

By continuing to fund and support these grant initiatives, Hawai‘i will empower local businesses like ours to grow, innovate, and remain competitive, ultimately strengthening the state’s agricultural and manufacturing sectors. We respectfully urge the passage of HB454 to ensure that businesses across Hawai‘i continue to thrive.

Mahalo for your time and consideration.

Judiah McRoberts
Kauai Hemp Company

Statement of
Morgan Bonnet
COO
HI-Spectral, LLC
before the
House Committee on Economic Development & Technology

Friday, February 7, 2025
10:15 AM
State Capitol, Conference Room 423 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAI'I TECHNOLOGY DEVELOPMENT CORPORATION

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

HI-Spectral, LLC **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

HI-Spectral, LLC is a startup that was created based on a patent developed at the University of Hawaii, Institute for Astronomy. The core technology was developed in collaboration with the semi-conductor R&D division of CANON Japan. The optical systems that we developed at the University of Hawaii are currently implemented on the \$400M Daniel K. Inouye Solar Telescope, the largest solar telescope in the world. Since the creation of the Startup, HTDC has been extremely helpful and helped us connect with the right people (potential customers, investors, etc.) and identify sources of non-dilutive funding. It also allowed us to be part of an accelerator program, QUEST, which was eye opening and helped us understand the DoD landscape (admin, funding, etc.) as well as teaching us to market the company in different scenarios. It should come at no surprise that Hawaii is a challenging place to develop a startup, unlike California or even Texas. And without HTDC's different programs, it would be nearly impossible. I believe you understand how important it is for Hawaii to diversify its economy. HTDC's programs are a key component in achieving this goal. With the support of HTDC and the State of Hawaii, we are hoping to create high salary tech jobs in the near future. We also intent to keep the manufacturing of mechanical components in Hawaii as much as possible.

Thank you for the opportunity to offer these comments.



OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
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Alicia Moy
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Page 1 of 2

Committee:

House Committee on Finance

Bill Number:

HB 454 HD1, Relating to the Hawai'i Technology Development Corporation

Hearing Date and Time: February 24, 2025 at 10:00am (Room 308)

Re:

Testimony of Holomua Collaborative in support

Aloha Chair Yamashita, Vice Chair Takenouchi, and Committee Members:

We write in support of House Bill 454 HD1, Relating to the Hawai'i Technology Development Corporation (HTDC). The purposes of HB 454 HD1 are to establish state goals related to economic diversification fueled by innovation and technology and to appropriate funds to HTDC to implement specific programs that address these goals.

Holomua supports initiatives that help keep all local working families in Hawai'i by addressing issues of affordability. We are especially interested in fostering cross-sector collaboration and supporting policies that are evidence-based.

In order for Hawai'i to be affordable for local working families, we need to ensure that our local business community (including entrepreneurs looking to start new businesses) is provided with the opportunities necessary to expand and succeed in an uncertain economy. Only 21% of respondents in a recent survey of 1500 local residents agree that "Hawai'i is a good place to do business." This statement also shows a high percentage of disagreement, with 43 percent *disagreeing* that Hawai'i is a good place to do business.¹ Clearly, we need to do better, and this bill is an important part of that.

Economic diversification is crucial for Hawai'i due to its reliance on a few industries, particularly tourism, which makes the state vulnerable to economic shocks. As of 2022, tourism accounts for approximately 17.7% of Hawaii's gross domestic product.² This overdependence on a single sector exposes Hawai'i to risks such as global economic downturns, natural disasters, and pandemics, as seen during the COVID-19 crisis when tourism plummeted, causing economic contraction. Diversifying the economy across various sectors can help stabilize the state's revenue streams and create a more resilient economic framework.

This bill aims to establish a framework—and to finance that framework—to accelerate economic diversification by building upon HTDC core programs that have already proven successful in helping local businesses thrive.

¹ 2024 Affordability Survey, Holomua Collective.

² Tourism and Hawaii Economy, DBEDT Research Division, July 2024.



Page 2 of 2

Diversifying Hawaii's economy to include participation in the digital economy, strengthened trade activities, and an increase in activity to reduce and mitigate climate change could create new opportunities in both the domestic and international markets. By fostering growth in sectors like technology, agriculture, and clean energy, Hawaii can develop a more resilient and balanced economy that is less dependent on tourism.

We urge you to support HB 454 HD1.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Josh Wisch', is written over a light blue horizontal line.

Josh Wisch
President & Executive Director



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 24, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 454, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Conference Room 308 & Videoconference
10:00 AM

Aloha Chair Yamashita, Vice-Chair Takenouchi, and Members of the Committee:

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

The Hawai'i Farm Bureau supports HB 454, HD1, which establishes a public policy framework that addresses state goals related to economic diversification and appropriates funds to the Hawai'i Technology and Development Corporation to implement specific programs that meet these goals.

As expenses rise, increasing revenues and profits are critical to the continued viability of farms and ranches. Farmers can do this 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 increase farm revenue and provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i's farmers and value-added food producers. Labor, taxes, lease rents, transportation, utilities, and supplies are all business costs that often result in value-added food producers just breaking even.

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

The strength of Hawai'i's economy depends upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities. Hawai'i Technology and Development Corporation's programs, such as its Manufacturing Assistance Program and Small Business Innovation Research Program, support this goal.

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



Testimony of
Ron Weidenbach
Co-Owner/President
Hawaii Fish Company Inc.
In consideration of
HB454 HD1

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Aloha Chair Kyle T. Yamashita, Vice Chair Jenna Takenouchi, and Members of the House Committee on Finance

Hawaii Fish Company (HFC) strongly supports HB 454 HD1 for the appropriations for the Hawaii Technology Development Corporation (HTDC)'s core programs for fiscal biennium 2025-2027, specifically the Hawaii Small Business Innovation Research (HSBIR) Matching Grant Program, the Manufacturing Assistance Program (MAP), and the Accelerator Program. HTDC's core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide technical and financial support for innovative small businesses from the startup stage through growth and export.

Established in 1978, HFC is Hawai'i's oldest land-based 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. Our continuing SBIR success, with fourteen awards to date, has been made possible by the HTDC training workshops and supplemental research support received from the HSBIR matching grant program.

As recent examples of the benefits of the HSBIR matching grant program, HFC was able to utilize two Phase I matching grant awards received in 2022 and 2023, totaling \$82K, to successfully compete for two Phase II awards with the U.S. Department of Energy and U.S. Department of Agriculture, respectively, totaling \$1.8M. Both R&D efforts are currently in progress to support sustainable aquaculture and aquaponic food production in Hawai'i and nationally.

Thank you for the opportunity to testify in strong support of continued funding for HTDC's core HSBIR, MEP, and Accelerator programs in HB454 HD1.



Written Statement of
Sandi Kanemori
Interim Executive Director
Hawai'i Technology Development Corporation
before the
House Committee On Finance
Monday, February 24, 2025
10:00 a.m.
Conference Room 308 & Videoconference
In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee.

The Hawai'i Technology Development Corporation (HTDC) supports HB454 HD1, which allocates funds for awards to assist businesses in applying for the Accelerator and Small Business Training Program, the Small Business Innovation Research Grant Program, and the Manufacturing Assistance Program. HTDC is dedicated to initiatives that promote economic diversification and sustainable development, while fostering technology advancement and business growth. These efforts ultimately contribute to economic stability for Hawaii's small to medium-sized businesses.

Small Business Innovation Research Program (HSBIR)

HTDC has been providing Phase I matching grants to Small Business Innovation Research (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	FY23	FY24
Appropriation	\$2MM	\$2MM	\$1MM	\$1.5MM	\$1MM		\$1.5MM	\$2MM
# of Applications	11	9	9	12	16		26	33
# of Awards	7	8	5	6	14		20	28
\$\$ Awarded	\$2MM	\$1.9MM	\$900K	\$1.4MM	\$900K		\$1.4MM	\$1.9MM
Federal SBIR \$\$ Match	\$7.9MM	\$10.9MM	\$8.0MM	\$11MM	\$53MM		\$20MM	\$31MM
Estimated New Jobs	17	70	15	135	509		243	335

The data indicates a consistent upward trend in the Federal funding awarded to the industry annually. Federal SBIR funds are highly competitive, with a fixed budget allocated each year. Consequently, the industry is securing federal funds for Hawai'i that might otherwise be awarded to companies in other states. Each year, the number of qualified applicants exceeds the available funding. Since the Phase II/III program's inception in FY16, no applicant has received



the full eligible amount. Over time, this program is expected to produce similar success metrics as the Phase I matching program.

Manufacturing Development Program (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	FY21/22	FY23	FY24
Appropriation	\$2MM	\$1MM	\$1MM	\$1MM	\$500K		\$1MM	\$2MM
# of Applications	82	42	51	69	45		86	69
# of Awards	51	25	29	37	18		69	62
\$\$ Awarded	\$2MM	\$932K	\$931K	\$899K	\$486K		\$1MM	\$1.7MM
Company Investment	\$31MM	\$5.5MM	\$13.6MM	\$13.4MM	\$9.0MM		\$25MM	\$95MM
Estimated New Jobs		353	230	465	281		419	895

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 play an important role in our economy, for food-security, sustainability, resilience initiatives, and is an important driver for innovation. The bill aims to increase workforce productivity and wages by expanding the definition of skilled workforce training as an eligible expense for the MAP Grant program.

Accelerator / Small Business Training Program

HTDC has been providing Accelerator and Small Business Training funds since 2018. Funds are to support local Accelerators and Small Business Training Program as a catalyst for economic development, to development new companies within industry sectors that aligned with HTDC Programs and Priorities.

	FY24	FY25
Appropriation	\$2MM	\$1MM
# of Applications	13	15
# First Time Applicants	3	7
# of Awards	9	tbd
\$\$ Awarded	\$1.9MM	tbd
# of Companies Supported	450+	201+
Estimated New Jobs	900+	tbd



Hawai'i Technology Development Corporation

521 Ala Moana Blvd, Ste 255
Honolulu, Hawaii 96813

808-539-3806

www.htdc.org

JOSH GREEN M.D

GOVERNOR

SYLVIA LUKE

LT. GOVERNOR

Funding is used by Accelerators and Small Business Training Programs to support operating costs, not used to invest in cohort companies.

HTDC firmly believes that these core grant programs play a crucial role in leveraging resources and fostering positive economic development throughout the State of Hawaii which will lead to job creation, sustainable development, and a more resilient and diverse economy for Hawaii. Thank you for your consideration of supporting this bill.



HB-454-HD-1

Submitted on: 2/23/2025 8:39:30 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Trung Lam	ThriveHI	Comments	Written Testimony Only

Comments:

Aloha, Chair Yamashita, Vice Chair Takenouchi, and the members of the Committee on Finance.

Funding through HTDC is the lifeblood of the local tech and innovation ecosystems, and your continued support by funding HTDC is very much appreciated and welcomed. As a supporter of the industry, I feel immense gratitude that \$6 million is being entrusted to us.

I humbly ask that this bill be adjusted to add more flexibility in section 3 regarding programming that HTDC can operate to serve the community best. Having the funds split equally among only three programs(SBIR, MAP, Accelerator) does not allow the agency to be nimble and responsive to the needs of the industry, especially with the rapid changes happening in the federal government and the technology sector as a whole.

Mahalo for this opportunity to share my comments.

Trung Lam

Head of Community, ThriveHI

Testimony to the House Committee on Finance

Representative Kyle T. Yamashita, Chair

Representative Jenna Takenouchi, Vice Chair

Monday, February 24, 2025, at 10:00 AM

Conference Room 308 & Videoconference

RE: HB454 HD1 Relating to Hawaii Technology Development Corporation

Aloha e Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 454 House Draft 1 (HB454 HD1), which establishes state goals related to economic diversification. Appropriates funds to the Hawai'i Technology and Development Corporation to meet those goals. Requires the Hawai'i Technology Development Corporation to submit annual reports over three years to the legislature.

HB454 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii must strengthen business innovation and economic development through targeted programs under the Hawaii Technology Development Corporation (HTDC). This Act promotes economic recovery and diversification by setting clear growth goals, allocating funding, and ensuring accountability through annual reports. Key priorities include expanding the digital economy, boosting trade, advancing climate change mitigation, and supporting local industries to reduce reliance on imports.

To achieve these goals, the bill allocates \$6 million over two fiscal years to support the Hawaii Small Business Innovation Research Program, the Manufacturing Assistance Program, and HTDC-managed accelerators. These investments will help businesses access new markets, enhance infrastructure, and create jobs in high-growth sectors. HTDC will oversee implementation in collaboration with state and county agencies, with annual progress reports to the legislature. The Chamber supports this initiative as it strengthens Hawaii's economy, fosters innovation, and creates sustainable opportunities for local businesses and workers.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 454 House Draft 1. Thank you for the opportunity to testify.



Statement of
Isar Mostafanezhad, PhD
CEO
Nalu Scientific, LLC
before the
House Committee on Economic Development & Technology

Monday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Nalu Scientific, LLC **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

I started Nalu Scientific, LLC in 2016. Since then, Nalu Scientific has grown from 2 employees to 18 and has received over 25 Federal Small Business Innovation Research (SBIR) awards to design sensors and microchips for the DOE, DOD, NOAA, NIH, and NASA. Our technology is now used in national labs active in areas such as basic energy research and plasma and matter interactions with the purpose of sensing invisible particles in order to understand their behavior which impacts areas such as material science, medicine and environmental monitoring.

Since my business's beginning, we have captured continuous growth fueled by our Research and Development (R&D) and product development efforts within a deep-tech industry that is notoriously difficult to conquer for small startup businesses. The Hawaii Technology Development Corporation (HTDC) has been instrumental in assisting Nalu Scientific's growth by awarding us Hawaii Small Business Innovation



Research (HSBIR) match grants, which match funding for up to 50% of one each of our phase I and phase II federal SBIR awards annually. Because of HTDC's generous HSBIR funding, Nalu Scientific has been able to expand on R&D efforts, target new commercial markets, and help us maintain and produce more high-earning jobs for our local employees; most of whom we are proud to say are born-and-raised in Hawai'i and have received higher education from local universities.

I implore the House Committee on Economic Development & Technology to regard local technology businesses like Nalu Scientific when considering the funding of HB454.

Thank you for the opportunity to offer these comments.

Sincerely,

Isar Mostafanezhad, PhD
Founder & CEO
Nalu Scientific, LLC

Testimony of the Hawai'i Pacific Advisory Group (HPAG)

Before the House Committee on Finance

Monday, February 24, 2025

10:00 AM

State Capitol, Conference Room 308 & Videoconference

In consideration of HB 454 HD1 – Relating to Hawai'i Technology Development Corporation

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee on Finance,

Mahalo for the opportunity to submit testimony in strong support of HB 454 HD1, which appropriates funds for the Hawai'i Technology Development Corporation (HTDC) to sustain its core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs.

My name is Leroy Harris, FAAMA, MS, LCDR (Ret), US Navy and I submit this testimony in support of the Hawai'i Pacific Advisory Group (HPAG). HPAG is a volunteer consortium of interdisciplinary professionals formed in the wake of the August 2023 Maui wildfires to provide recommendations, guidance, and strategic support to the people of Maui and the greater Pacific. Our mission is to ensure that systemic programs are in place to protect, sustain, and empower Hawai'i's communities, preventing disasters from ever again having such a devastating impact on our people and economy.

Ensuring Economic Resilience and Retaining Local Talent

HPAG believes that any initiative that enables the people of Maui to live, work, and remain in Maui is critical to the island's long-term economic sustainability. Supporting HB 454 HD1 aligns with this goal by strengthening Hawai'i's business development infrastructure, workforce training, and job creation programs.

HTDC's MAP and HSBIR programs provide essential funding, technical expertise, and mentorship to small businesses, manufacturers, and entrepreneurs, empowering them

to develop innovative solutions, create sustainable careers, and expand into global markets. Investing in these programs will:

- **Foster economic diversification**, reducing reliance on tourism and imported goods.
- **Create high-wage, sustainable jobs** that allow **local talent to stay in Hawai‘i** rather than seek opportunities elsewhere.
- **Ensure that small businesses and manufacturers have the financial and technical resources** necessary for long-term success and global competitiveness.

A Pathway for Maui's Recovery and Future Growth

As Maui rebuilds its economy, it is imperative to create new opportunities that foster resilience and self-sufficiency. HTDC's Accelerator & Small Business Training programs serve as a critical bridge for entrepreneurs, displaced workers, and emerging industries by:

- Providing **mentorship, funding, and technical expertise** to startups and small businesses.
- Encouraging **local innovation and sustainable business models** in key industries.
- Strengthening **Maui's post-disaster recovery efforts by investing in long-term economic infrastructure**.

HTDC's programs are not just an investment in businesses—they are an investment in the people of Maui and their ability to build, innovate, and sustain their communities.

Contact Info





MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
Monday, February 24, 2025 AT 10:00 A.M.

To The Honorable Representative Kyle T. Yamashita, Chair
The Honorable Representative Jenna Takenouchi, Vice Chair
Members of the Committee on Finance

SUPPORT HB454 HD1 RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

The Maui Chamber of Commerce **SUPPORTS HB454 HD1** which establishes state goals related to economic diversification. Appropriates funds to the Hawaii Technology and Development Corporation to meet those goals.

The Chamber notes that this measure sets clear goals to strengthen Hawaii's digital economy, trade activities, and climate change mitigation efforts, with funding for key programs like the Small Business Innovation Research Program, Manufacturing Assistance Program, and Accelerator Programs.

This investment will drive business growth, create jobs, and position Hawaii for long-term economic prosperity.

For these reasons, we **SUPPORT HB454 HD1**.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

TO: HAWAII STATE HOUSE OF REPRESENTATIVES,
HOUSE FINANCE COMMITTEE

FR: LESLIE WILKINS, MAUI ECONOMIC DEVELOPMENT BOARD (MEDB)

DT: FEBRUARY 24, 2025

RE: HB454 HB1– SUPPORT

Dear Chair Yamashita, Vice Chair Takenouchi, and Committee Members,

I am honored to serve as the President and CEO of the Maui Economic Development Board (MEDB), which received a grant in March 2024 from HTDC's Business Acceleration and Training Program. This grant was instrumental in launching our Business S.P.A.C.E. (Support Program for Aerospace and Commercial Entrepreneurs).

MEDB's founding mission is to diversify the state's economy, and we believe the most successful way to do so is to invest in our home-grown companies. We have witnessed millions of dollars of federal contracts go to continent-based large DoD companies, who once the contract ends, are gone with little investment in Hawaii. With the unprecedented opportunities presented by the significant increase in federal funding offered by the US Space Force and other military branches, the timing is critical to invest in Hawaii's small businesses to build their capacity to do business with the government customer. The government is looking for agile businesses that can efficiently produce innovation, as they unbundle large contracts and declassify real world problem sets (industry pull). This is the purpose of MEDB's HTDC grant ... to coach, counsel and prepare companies both with technical evaluation of their innovation product and building fiscal infrastructure for compliance.

We have completed our first cohort with outstanding success. One company received a direct to SBIR Phase 2 grant with Space Force; two companies received subscriptions from Space Force's SDA Tap Lab; another enhanced their contract with NASA; two companies collaborated on an SBIR grant; and another entrepreneur had the ability to leave his job to work in his own company full time.

We have recently convened our second cohort with seven Hawaii-based companies doing software and hardware and we are equally optimistic for their successes. We are also conducting pre-cohort trainings to build the pipeline of companies and will maintain support for the alumni companies with other funding.

Perhaps the most important outcome this HTDC funding produced is MEDB's opportunity to onboard an SBA grant to open an advanced manufacturing co-working space at the MRTC in the Maui Research & Tech Park. Using this leveraged funding, it is scheduled to open in March 2025, with FEMA's exist from the space. We ask for your favorable consideration to include the acceleration funding in the FY26 Budget.

Sincerely,
Leslie Wilkins, leslie@medb.org phone: 808-280-0376



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
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info@hawaiiifood.com

Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, *Chair*
Kit Okimoto, Okimoto Corp., *Vice Chair*
Jayson Watts, Mahi Pono, *Secretary/Treasurer*
Lauren Zirbel, HFIA, *Executive Director*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Finance

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: February 24, 2025

TIME: 10am

RE: HB454 HD1 Relating to the Hawaii Technology Development Corporation

Position: Support

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

Many of our member businesses have utilized HTDC programs to do things like increase manufacturing capacity, upgrade equipment, increase efficiency, and become technologically enabled. As this measure states HTDC can be a facilitative catalyst for innovation in the State.

We support this measure to promote economic recovery and diversification. We encourage the committee to pass this measure and we thank you for the opportunity to testify.



Statement of
Fred L. Sylva Jr.
General Manager & Vice President of Operations
Pacific Allied Products Ltd.
before the
House Committee on Finance

Monday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Pacific Allied Products **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

HTDC's programs are important, we have attended and benefited from many of their programs. Many of our employees have received training from them. HTDC's has made it their mission to stay on top of the ever-changing landscape that many small businesses and startup find difficult to navigate. This increases the success rate for small businesses to survive in what is one of the most challenging economies.

Thank you for the opportunity to offer these comments.

Sincerely,

Fred Sylva
General Manager & VP of Operations

HB-454-HD-1

Submitted on: 2/24/2025 8:58:35 AM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
ted ralston	Hawaii Pacific Advisory Group	Support	Remotely Via Zoom

Comments:

Strongly support this and further expansion of technology advocacy and application in Hawaii. We can no longer rely on legacy methods of thinking about and planning for the future. Technology can be a great accelerator of the essential insight. With a world class Research university at hand, the Application of technology to our life situation here and now is essential, and HTDC is superbly positioned to lead in that effort, interpreting and exploiting technology for Continuity into the future.

Technology is not just products that we are familiar with. Tehchnology inciuldes threat awreness, mitigation, and optimization methods for a brioghter future.

HTDC could easily expand 10 fold to become the technology implimoentation lead function for Hawaii.

Statement of
David Holt
Program Manager
Blue Startups
before the
House Committee on Finance

Sunday, February 24, 2025
10:00 AM
State Capitol, Conference Room 308 & Videoconference

In consideration of
HB454 HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

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

Blue Startups **supports** HB454 HD1 that appropriates funds for HTDC's core programs: the Manufacturing Assistance Program (MAP), Hawai'i Small Business Innovation Research (HSBIR), and Accelerator & Small Business Training programs. HTDC core programs develop infrastructure, capital, and talent to facilitate the development of technology and manufacturing jobs in Hawai'i. Following their mission, HTDC programs aim to provide programmatic business, technical, and financial support for innovative small businesses from the startup stage through growth and export.

Blue Startups was founded with the goal of diversifying Hawaii's economy by leveraging its unique strengths. Historically dependent on the tourism industry, we envision a Hawaii with a thriving technology sector, creating high paying and interesting jobs for our keiki. Blue Startups provides capital, mentorship, and resources to technology startups.

We track certain Hawaii specific metrics with regards to contributions to the local economy. For the current 31 active Hawaii-based companies in our portfolio:

- Annual revenues in Hawaii \$13.2 million
- Estimated total annual spending in Hawaii \$9.4 million
- Hawaii-based employees 102

Blue Startups is an economic development engine critical to the future diversification of our State's economy and we rely on HTDC's Accelerator and Small Business Training programs support to continue making Hawaii the place for technology innovation and investment.

Thank you for the opportunity to offer these comments.

HB-454-HD-1

Submitted on: 2/21/2025 5:01:53 PM

Testimony for FIN on 2/24/2025 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Iain Wood	Individual	Support	Written Testimony Only

Comments:

Strong support of HB454