



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Friday, April 11, 2025
10:00 AM
State Capitol, Conference Room 423

In consideration of
SCR40
**REQUESTING THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION TO
INCREASE ITS FOCUS ON ADVANCED MANUFACTURING AND CYBERSECURITY
TO ALLOW LOCAL MANUFACTURERS TO EXPAND PRODUCTION, LOWER
COSTS, AND CREATE NEW PRODUCTS.**

Chair Ilagan, Vice Chair Hussey, and members of the Committee:

I appreciate the opportunity to submit testimony on SCR40, which requests the Hawaii Technology Development Corporation (HTDC) to increase its focus on advanced manufacturing and cybersecurity to allow local manufacturers to expand production, lower costs, and create new products.

As outlined in DBEDT's 2025 Economic Landscape framework, Hawaii's economy is at a critical inflection point. Our state must transition from its over-reliance on tourism by investing in sectors that promote economic resilience, job creation, and long-term sustainability. SCR40 aligns with DBEDT's Moving the Needle strategy, which identifies advanced manufacturing and technology-driven sectors as key opportunities for economic diversification.

Aligning SCR40 with Hawaii's Economic Landscape

1. Strategic Growth in Advanced Manufacturing
 - a. Advanced manufacturing currently represents only 1.7% of Hawaii's GDP, compared to 10.2% nationally. Expanding this sector through targeted investments will strengthen local supply chains, reduce import reliance, and create skilled jobs.

- b. Hawaii's Manufacturing Assistance Program (MAP) and the Small Business Innovation Research (SBIR) grants are critical incentives supporting this transition. SCR40 should integrate these programs to ensure funding and resources are directed toward high-impact projects.
- 2. Workforce Development and Economic Resilience
 - a. Hawaii faces an outward migration of skilled labor, exacerbated by high living costs and limited job opportunities in technology and manufacturing. SCR40 can support workforce retention strategies by ensuring HTDC collaborates with DOE, UH, and private industry to develop career pathways in advanced manufacturing and cybersecurity.
- 3. Infrastructure and Policy Incentives
 - a. Developing shared-use manufacturing facilities will lower barriers to entry for local businesses.

This measure is a timely and strategic initiative that aligns with the State's economic diversification priorities. By incorporating the recommendations outlined in DBEDT's Economic Landscape report, this resolution can serve as a catalyst for strengthening Hawaii's industrial base, allowing local manufacturers to expand production, lower costs, and create new products.

Mahalo for the opportunity to provide testimony.



**TESTIMONY IN SUPPORT OF SCR 40
REQUESTING THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION TO INCREASE ITS FOCUS
ON ADVANCED MANUFACTURING AND CYBERSECURITY TO ALLOW LOCAL MANUFACTURERS TO
EXPAND PRODUCTION, LOWER COSTS, AND CREATE NEW PRODUCTS**

Committee on Economic Development & Technology
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair

Friday, April 11, 2025 at 10:00 AM
Conference Room 423 & Videoconference
415 South Beretania Street

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

The Hawaii Military Affairs Council ("MAC") **supports** SCR 40 which requests the Hawaii Technology Development Corporation to increase its focus on advanced manufacturing and cybersecurity.

The MAC was established in 1985 when the Chamber was appointed by the State to serve as the liaison to the military. The MAC advocates on behalf of Hawaii's military, and is comprised of business leaders, academic institutions, State and County officials, members of the CODEL, community leaders, labor unions and organizations and retired U.S. flag and general officers. The MAC works to support Hawaii's location as a strategic U.S. headquarters in the Indo-Asia-Pacific region which is crucial for U.S. national and homeland security.

The defense industry is a vital economic driver for Hawaii, ranking as the state's second-largest industry after tourism. The MAC advocates for the integration of innovative technologies and advancements in cybersecurity to transform the fields of advanced manufacturing and digital security. These efforts could serve as powerful catalysts to further strengthen and diversify Hawaii's economy.

Thank you for the opportunity to offer testimony in support.