



Written Statement of
Len Higashi
 Executive Director
 Hawaii Technology Development Corporation
 before the
Senate Committee On Ways and means
 Wednesday, April 5, 2023
 10:00 a.m.
 Conference Room 211 & Videoconference

In consideration of
HB991, HD1
RELATING TO HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

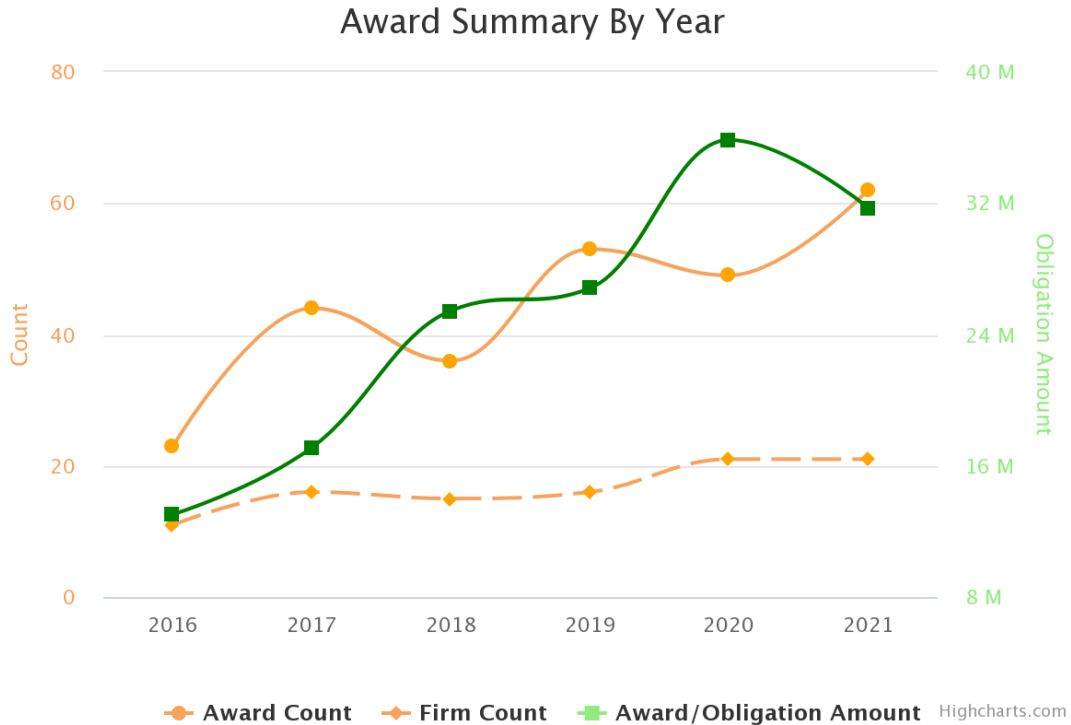
Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** HB991, HD1 that increases the cap for awards to assist businesses applying for the Small Business Innovation Research Grant Program and the Small Business Technology Transfer Grant Program and adds purchasing of renewable energy systems as an eligible expense and clarifies that training on both new and existing manufacturing equipment is an eligible expense for the Manufacturing Development Grant Program.

HTDC supports initiatives aimed at promoting technology and manufacturing jobs. 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	FY22
Appropriation	\$2 MM	\$2 MM	\$1 MM	\$1.5 MM	\$1 MM	-	\$1.5MM
# 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	\$900K	-	TBD
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9MM	\$8.0 MM	\$11MM	\$53MM	-	\$20MM
Estimated New Jobs	17	70	15	135	509	-	TBD

A chart of the federal SBIR awarded to Hawai'i companies follows. Note: the difference between the federal SBIR dollars reported in the table above versus the federal SBIR dollars charted below are due to the lag between the calendar year that the Federal dollars are awarded versus the state fiscal year that the Hawai'i SBIR matching grant is awarded. The companies are eligible to apply for Hawai'i State matching grants while the SBIR project is active, which is typically 18-24 months.



data from sbir.gov/awards

The data shows an upward trend in the amount of Federal dollars the industry is awarded each year. The federal SBIR funds are highly competitive with a fixed budget each year. Therefore, the industry is securing for Hawai'i federal funds that would otherwise be awarded to companies in other states. Every year, there have been more qualified applicants than available funds. Since the Phase II/III program started in FY16, none of the applicants have received the full eligible amount. Over time, the program is anticipated to generate the same type of metrics of success as the Phase I matching program. For every dollar invested through the 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 Department of Defense (DoD) and DoD related groups on developing further commercialization opportunities for Hawai'i companies developing new technologies.

The bill increases the amount of funds provided to first time applicants from \$3,000 to \$6,000. The funding is provided as a reimbursement for grant writing assistance to increase a company's chance of success. HTDC aims to encourage and assist new applicants to compete for the available federal SBIR funds by increasing the cap for grant writing assistance which is no longer sufficient.

Manufacturing Development Program (aka Manufacturing Assistance 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
Appropriation	\$2 MM	\$1 MM	\$1 MM	\$1 MM	\$500 K	-	\$1MM
# of Applications	82	42	51	69	45	-	85
# of Awards	51	25	29	37	18	-	TBD
\$\$ Awarded	\$2 MM	\$932K	\$931K	\$899K	\$486 K	-	TBD
Company investment	\$31 MM	\$5.5 MM	\$13.6 MM	\$13.4 MM	\$9.0 MM	-	TBD
Estimated New Jobs	-	353	230	465	281	-	TBD

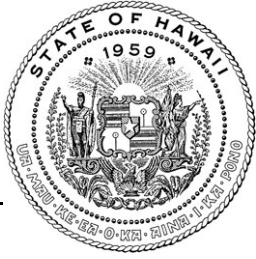
Every year, there have been more qualified applicants than available funds. The funding awarded to companies provides a partial reimbursement (20%) for equipment upgrades and other eligible expenses. Through our federally funded INNOVATE Hawai'i program, HTDC provides wrap-around support services for 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. HTDC is adding renewable energy systems as an eligible expense to help manufacturers offset high energy costs in Hawai'i.

HTDC believes these core grant programs provide leverage and positive economic development value for the State. HTDC is requesting these changes to strengthen the programs. HTDC respectfully requests correction of the defective effective date.

Thank you for the opportunity to offer these comments.



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

JOSH GREEN, M.D.
GOVERNOR

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Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

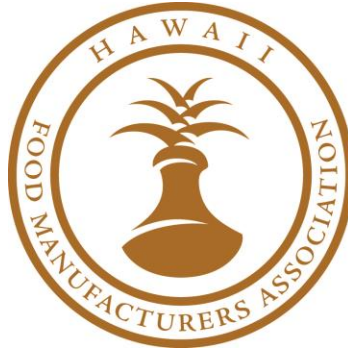
Wednesday, April 5, 2023
10:00 a.m.
State Capitol, Conference Room 211 & Videoconference

In consideration of
HB991, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committee. The Department of Business Economic Development and Tourism (DBEDT) **supports** HB991, HD1, that increases the cap for awards to assist businesses applying for the Small Business Innovation Research Grant Program and the Small Business Technology Transfer Grant Program and adds purchasing of renewable energy systems as an eligible expense and clarifies that training on both new and existing manufacturing equipment is an eligible expense for the Manufacturing Development Grant Program.

DBEDT believes these Hawaii Technology Development Corporation (HTDC) core grant programs provide leverage and positive economic development value for the State. DBEDT supports these programs that help diversify the State's economy by providing grant incentives for manufacturers and small businesses conducting research for the federal government.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means
Wednesday, April 5th, 2023, at 10:00 A.M.
Conference Room 211 & Via Videoconference**

RE: HB 991 HD1 Relating to Hawaii Technology Development Corporation

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

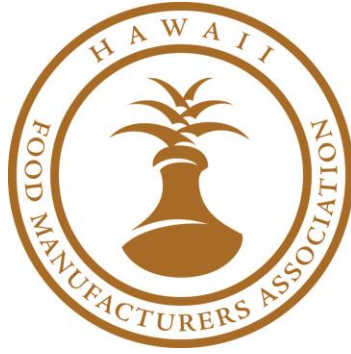
The Hawaii Food Manufacturers Association **strongly supports** HB 991 HD1, which changes the cap for awards to assist businesses applying for the Small Business Innovation Research Grant Program and the Small Business Technology Transfer Grant Program to an unspecified amount. Adds purchasing of renewable energy systems as an eligible expense, and clarifies that training on both new and existing manufacturing equipment is an eligible expense, for the Manufacturing Development Grant Program

The Hawaii Food Manufacturers Association (HFMA) is a non-profit organization of approximately 120 members that has been promoting Hawaiian grown or manufactured products since 1977. The HFMA works to increase the understanding and appreciation of the unique flavors, quality, and care that go into the production of Hawaii's fine foods and beverages represented by our valued members and enjoyed by our valued community.

The food manufacturing industry in Hawaii generates \$900 million in annual revenue and is the largest manufacturing sector in the state using local inputs according to the Hawaii State Department of Business, Economic Development and Tourism. The industry provides over 6,100 jobs in the state and an annual payroll of more than \$160 million.

Food manufacturers have struggled in recent years due to the COVID-19 pandemic, supply chain shortages, and rising inflation. This bill would be a tremendous help to the small businesses that are struggling to keep their doors open and bring back workers that were laid off during the last few years.

Continued support for the manufacturing industry is essential to the economy of Hawaii. The Manufacturing Assistance Grant program helps spur economic growth amongst the industry and crucial for the success of our businesses.



The Manufacturing Assistance Program is vital to the members of HFMA, especially our smallest businesses. This program assists our members with training, energy savings, equipment, and planning of new facilities. It is crucial to continue growing the industry in our state and for the companies operating currently to prosper. HFMA believes that additional funding being put into this program will help kickstart food manufacturing in Hawaii and provide more products for both local consumption and export.

We have seen a rising demand from of people wanting to open food manufacturing businesses here in Hawaii. There is a real desire for 'Made in Hawaii' products from consumers globally, which will continue to economically benefit our state.

Thank you for the opportunity to testify.



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Joe Carter, Coca-Cola Bottling of Hawaii, Odom, *Advisor*
Charlie Gustafson, Tamura Super Market, *Immediate Past Chair*

TO: Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: April 5, 2023
TIME: 10am

RE: HB991 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, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Many local businesses have successfully made use of the programs that this measure supports and we believe the changes mentioned here will make them even more beneficial.

Allowing for the purchasing of renewable energy as an eligible expense for the Manufacturing Development Grant Program helps promote renewable energy usage and integrate sustainable energy into our local manufacturing sector. Clarifying that training is an eligible expense for this program also helps promote local manufacturing and workforce development within this sector. We urge the committee to pass this measure and we thank you for the opportunity to testify.