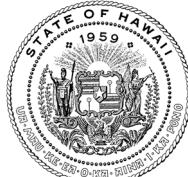


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER



SETH S. COLBY, Ph.D.
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY SETH S. COLBY
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & TECHNOLOGY
AND TOURISM
ON
HOUSE BILL NO. 1608

**February 4, 2026
10:00 A.M.
Room 423 and Videoconference**

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST FENIX SPACE, INC.

The Department of Budget and Finance (B&F) offers the following comments on House Bill (H.B.) No. 1608 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Fenix Space, Inc. for the planning, design, procurement, and construction of a Fenix Space Hilo flight operations facility pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

B&F would like to note that that Act 262, SLH 2023 states "No special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2023 and before December 31, 2028.

Should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link:

<https://budget.hawaii.gov/wp-content/uploads/2025/02/SPRB-FAQ-2025-02-10-Final.pdf>

Thank you for your consideration of our comments.



P.O. Box 37158, Honolulu, Hawai'i 96837-0158
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COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Rep. Greggor Ilagan, Chair

Rep. Ikaika Hussey, Vice Chair

Wednesday, February 4, 2026

10:00 am

Conference Room 423

HB 1608 Fenix Space SPRBs.

COMMENTS

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

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and 'aina for 56 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Life of the Land has concerns over additional militarization projects in Hawaii.

September 2025: Alaska Capital, LLC has signed a letter of intent to invest **\$30 million** in a Series A financing of Fenix Space Inc. for advanced launch capabilities... Fenix Space, Inc. is a San Bernadino based company developing advanced reusable tow-launch and aerospace technologies to deliver payloads to orbit and enable hypersonic transportation. With a focus on cost efficiency and reusability, Fenix is redefining access to space for commercial, defense, and scientific... **Fenix Space's U.S.**

Department of War (DoW) customers include the Defense Innovation Unit (DIU), the Space Development Agency (SDA) and National Security Innovation Capital (NSIC).¹

¹ <https://news.satnews.com/2025/09/18/alaska-capital-invests-30-million-in-fenix-space-inc-to-advance-next-generation-launch-capabilities/>

Fenix Space has not launched anything yet.

"Fenix Space is designed to launch from 8000 runways anywhere on the planet. Our tow aircraft is piloted and returns to the airport. Our autonomous towed winged booster is propelled to 60,000 Ft where it releases the top-carried rocket that carries orbital, suborbital, or hypersonic mission payloads. This will unlock the value of this space economy that supports commercial and national infrastructure capabilities," according to the LinkedIn site for Steven E. Carter, Ph.D., Board of Directors, Fenix Space, Inc.²

Mahalo
Henry Curtis
Executive Director

² https://www.linkedin.com/posts/steven-e-carter-ph-d-44880312_its-a-signal-of-how-much-responsibility-activity-7417180911433330688-SOrh/

Written Statement of

Jason Lee, CEO, Fenix Space, Inc.

Before the
House Committee on Economic Development & Technology
Hawai'i State Legislature

In consideration of HB 1608
Wednesday, February 4, 2026
Position: Support

Submitted by:
Fenix Space, Inc.
294 S Leland Norton Way, Suite 3
San Bernardino, CA 92408

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

Fenix Space, Inc. respectfully submits this testimony in strong support of HB 1608, which authorizes the issuance of a special-purpose revenue bond to support advanced aerospace operations in the State of Hawai'i.

Fenix Space is a U.S.-based aerospace company focused on next-generation space access technologies. The company proposes to establish tow-launch aerospace operations at Hilo International Airport, building on Hawai'i's strong geographic advantages for space access.

Fenix's tow-launch system is based on NASA's legacy TGALS (Towed Glider Air Launch System) program. The company's value proposition is to provide rapid, on-demand, affordable, and high-frequency access to space — effectively offering dedicated launch at rideshare prices. This capability is designed to meet growing global demand for responsive and cost-effective orbital access. Fenix is changing the paradigm from complex rocket operations to aircraft-type operations.

Tow-launch is based on a proven, FAA-regulated aviation technique in which one aircraft tows another to altitude, similar to sailplane operations that have safely operated worldwide for decades. This approach uses less fuel, produces fewer emissions, and requires far less infrastructure than traditional aerospace approaches. Importantly, it does not involve vertical rocket launches at the airport and has superior safety. NASA describes our technology as having the potential to revolutionize the commercial space launch market.

The proposed operations are incremental, scalable, and non-exclusive. They do not require

new runways, permanent alterations to airport infrastructure, or displacement of existing airport users. All activities will occur under FAA certification and Hawai'i Department of Transportation oversight, with safety, environmental compliance, and community coordination as top priorities.

Fenix Space, Inc. will use funds from the bonds to establish operations and generate revenue in the State of Hawai'i, including building the flight systems and hiring the workforce to create the world's first orbital launch-on-demand site and service. Three fully-reusable Winged Boosters, one modified Gulfstream G-IV tow aircraft, and an appropriate number of launch vehicles are planned for commissioning regular, recurring flight services from Hawai'i to orbit for a global customer base.

HB 1608 provides a financing tool—not a state guarantee—that allows Hawai'i to compete for high-growth aerospace investment. Special-purpose revenue bonds are repaid solely from project revenues and do not place the State's general fund or taxpayers at risk.

Fenix launch operations will drive industry cluster growth and encourage launch customers and partners to establish a permanent presence to take full advantage of our unique launch-on-demand service. The total orbital launch market is over \$13B today and growing to over \$40B by 2030. Fenix expects to reach revenues of over \$400M by 2030.

From an economic standpoint, this project supports diversification beyond tourism and helps create high-skill, high-wage jobs on Hawai'i Island. This level of operations means that Fenix will employ a significant workforce in Hilo consisting of skilled technicians, engineering and operations personnel. Fenix is committed to hiring locally and working with the University of Hawai'i and Hawai'i Community College to attract and train the needed workforce. Fenix Space also intends to contract with Hawai'i-based vendors and service providers wherever feasible.

Fenix Space is committed to early and ongoing engagement with local stakeholders, including residents, airport users, cultural practitioners, and county leadership. The operational philosophy is simple: operate safely, demonstrate value, and grow with community trust.

HB 1608 enables innovation without financial exposure to the State, without environmental shortcuts, and without compromising safety or local control. It allows private investment to assume the risk while Hawai'i captures the economic upside.

For these reasons, Fenix Space, Inc. respectfully urges the Committee to support HB 1608.

Mahalo for this opportunity to testify.

Written Statement of
Trung Lam, Executive Director

before the
House Committee on Economic Development & Technology

Wednesday, February 4, 2026

10:00 am

Conference Room 423 & Videoconference

In consideration of
HB 1608

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST FENIX SPACE, INC.

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

HTDC supports HB1608. HTDC is committed to advancing Hawai'i's position as a leading technology innovation hub in the Pacific, with a strategic focus on developing the state's space and ocean sectors. HB1608 is of significant interest to HTDC because it proposes the issuance of special purpose revenue bonds to support the planning, design, and construction of the Fenix Space launch platform system and a dedicated flight operations facility at Hilo International Airport. This initiative directly aligns with HTDC's mission to foster economic growth through technology-based development, particularly in aerospace and related industries.

The authorization of special purpose revenue bonds for this project represents a meaningful opportunity to catalyze private investment and public-private partnerships in Hawai'i's emerging space sector. The presence of a launch platform and operational facility in Hilo has the potential to attract high-technology firms, stimulate research and development activities, and create new pathways for workforce development in advanced manufacturing, aerospace engineering, and related fields. Such infrastructure investments are consistent with best practices observed in other regions seeking to diversify their economies through innovation and commercialization in space technologies.

Fenix plans to utilize the bond funds to develop the essential infrastructure needed to begin operations and generate revenue in Hawaii. This includes constructing flight systems such as three fully reusable Winged Boosters, a modified tow aircraft, and an adequate number of launch vehicles to support regular and recurring flight services from Hawaii. These activities are expected to deliver substantial revenue and benefits to the State.

HTDC recognizes the need for careful planning to ensure that the development of space launch infrastructure is compatible with community interests and environmental stewardship. Collaboration with local stakeholders, transparent permitting processes, and adherence to environmental best practices will be critical to the project's long-term success and public acceptance.



Hawai'i Technology Development Corporation

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www.htdc.org

HTDC respectfully recommends that the Legislature supports this bill and encourage robust stakeholder engagement and interagency coordination throughout the planning and implementation phases. Clear benchmarks for community input, environmental review, and workforce development should be incorporated to maximize the benefits of this investment for Hawai'i's residents. HTDC stands ready to support efforts that advance the state's leadership in space innovation while ensuring responsible and inclusive economic development.