



DAVID Y. IGE
GOVERNOR
MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Monday, February 25, 2019
2:30 PM
State Capitol, Conference Room 308

In consideration of
HB 1563, HD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM.**

Chair Luke, Vice Chair Cullen and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) **supports the intent** of HB 1563, HD1, which appropriates funds for the Department of Business, Economic Development, and Tourism programs under the purview of the House Committee on Economic Development and Business, provided that the amounts and positions listed in our testimony below are inserted into an HD2. We would like to request that the following adjustments be made:

Program	Fiscal Year 2019-2020	Fiscal Year 2020-2021
BED100 - Strategic Marketing and Support		
	\$1,620,988 A	\$1,620,997 A
	10.00*	10.00*
	1.00#	1.00#
	\$700,000 P	\$700,000 P
	\$1,821,915 W	\$ 1,821,915 W
BED105 - Creative Industries Division		
	\$1,583,289 A	\$ 1,583,289 A
	11.00*	11.00*
	\$30,000 B	\$ 30,000 B

Program	Fiscal Year 2019-2020	Fiscal Year 2020-2021
BED107 - Foreign Trade Zone		
	\$ 2,510,120 B	\$ 2,517,238 B
	17.00*	17.00*
BED128 - Office of Aerospace		
	\$1,213,673 A	\$1,213,673 A
	1.00#	1.00#
	\$500,000 B	\$500,000 B
BED130 - Economic Planning and Research		
	\$1,316,317 A	\$ 1,316,317 A
	14.00*	14.00*
BED142 - General Support for Economic Development		
	\$2,336,258A	\$2,336,258*
	26.00*	26.00*
	1.00#	1.00#
BED143 - Hawaii Technology Development Corporation		
	\$3,851,808 A	\$3,351,808 A
	1.50*	1.50*
	3.75#	3.75#
	\$3,922,384 B	\$3,922,384 B
	1.50*	1.50*
	6.25#	6.25#
	\$964,713 P	\$ 964,713 P
	9.00#	9.00#
	\$1,500,000 W	\$1,500,000 W
BED145 - Hawaii Strategic Development Corporation		
	\$2,608,516 B	\$2,608,516 B
	\$4,211,451 W	\$4,211,451 W
	1.00#	1.00#
BED146 – Natural Energy Laboratory of Hawaii Authority		
	\$7,900,628 B	\$7,908,896 B
	22.00#	22.00#

Thank you for the opportunity to testify.



Written Statement of
Len Higashi
Acting Executive Director
Hawaii Technology Development Corporation
before the
House Committee on Finance
Monday, February 25, 2019
2:30 p.m.
State Capitol, Conference Room 308

In consideration of
HB1563, HD1
**RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM.**

Chair Luke, Vice Chair Cullen, and Members of the Committee.

The Hawaii Technology Development Corporation (HTDC) **supports** HB1563, HD1 that appropriates funds for the fiscal biennium 2019-2021 operating budget of the Department of Business, Economic Development and Tourism programs under the purview of the House of Representatives Standing Committee on Economic Development and Business.

The bill appropriates funding to HTDC for the Hawaii SBIR Phase II/III matching grant program, Manufacturing Development (MAP) matching grant program, Hawaii Office of Naval Research Alternative Energy Research Program (HONR) and to continue providing support for Hawaii accelerator programs. For fiscal year 2019, the SBIR and MAP grant programs have not awarded funds yet. In FY18, the HSBIR Phase II/III grant program awarded 5 of the 9 applicants a total of \$900k with \$8MM federal fund match. The program had \$117 million of total economic impact (HTDC 2017 economic impact survey). In FY18, the MAP grant program funded 29 of the 51 applicants a total of \$930k with the companies investing over \$13.6 million. The program had \$876 million of total economic impact (2017). The HONR grant program last awarded in FY17. In FY17, all 3 companies that applied were awarded a total of \$950,000. The companies matched the state award with a total of \$10.2 million of federal funds. HTDC believes the grant programs provides leverage and positive economic development value for the State. In FY19, HTDC provided 5 Hawaii accelerators a total of \$1.5 million. In FY18, 3 accelerators were awarded \$900k. The 3 accelerators reported a total of 18 cohorts, helping 77 companies raise \$138 million.

The bill appropriates funding to HTDC for operating expenses. The funding would allow HTDC to restore some of its programs including business workshops, support for companies on the neighbor islands, sponsorships, tech workforce development, industry promotion, and continue supporting the growth of tech businesses in Hawaii. HTDC has significantly reduced programs and is unable to fill positions due to the loss of special fund revenue in June 30, 2018 with the expiration of the Manoa Innovation Center lease. We support this request provided it does not supplant the Governor's priorities in the Administrative budget. Thank you for the opportunity to offer these comments.



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of
Gregory P. Barbour
Executive Director
Natural Energy Laboratory of Hawaii Authority
before the

HOUSE COMMITTEE ON FINANCE

Monday, February 25, 2019
2:30 pm
State Capitol, Conference Room 308

in consideration of
H.B. 1563 H.D.1
RELATING TO THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM.

The Natural Energy Laboratory of Hawaii Authority (NELHA) supports H.B. 1563 H.D. 1 as it relates to BED 146 and in so far as it provides a special fund ceiling for the Fiscal Biennium 2020 – 2021 for our programs.

We believe that State's investment in NELHA over the past 40 years has led to a surge in economic impact now approaching \$150 million annually. Providing a special fund ceiling of \$7,900,628 for FY 2020 and \$7,908,896 for FY 2021 and position counts for the next several years will allow us to continue to provide services to the community and a site for additional private sector investment in our economy.

Thank you for the opportunity to offer these comments.