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# A BILL FOR AN ACT

RELATING TO MANUFACTURING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Chapter 206M, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately  
3 designated and to read as follows:

4           "§206M-           Manufacturing development program;  
5 established. (a) There is established the manufacturing  
6 development program, through which the development  
7 corporation may provide grants to any business in Hawaii  
8 that is a manufacturer in the State and requires assistance  
9 for any of the following items:

- 10           (1) Purchasing of manufacturing equipment;  
11           (2) Training of employees on the use of manufacturing  
12                 equipment; or  
13           (3) Improving existing energy efficiency  
14                 manufacturing equipment or the purchase of  
15                 improved energy efficiency equipment in the  
16                 manufacturing process;

1 provided that no grant shall exceed 20 per cent of the cost  
2 of any of the above items, and no company shall receive a  
3 grant exceeding \$20,000 in any given year.

4 (b) All moneys necessary to carry out the purposes of  
5 this section shall be appropriated by the legislature  
6 through appropriations out of the state general fund.

7 (c) In reviewing grant applications pursuant to this  
8 section, the development corporation shall analyze each  
9 application to determine whether the item to be undertaken  
10 will be economically viable and beneficial to the State.

11 (d) The development corporation shall submit a report  
12 to the legislature no later than twenty days prior to the  
13 convening of the regular session held in every even-  
14 numbered year. The report shall include the following  
15 items:

- 16 (1) The total number of grants provided;  
17 (2) The sectors provided with grants;  
18 (3) The total projected economic and employment  
19 growth facilitated by the grants provided; and  
20 (4) The actual economic and employment growth that  
21 occurred as a result of the grants provided."



1 SECTION 2. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or  
3 so much thereof as may be necessary for fiscal year 2015-  
4 2016 and the same sum or so much thereof as may be  
5 necessary for fiscal year 2016-2017 to facilitate the  
6 provision of grants by the high technology development  
7 corporation to manufacturing businesses in Hawaii for  
8 certain purchases and employee training purposes.

9 The sums appropriated shall be expended by the high  
10 technology development corporation for the purposes of this  
11 Act.

12 SECTION 3. The high technology development  
13 corporation shall include in its base budget request for  
14 the subsequent fiscal period the amounts necessary to  
15 effectuate this Act.

16 SECTION 4. This Act shall take effect on July 1,  
17 2050.



**Report Title:**

High Technology Development Corporation; Manufacturing  
Development Program; Appropriation

**Description:**

Establishes and appropriates funds for the manufacturing  
development program, through which the high technology  
development corporation shall distribute grants to Hawaii  
manufacturers for various activities. Effective 7/1/2050.  
(SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*



Written Statement of  
**ROBBIE MELTON**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

Tuesday, March 24, 2015  
9:00 a.m.  
State Capitol, Conference Room 312  
In consideration of

**SB1001 SD2 RELATING TO MANUFACTURING.**

Chair Kawakami, Vice Chair Kong, and Members of the Committee on Economic Development & Business.

The High Technology Development Corporation (HTDC) **Strongly supports** SB1001 SD2 relating to Manufacturing.

HTDC supports local manufacturers through our INNOVATE Hawaii program which annually receives \$500,000 of federal funds from the Department of Commerce National Institutes for Standards and Technology. The Hawaii manufacturing industry receives limited support from the state. There are approximately 1,000 manufacturers in Hawaii. The industry provides export and import substitution opportunities to improve our economy and has been identified nationally as a key driver for innovation. Hawaii manufacturers face the additional challenge of the high cost of energy and shipping. The grant program can provide financing options to make Hawaii manufacturers more competitive globally and train Hawaii's future manufacturing workforce.

HTDC supports incentives for manufacturers to improve their capacity - reducing Hawaii's imports and increasing exports. The structure of the program allows the success of the program to be effectively measured and reported.

Thank you for the opportunity to offer these comments.



**Executive Officers:**

**John Schilf, RSM Hawaii - Chairperson**  
**Derek Kurisu, KTA Superstores - Vice Chair**  
**Lisa DeCoito, Aloha Petroleum - Treasurer**  
**John Erickson, Frito-Lay - Secretary**  
**Lauren Zirbel, Executive Director**

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**TO:**  
**COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS**  
Representative Derek S.K. Kawakami, Chair  
Representative Sam Satoru Kong, Vice Chair

**FROM: HAWAII FOOD INDUSTRY ASSOCIATION**  
Lauren Zirbel, Executive Director

**DATE:** March 24, 2015  
**TIME:** 10am  
**PLACE:** Conference Room 312

**RE: SB1001 SD2**

**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.

This bill would help grow and diversify our economy, keep more dollars in Hawaii, decrease our dependence on imports, and grow and strengthen the Made in Hawaii brand.

This bill could allow current manufacturers in our state to grow their businesses and can open the door for even more production here in Hawaii. This means more jobs and a stronger economy for the entire state. This bill is an important investment in Hawaii businesses, and by allowing grants for training and energy efficiency improvements it is also an investment in Hawaii's future. This bill can help create a well-trained work force with diverse skills and a manufacturing economy that is eco-friendly and efficient.

Giving Hawaii businesses the opportunity to increase manufacturing will also mean we are less reliant on imported goods. We currently import over 90% of the products we use here in the state. This situation leaves us vulnerable to any supply chain interruptions, adds shipping cost to almost all goods, and sends millions of dollars a year out of the state. Importing less and making more can have wide reaching positive impacts for everyone from the manufacturers to the consumers.

This bill will also open the door for more products to earn the distinction of being Made in Hawaii. The products we currently make here in the state have a worldwide reputation for quality and excellence. There is strong demand both in and out of the state for more products of that high caliber, and this bill can help grow our manufacturing industry to meet that demand.

For these reasons we ask that you please vote yes on this measure.

Thank you for the opportunity to testify.



Written Statement of  
**DR. PATRICK K. SULLIVAN**  
**PRESIDENT/CEO OCEANIT**

Before the  
**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY**  
March 24, 2015  
9:00 AM  
State Capitol, Conference Room 312  
In Support of  
**SB1001 REALTING TO MANUFACTURING**

To: Chair Derek S.K. Kawakami, Vice Chair Sam Satoru Kong and Members of the Committee

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of SB1001

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of SB1001**.

Oceanit is a local diversified science and engineering company with capabilities/facilities in advanced technology, life sciences, information systems, aerospace, energy, oil and gas and consulting engineering services. Many of our technologies are ready for commercialization and hope to manufacture our technologies here in Hawaii.

This bill will encourage Hawaii companies to keep the manufacturing of their products here in Hawaii. In turn, there will be job creation and long term investments for the people of Hawaii.

Oceanit is committed to manufacturing technology in the State of Hawaii.

Therefore, we support SB1001.





# Meadow Gold Dairies



SB 1001sd2, Relating to Manufacturing  
House EDB Committee  
Tuesday, March 24, 2015  
9:00 am, Room 312  
Written Testimony By: Glenn Muranaka

Position: Support

Chair Kawakami and Members of the House EDB Committee:

My name is Glenn Muranaka, President and General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—118 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 330 employees that are committed to providing superior quality products.

There are approximately 1000 active manufacturers in the state that employ almost 17,000 people at an average compensation rate of \$42,896 or over \$6,000 more than the average private non-farm employee. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012. There is movement to begin to manufacture more in the continental United States. At the same time, Hawaii still has some competitive disadvantages.

**SB1001sd2 proposes a HTDC managed grant program for qualified Hawaii manufacturers. Appreciation is expressed for the grant program concept as this would be a step forward in supporting Hawaii manufacturers. From a manufacturing business perspective, the HB1454 concept of a temporary tax credit is seen as a better alternative. However, there appears to be concern about how tax credits would be qualified and validated.**

**Ultimately, a grant program or temporary tax credit will assist some companies in Hawaii to start or grow their operations.**

Your support of this measure is appreciated. Thank you for the opportunity to submit testimony.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Economic Development & Business  
Tuesday, March 24, 2015 at 9:00 A.M.  
Conference Room 312, State Capitol**

**RE: SENATE BILL 1001 SD2 RELATING TO MANUFACTURING**

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **strongly supports** SB 1001 SD2, which establishes and appropriates funds for the manufacturing development program, through which the high technology development corporation shall distribute grants to Hawaii manufacturers for various activities.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber recognizes that there is a wealth of potential in Hawaii's manufacturing industry. In order to create a vibrant, sustainable economic future and to provide opportunities for growth in this industry, it is crucial to offer support and resources to local companies. SB 1001 SD2 provides much-needed support for Hawaii's local manufacturing industry to start and grow their business and to keep it in Hawaii. The grant program is similar to a credit program, but allows the legislature more control and oversight on the amount of funds distributed and what the projected effects will be.

According to the National Association of Manufacturers, every new manufacturing job created adds another 1.6 jobs to the local service economy, and for every dollar in manufacturing sales, another \$1.34 is added to the economy. Investments in manufacturing have a stronger impact than investments in most other economic sectors. This program will allow the state to provide direct support to manufacturing companies in Hawaii to help grow the industry. On average, manufacturing companies have higher compensation over other private sector non-farm jobs at about \$6,000 more per year.

The Chamber is committed to working together with others in the business and innovation community to grow Hawaii's manufacturing sector and the economy.

Thank you for the opportunity to testify.



**KYD, Inc. dba k. yamada distributors**

**An independent leader in packaging and wholesale distribution**

P.O. BOX 29669, Honolulu, Hawaii 96820 Phone: (808) 836-3221 Fax: (808) 833-8995

SB1001sd2, Relating to Manufacturing  
House EDB Committee – Tuesday, March 24, 2015  
9:00 am - Room 312  
Written Testimony by: Dexter Yamada  
Position: Support

**LATE**

Chair Kawakami and Members of the House EDB Committee:

I am Dexter Yamada, President of KYD, Inc. dba: K. Yamada Distributors. KYD, Inc. is a local family run business that originated in the 1940's as a florist and florist supply distributor, and in 1958, evolved into a packaging company. Today, KYD, Inc and its sister company, Hawaii Foam Products, LLC, employ about 90 to 100 employees and contribute to Hawaii's economy through taxes and payroll. Our companies manufacture packaging materials such as food-grade EPS (Expanded Polystyrene) food containers, and distribute a variety of supplies, to include compostable containers, for food processors, food establishments, supermarkets, hotels hospitals and other institutions.

We appreciate the continued discussion about manufacturing companies in Hawaii which many do not realize exists. Support is expressed for SB1001sd2's proposed grant program as well as HB1454 proposal of a temporary tax credit to support Hawaii's manufacturing industry. Either program will help local manufacturers offset some of the costs of manufacturing products that replace imports, create jobs and add to Hawaii's self-sufficiency.

Suggested Amendment:

We suggest the following modification to the proposed Section 206M – "Manufacturing development program; established. (a) There is established the manufacturing development program, through which the development corporation may provide grants to any business in Hawaii that is a manufacturer in the State and requires assistance for any of the following items:

- (1) Purchasing or modification of manufacturing equipment;
- (2) Training of employees on the use of manufacturing equipment; or
- (3) Improving existing energy efficiency manufacturing equipment or the purchase of improved energy efficiency equipment in the manufacturing process; ....."

Allowing for equipment modification as an eligible grant expense will be helpful to existing manufacturers.

Thank you for the opportunity to testify.

