

Testimony in support of S.B. 1062 relating to high technology development

Senator Spark M. Matsunaga Papers

Senate, Public relations, Speeches, Organizations, Box PR76, Folder 70

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TESTIMONY IN SUPPORT OF S. B. NO. 1062, RELATING
TO HIGH TECHNOLOGY DEVELOPMENT
BY U. S. SENATOR SPARK M. MATSUNAGA
Friday, February 25, 1983

It gives me great pleasure to endorse S. B. No. 1062, a bill relating to high technology development. The concept of a high technology development corporation is a sound one, and if properly developed and managed, can materially assist in bringing to Hawaii new high technology industries.

I would like in particular, to comment on the need for a Japan-Hawaii Center for High Technology indicated on page 39. In October of last year I proposed the establishment of such a Center to the American Society of Civil Engineers and to the Japan-America Society. I am pleased to report that my challenge to the State of Hawaii and Japan has been enthusiastically received and plans are being readied for a Pacific Center for High Technology Research to be affiliated with the University of Hawaii.

I have personally discussed this program with Japanese Prime Minister Yasuhiro Nakasone, Ambassador from Japan Yoshio Okawara and Japanese Counsel General Mitsuro Donowaki, and I can report that there is strong support for such a partnership. I have also met with University of Hawaii President Fujio Matsuda and Director of the State Department of Planning and Economic Development Hideto Kono, among others, and there is an equally strong interest at the local level. I understand, for example, that Governor George Ariyoshi will be visiting with Prime Minister Nakasone next month and will bring a package of proposals suggesting high technology areas that can be considered for funding.

What is needed now is a major initiative by the Hawaii State Legislature to set the stage for this international partnership. The Honolulu Star-Bulletin in the lead editorial of February 16, 1983 reported that 33 states are trying to attract high technology and have spent or are preparing to spend \$250 million in the effort. Section 1 of S. B. 1062 indicates that sales of high technology products in the United States are expected to reach between \$300 and \$400 billion by 1991.

If this projection is correct every state attempting to lure the industry into its cities is likely to share to some extent in producing for the large potential market. Hawaii, I would like to emphasize, is in a particularly ideal position to dominate in certain selected areas of high technology:

First, Hawaii happens to be situated midway between the two most advanced high tech nations; second, Hawaii is in the middle of the largest ocean on Earth where trade has already equalled if not exceeded that of the Atlantic; and third, Hawaii's people have the advantage of cultural and personal connections with the countries of the Orient that cannot be

equalled by any other state.

At the outset, the state should appropriate funds to allow the Pacific International Center for High Technology Research to initiate contacts with the Pacific Nations and produce a working document which can be evaluated for international cooperation. The University of Hawaii will be sponsoring a symposium and workshop on May 31 and June 1 to plan for the establishment of the Center. Some support from the Legislature at this time would enhance the credibility of the Center and accelerate the planning process.

The second year of this biennium could be crucial in insuring international and private sector cooperation. Although the exact sum needs to be arrived at through discussions with the appropriate research administrators who would be responsible for implementing the activities of the Center, I believe that a reserve pool of funds in the order of several million dollars should be set aside to serve as seed and match money to get some of these research projects started. My discussions with those involved with the planning for the program lead me to believe that the high tech research center will some day have an annual operating budget in excess of \$10 million, meaning that early front-end State funds so crucial to success will be well leveraged with Federal, foreign and private sector funds.

I should make it clear that it is my belief that both an active High Technology Development Corporation and a progressive Pacific International Center for High Technology Research are needed. In a sense, while the Center would be the research arm of the Corporation, there is strong reason to set up the Center as a semi-autonomous unit separate from the Corporation and from the University of Hawaii, but strongly affiliated with both. The kinds of international partnerships and fast moving technologies that will characterize the nature of the Center argue for a high degree of flexibility and the need for relatively quick action. It would be well to have a Board of Advisors guiding the Center, separate from the Boards that govern the University, and running the Corporation, but related through one or two common memberships. Likewise, a University of Hawaii researcher or administrator should serve on the Corporation Board to provide a necessary link.

Senator Cayetano, I congratulate you for recognizing the importance of both research and commercialization in planning for Hawaii's high technology program. We cannot hope for a thriving high tech industry unless we have a strong R&D component. Your bill attempts to address the total scope of the effort, and should go a long way in bringing about the economic development that we sorely need. Please do not hesitate to let me know what I can do on the national and international level to complement your initiatives.

Thank you very much.

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1983 FEB 24 AM 9:17

RUSH

OFFICE OF SPARK M. MATSUNAGA
United States Senate
Washington, D.C.
(Form SM-009 (3-80))

RUSH

Intra Office Routing			Action	a. Appropriate Action b. Brief c. Comments Please d. See/Buzz Me Please e. For Your Information f. For File
To	From	Date/Time		
✓ SMM (XC: CM WD RS)	PT	2/23 83	a	<p>Douglas Wong from State Senator Benjamin Cayetano office called to inform SMM that a bill has been introduced (SB 1062) on high technology and will be the subject of a hearing on Friday afternoon, February 25. Selected passages from the bill will be telecopied. In particular, SMM should note that mention is made about his proposal on page 2, with details on pages 39-41.</p> <p>Cayetano would particularly like a statement from SMM to be read at the hearing. PT has drafted a short statement for SMM's modification.</p> <p>PLEASE NOTE THAT THE HEARING IS THIS FRIDAY AFTERNOON AT 1:30PM.</p>
LK	SMM	2/25/83 2:30pm	a	<p>FOR RUSH-TYPING AND TRANSMISSION TO HAWAII FOR PRESENTATION TO STATE SENATOR BENJAMIN CAYETANO.</p> <p><u>TODAY!</u></p>

DATE: 2/24/83
 TIME: 9:17 am
 VIA: te
 Rec'd by: jl
 Sent by: pm SMM
 CM
 WD

RUSH

TESTIMONY BY U.S. SENATOR SPARK M. MATSUNAGA
IN SUPPORT OF S.B. NO. 1062, RELATING TO
HIGH TECHNOLOGY DEVELOPMENT

OK
2.25-83
2:30am

February 25, 1983 Fri 420

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As a ~~starter~~ *the state* ~~planning money~~ should ~~be~~ appropriated *funds* to allow the Pacific International Center for High Technology Research to initiate contacts with the Pacific Nations and produce a working document which can be evaluated for international cooperation.

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(To be made one and seven copies)

THE SENATE

TWELFTH..... LEGISLATURE 1983

STATE OF HAWAII

S.B. NO. 1062

A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY DEVELOPMENT

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

1 SECTION 1. Findings and purpose. The legislature finds
2 that new industry development is essential to the economic
3 growth of Hawaii. Existing industries are unable to absorb
4 Hawaii's growing work force, and more opportunities are
5 needed for skilled, technical, and scientific personnel
6 who must leave the State if they cannot find employment in
7 their fields.

8 The legislature further finds that high technology is
9 a viable and desirable industry for development in Hawaii.
10 High technology is the fastest growing industry in the nation.
11 Sales of high technology products in the United States are
12 expected to reach between \$300 and \$400 billion by 1991.
13 Rapid technological advancements have accelerated the growth
14 and expansion of the industry, and expectations are that

1 high technology can be a stable source of employment and
2 income in the future. In addition, high technology is
3 environmentally and aesthetically compatible with the
4 interests of the State.

5 The legislature believes that Hawaii is an attractive
6 and ideal setting for high technology research, development,
7 and manufacturing. The natural beauty, temperate climate,
8 and clean water and air make Hawaii one of the most
9 desirable places to live and work. The University of Hawaii
0 provides scientific and technological training, and represents
1 an established scientific community conducive to the
2 development of a high technology industry. Strategically
3 located in the Pacific, Hawaii is the ideal setting for
4 expanding companies and corporations of the two nations that
5 are at the forefront of high technology research and
6 development: the United States and Japan. Hawaii could serve,
7 as United States Senator Spark M. Matsunaga first proposed,
8 as the site of a Japan-Hawaii Center for High Technology,
9 where scientists, engineers, and technicians from the two
0 nations can have the opportunity to share their knowledge
1 and expertise and jointly pursue high technology research
2 and development.

1 The purpose of this Act is to demonstrate Hawaii's
2 commitment to the development of high technology enterprise
3 by (a) creating a high technology development corporation
4 which shall have the authority to develop industrial parks
5 for the location of high technology enterprise and to assist
6 in the construction of facilities for such enterprises
7 through the issuance of special-purpose revenue bonds, and
8 which shall have a governing board composed of members of the
9 general public who have proven expertise in fields that can
10 assist in the development of high technology enterprise in
11 Hawaii; and (b) establishing a Japan-Hawaii Center for High
12 Technology, which shall assist the corporation in its efforts,
13 provide support for the high technology industry in the
14 State, and offer scientists, engineers, and technicians from
15 the United States and Japan an opportunity to share their
16 knowledge of and expertise in high technology.

17 SECTION 2. The Hawaii Revised Statutes is amended by
18 adding a new chapter to be appropriately designated and to
19 read:

20 "CHAPTER *
21
22
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24
25

1 § 9(g)(8), designate a trustee to receive and receipt for,
 2 hold, and administer the moneys in such fund. In addition
 3 the development corporation may establish such other funds
 4 and accounts as it may deem appropriate. Unless a trustee
 5 is designated as provided in this chapter, all funds and
 6 accounts of the development corporation shall be held and
 7 administered by the state director of finance as provided in
 8 section 37-54. The moneys on deposit in the funds shall be
 9 used for the purposes of this chapter.

10 § -17 Assistance by state and county agencies.

11 Every state or county agency may render services to the
 12 development corporation upon request of the development
 13 corporation.

14 § -18 Japan-Hawaii Center for High Technology

15 established. There is established as an educational
 16 institution, "Japan-Hawaii Center for High Technology",
 17 hereinafter referred to as the "Center". The Center shall
 18 be placed within the University of Hawaii for administrative
 19 purposes, as provided for in section 26-35.

20 The Center shall assist the State's technology
 21 development corporation in its efforts, shall promote
 22 educational, scientific, technological, and literary pursuits
 23

1 in the subject area of high technology, and shall provide
2 support for the high technology industry in Hawaii in the
3 following manner: (a) by fostering scientific and technological
4 interchange between students and scholars of the United States
5 and Japan; (b) by encouraging, initiating, aiding, developing,
6 and conducting scientific investigations and research in high
7 technology; (c) by encouraging and aiding in the education
8 and training of persons from the United States and Japan
9 for the conduct of such investigations, research, and study;
10 (d) by assisting in the dissemination of knowledge by
11 establishing, aiding, and maintaining professorships or
12 other staff positions, fellowships, scholarships, publications,
13 and lectures; (e) by other means to make the benefits of
14 investigations, research, and study available to the public;
15 and (f) by any and all other acts reasonably designed to
16 further the above purposes in the interest of promoting the
17 general welfare of the people of the State and the mutual
18 understanding between the United States and Japan.

1 Further, the Center shall seek, receive, ~~and accept from~~
2 public and private sources, whether located within or outside
3 ~~of the United States, grants, gifts, devises, bequests, or~~
4 ~~otherwise money and property, real, personal or mixed,~~
5 ~~tangible or intangible, absolutely or in trust, to be used~~
6 ~~in carrying out the purposes of the Center.~~

7 § -19 Annual Report. The development corporation
8 shall submit to the governor and the legislature, at least
9 twenty days prior to the start of each regular session, a
10 complete and detailed report of its activities.

11 § -20 Court proceedings; preferences. Any action or
12 proceeding to which the development corporation, the State
13 or a county may be party, in which any question arises as to
14 the validity of this chapter, shall be preferred over all
15 other civil causes, except election cases, without respect
16 to position on the calendar. The same preference shall be
17 given upon application of counsel for the development
18 corporation in any action or proceeding questioning the
19 validity of this chapter in which the development
20 corporation has duly intervened.

21 § -21 Construction of this chapter. The powers
22 conferred by this chapter shall be in addition and supplemental
23
24
25