



1 Section 501(c)(3) of the Internal Revenue Code of 1986, as  
2 amended. The corporation shall be attached to the department of  
3 business, economic development, and tourism for administrative  
4 purposes.

5 (b) The purpose of the corporation shall include but not  
6 be limited to the facilitation of the growth and prosperity of  
7 the State's economy by providing resources for alternative  
8 energy research and development. The corporation shall  
9 implement this purpose by:

10 (1) Furnishing the means, methods, and agencies by which  
11 management, programming, training, investigation,  
12 research, and analysis may be conducted;

13 (2) Other means to make the benefits of programming,  
14 training, investigation, research, and analysis  
15 available to the public; and

16 (3) Any and all other acts reasonably designed to promote  
17 the foregoing purposes in the interest of promoting  
18 the general welfare of the people of the state.

19 (c) The corporation's duties shall include but not be  
20 limited to:

21 (1) Managing the assets and resources of the corporation,  
22 including its land, facilities, and other resources;

- 1 (2) Planning, creating, and implementing any programs and  
2 projects of the authority that shall be assigned to  
3 the corporation, including federally and state-funded  
4 programs and projects and programs funded by other  
5 nonprofit and for-profit organizations;
- 6 (3) Identifying and obtaining funding and other resources  
7 in support of the purposes of the corporation from  
8 agencies and organizations not able to provide  
9 resources directly to the authority;
- 10 (4) Assisting the authority in the promotion and marketing  
11 of Hawaii as a location for research and commercial  
12 natural energy activity; and
- 13 (5) Assisting the authority in any other strategic or  
14 operational manner that supports the State's energy-  
15 based economic development activities.

16 The corporation shall have the sole right to provide the  
17 foregoing services and support to the authority, and the  
18 authority shall use the corporation to provide these services  
19 and support except when the authority determines that the  
20 corporation may not or cannot legally or operationally provide  
21 these services and support.

1           **§227D- Board of directors; composition.** (a) The  
2 affairs of the corporation shall be under the general management  
3 and control of a board of directors consisting of nine members.  
4 Four members of the board of directors of the authority shall be  
5 ex officio, voting members of the corporation's board, selected  
6 by the authority's board of directors for terms to be determined  
7 by the authority's board of directors. The chief executive  
8 officer of the authority shall serve as an ex officio, nonvoting  
9 member of the corporation's board. The remaining four members  
10 shall be appointed by the governor from lists of nominees  
11 provided by the president of the senate and the speaker of the  
12 house of representatives. The governor shall appoint two  
13 persons from the list submitted by the president of the senate  
14 and two persons from the list submitted by the speaker of the  
15 house of representatives. The lists of nominees provided by the  
16 president of the senate and the speaker of the house of  
17 representatives shall consist of members of the general public  
18 who were selected on the basis of their knowledge, interest, and  
19 proven expertise in but not limited to one or more of the  
20 following fields:  
21           (1) Finance;  
22           (2) Commerce and trade;



- 1 (3) Corporate management;
- 2 (4) Marketing;
- 3 (5) Economics;
- 4 (6) Engineering;
- 5 (7) Energy management;
- 6 (8) Real estate development;
- 7 (9) Property management;
- 8 (10) Aquaculture;
- 9 (11) Ocean science;
- 10 (12) Life science; and
- 11 (13) Other natural energy fields.

12 All the members appointed from the general public shall serve  
13 for a term of four years, except that half of those initially  
14 appointed from the public may have reduced terms so as to  
15 provide, as nearly as can be, for the expiration of an equal  
16 number of terms at intervals of one year, with each term  
17 commencing on July 1 and expiring on June 30.

18 (b) All members of the corporation's board shall serve  
19 without pay, but shall be entitled to reimbursement for  
20 necessary expenses, including travel expenses, while attending  
21 meetings and while in the discharge of duties and  
22 responsibilities.



1 (c) The members of the corporation's board shall elect the  
2 chairperson of the board.

3 **§227D- Powers of the corporation.** The corporation,  
4 under the direction of its board of directors, shall have the  
5 following general powers and duties:

6 (1) To promote the use of alternative energy and natural  
7 resource sites for the purposes provided by law;

8 (2) To adopt, amend, and repeal bylaws governing the  
9 conduct of its business and the exercise of the powers  
10 and performance of duties granted to or imposed upon  
11 it by law;

12 (3) To acquire, own, lease, rent, hold, maintain and  
13 improve, use, and operate any property, including  
14 real, personal, mixed, tangible, or intangible  
15 property, in accordance with the conditions under  
16 which the property was received;

17 (4) To enter into and perform contracts, leases,  
18 cooperative agreements, or other transactions with the  
19 authority or any other agency or political subdivision  
20 of the State, any private person, firm, partnership,  
21 association, company, or corporation, as it may be



1 necessary in the conduct of its business and on terms  
2 as it may deem appropriate; provided that:

3 (A) The corporation shall not obligate any funds of  
4 the State except funds that have been  
5 appropriated to it by the legislature or  
6 transferred or contracted to it by the authority  
7 or other agency or department of state  
8 government;

9 (B) Notwithstanding subparagraph (A), the corporation  
10 may enter into and perform contracts, leases,  
11 cooperative agreements, or other transactions  
12 with any agency or instrumentality of the United  
13 States, a foreign nation, a state, a territory,  
14 or a possession, or with any political  
15 subdivision thereof, whenever the donating or  
16 granting agency or instrumentality determines  
17 that the natural energy laboratory of Hawaii  
18 authority or any other agency of the State cannot  
19 as effectively and efficiently accomplish the  
20 purposes for which the contracts, leases,  
21 cooperative agreements, or other transactions are  
22 being entered into; and provided further that the



1 corporation shall not obligate any funds of the  
2 State except funds that have been appropriated or  
3 transferred or contracted to it; and

4 (C) The corporation shall not contract with the  
5 authority for the purposes of providing any  
6 services provided by employees of the authority,  
7 the services and employees shall remain under the  
8 jurisdiction of the authority;

9 (5) To receive from private sources only, gifts, grants,  
10 devises, bequests, or otherwise of any property,  
11 including real, personal, mixed, intangible, or  
12 tangible property, held absolutely or in trust, the  
13 principal or income from which may be used and  
14 disposed of, in accordance with the conditions under  
15 which the property was received; provided that no gift  
16 to the corporation shall be accepted unless approved  
17 or confirmed by its board of directors;

18 (6) The corporation may receive gifts, grants, or awards  
19 from any agency or instrumentality of the United  
20 States, a foreign nation, a state, a territory, or a  
21 possession, or from any political subdivision thereof,  
22 whenever the donating or granting agency or



1 instrumentality determines that the authority or any  
2 other agency of the State cannot as effectively and  
3 efficiently accomplish the purposes for which the  
4 gifts, grants, or awards are being made; provided that  
5 no gift to the corporation shall be accepted unless  
6 approved or confirmed by its board of directors;

7 (7) To have a corporate seal and alter the same at its  
8 pleasure;

9 (8) To sue and be sued in its own name;

10 (9) To serve as trustee or beneficiary under terms of any  
11 gift, indenture, or will;

12 (10) To apply for, take out, receive by purchase or gift,  
13 hold, administer, and dispose of copyrights, patent  
14 rights, licenses, assignments of inventions,  
15 discoveries, processes, and other property, rights, or  
16 interests therein, and the income thereof, absolutely  
17 or subject to conditions or trusts as may be attached  
18 thereto or be imposed thereon, and to obligate itself  
19 to perform and execute any and all conditions or  
20 trusts;



- 1           (11) To conduct programs, projects, research, studies,  
2           experiments, investigations, and tests in all fields  
3           of knowledge to:
- 4           (A) Promote and develop the scientific and commercial  
5           value of inventions, discoveries, and processes;  
6           and
- 7           (B) Make, publish, and distribute the results  
8           thereof;
- 9           (12) To coordinate and correlate activities and projects of  
10          the corporation with the work of state agencies for  
11          the purpose of relating research work to the economic  
12          development of the state whenever practical or  
13          desirable;
- 14          (13) To stimulate and promote commercial, energy,  
15          aquaculture, and research projects and activities;
- 16          (14) To establish and maintain, or to assist in  
17          establishing and maintaining, staff positions for the  
18          purpose of aiding in energy-based economic development  
19          and to enter into agreements or contracts with other  
20          corporations, organizations, institutions, or persons  
21          for this purpose and to pay the necessary and  
22          appropriate expenses therefor;



1 (15) To prepare, print, or publish any manuscript, research  
 2 article, report, study, discussion, reference,  
 3 collection, or any pictorial or schematic  
 4 representation or group or collection thereof, whether  
 5 the same belongs to or is the work of any state agency  
 6 or its employees, or the corporation or its employees  
 7 or a contractor of the authority. The printing or  
 8 publication may be accomplished through whatever  
 9 person, company, or agency is deemed most appropriate  
 10 by the corporation's board of directors; and

11 (16) To do any or all other acts reasonably necessary to  
 12 carry out the objectives and purposes of the  
 13 authority.

14 **§227D- Corporation; exempted from certain state laws.**

15 To carry out the purposes and objectives of this part, the  
 16 corporation shall be granted flexibility in hiring its personnel  
 17 and in handling and disbursing moneys by being exempt from the  
 18 following state laws:

19 (1) Sections 36-27 and 36-30, relating to special fund  
 20 central services expenses and reimbursements for  
 21 departmental administrative expenses;

22 (2) Chapter 40, related to public audit and accounting;

- 1 (3) Chapter 76, relating to civil service;
- 2 (4) Section 78-1, relating to public employment; and
- 3 (5) Chapter 103D, relating to public procurement.

4 Notwithstanding any other law to the contrary, the natural  
5 energy laboratory of Hawaii authority innovation corporation  
6 shall be authorized to set up private accounts for depositing  
7 moneys received from either public or private contracts, or from  
8 private or public grants, awards, or gifts. All disbursements  
9 shall be drawn on these accounts upon checks prepared and signed  
10 as approved by the chief executive officer or other person  
11 authorized by the board of directors of the natural energy  
12 laboratory of Hawaii authority innovation corporation.

13 **§227D- Officers and employees of the corporation.** The  
14 chief executive officer of the authority shall be the president  
15 of the corporation. The corporation's president, with the  
16 agreement of the corporation's board of directors, may also  
17 appoint other officers and employees as may be necessary in  
18 administering the affairs of the corporation. The corporation's  
19 president, with the agreement of the corporation's board of  
20 directors, shall set the employees' duties, responsibilities,  
21 salaries, holidays, vacation, leave, hours of work, and working  
22 conditions and may grant other benefits it deems necessary.



1 Employees of the corporation shall not be entitled to any  
2 benefits conferred under chapter 76, 78, 88, 89 or any public  
3 employee collective bargaining agreement, executive order,  
4 executive directive, or rule.

5       **§227D- Annual report.** The corporation shall submit an  
6 annual report, not later than twenty days prior to the convening  
7 of each regular session, to the governor, president of the  
8 senate, and the speaker of the house of representatives. The  
9 report shall include but not be limited to the corporation's  
10 audited financial statement, total amount of payroll and other  
11 disbursements made, and progress and accomplishments made during  
12 the year.

13       **§227D- Dissolution.** If the corporation is dissolved,  
14 all of its property, including real, personal, and mixed  
15 property, wheresoever situated, shall vest immediately and  
16 absolutely in the authority, and none of its property shall  
17 inure to the benefit of any officer, director, or member of the  
18 corporation.

19       **§227D- Meetings of the board.** The meetings of the  
20 corporation's board shall be open to the public as provided in  
21 section 92-3, except that when it is necessary for the board to  
22 receive information that:



1 (1) Is proprietary to a particular enterprise seeking  
2 entry into or use of one of the corporation's  
3 facilities; and

4 (2) Might be harmful to the business interest of the  
5 enterprise if disclosed,

6 the board may enter into an executive meeting that is closed to  
7 the public; provided that the executive meeting shall be limited  
8 to discussion or consideration of trade secrets or confidential  
9 or proprietary commercial or financial information to the extent  
10 that the trade secrets or information fall within the exception  
11 to public disclosure under section 92F-13.

12 **§227D- Confidentiality of information.** Any government  
13 record made or received by any member or employee of the  
14 corporation shall be subject to segregation and kept  
15 confidential to the extent permitted under chapter 92F; provided  
16 that the information:

17 (1) Consists of business trade secrets; or

18 (2) Consists of confidential or proprietary commercial or  
19 financial information regarding the operation of any  
20 business.

21 **§227D- Patents, copyrights, and other rights.** Any  
22 patents, copyrights, inventions, discoveries, or other rights



1 arising from corporation activities shall belong to the  
2 corporation and be subject to policies or rules as the  
3 corporation's board of directors may adopt pursuant to chapter  
4 91.

5 **§227D- Contracts with state agencies.** Any contract  
6 between the corporation and any agency, office, department, or  
7 other administrative subdivision of the executive branch of the  
8 State shall include the following:

- 9 (1) The contract's termination date;
- 10 (2) The contract's intent and purpose;
- 11 (3) A statement establishing the full permissible extent  
12 of the contract's applicability; and
- 13 (4) A description of the circumstances under which the  
14 contract may be amended or extended."

15 SECTION 3. Chapter 227D, Hawaii Revised Statutes, is  
16 amended by designating sections 227D-1 to 227D-9 as part I and  
17 inserting a title before section 227D-1 to read as follows:

18 "PART I. GENERAL AND ADMINISTRATIVE PROVISIONS."

19 SECTION 4. New statutory material is underscored.

20 SECTION 5. This Act shall take effect on July 1, 2050.



HB2863, SD1

**Report Title:**

Natural Energy Laboratory; NELHA Innovation Corporation

**Description:**

Establishes the natural energy laboratory of Hawaii authority innovation corporation. (SD1)

