
A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY.

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

1 SECTION 1. The legislature finds that, in 1989, the
2 legislature created the Hawaii small business innovation
3 research grant program under chapter 206M-15, Hawaii Revised
4 Statutes. Prior to 1989, there were two Hawaii small business
5 innovation research grant program-awarded companies, but since
6 1989, fifty-six Hawaii companies have won two hundred forty-five
7 small business innovation research grant program awards. These
8 grant program awards brought approximately \$56,500,000 in
9 federal small business innovation research grant program Phase I
10 and Phase II funds to Hawaii. In addition to these grants,
11 \$57,500,000 in Phase III small business innovation research
12 grant program commercialization contracts have been awarded to
13 Hawaii companies. According to the United States Department of
14 Agriculture, Hawaii companies have won the highest number of
15 United States Department of Agriculture small business
16 innovation research grant program awards per capita of any
17 state.



1 The legislature also finds that Hawaii's cumulative state
2 investment in the Hawaii small business innovation research
3 grant program of \$3,700,000 has a return ratio of 15:1 in
4 federal Phase I and II grants and 30:1 if the Phase III
5 commercial contracts are included.

6 The legislature further finds that, currently, the federal
7 small business innovation research grant program is a
8 \$2,000,000,000 program that encourages small businesses to
9 develop commercially viable technologies or innovations.
10 Organized as a competition, the federal small business
11 innovation research grant program allows small companies the
12 opportunity to test high-risk theories and develop innovative
13 technologies.

14 To compete for small business innovation research grant
15 program dollars, ten participating federal agencies issue
16 scheduled program solicitations seeking research and development
17 in their respective areas of interests, disciplines, and
18 missions. Federal departments and agencies, such as the
19 Departments of Agriculture, Commerce, Defense, Education,
20 Energy, Health and Human Services, Transportation, and Homeland
21 Security, the Environmental Protection Agency, National
22 Aeronautics and Space Administration, and the National Science



1 Foundation, are required to reserve a portion of their research
2 and development funds for small business innovation research
3 grant programs.

4 With new infrastructure and projects dedicated to the
5 development of Hawaii's biotechnology and life sciences
6 industry, the high technology development corporation proposes
7 to extend its existing small business innovation research grant
8 program to include a small business technology transfer program
9 to encourage small companies and researchers at nonprofit
10 research institutions, including research universities and
11 colleges, to work together to move laboratory-developed
12 technologies to the marketplace and to foster technology-based
13 economic development. The following five federal departments
14 and agencies are required to reserve a portion of their research
15 and development funds for the small business technology transfer
16 program: the Departments of Defense, Energy, and Health and
17 Human Services, the National Aeronautics and Space
18 Administration, and the National Science Foundation. According
19 to program requirements, a minimum of forty per cent of each
20 small business technology transfer program project must be
21 carried out by the small business, and a minimum of thirty per



1 cent of the effort must be performed by the research
2 institution.

3 The legislature also finds that the high technology
4 development corporation proposes to increase the number of new
5 Hawaii technology companies applying for small business
6 innovation research and small business technology transfer
7 federal grant funds by expanding its existing Hawaii small
8 business innovation research program to include Phase 0
9 competition assistance grants. Phase 0 funds will be used to
10 overcome obstacles faced by technology companies when developing
11 competitive small business innovation research and small
12 business technology transfer proposals. Typical obstacles may
13 include:

- 14 (1) Determining whether a concept or idea is truly
15 innovative;
- 16 (2) Determining whether laboratory research is
17 appropriate; and
- 18 (3) Access to distant collaborators, including faculty,
19 researchers, and scientific writers.

20 These Phase 0 competition assistance grants will be available to
21 Hawaii companies developing a small business innovation research
22 or small business technology transfer program grant proposal.



1 The results will facilitate more competitive proposals and
2 assist Hawaii's growing high technology research and development
3 niche.

4 The purposes of this Act are to establish a small business
5 technology transfer program and enable the high technology
6 development corporation to meet its mission by:

- 7 (1) Exempting the high technology development corporation
8 from chapters 36, 38, and 40, Hawaii Revised Statutes,
9 which relate to the management of state funds,
10 deposits of public funds, and state audit and
11 accounting, respectively; and
- 12 (2) Authorizing the high technology development
13 corporation to establish operational bank accounts in
14 out-of-state locations, including foreign denomination
15 accounts.

16 SECTION 2. Section 206M-15, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) The development corporation may provide grants not
19 exceeding the lesser of:

- 20 (1) Fifty per cent of the federal small business
21 innovation research phase I award or contract; [~~or~~]



- 1 (2) \$25,000 to each business in Hawaii that receives a
2 federal small business innovation research phase I
3 award or contract from any participating federal
4 agency~~[7]~~;
- 5 (3) Up to \$25,000 to each business in Hawaii that receives
6 a federal small business technology transfer program
7 award or contract from any participating federal
8 agency; or
- 9 (4) Up to \$3,000 to each business in Hawaii that applies
10 for a small business innovation research federal grant
11 or small business technology transfer program federal
12 grant;

13 subject to the availability of funds."

14 SECTION 3. Section 206M-53, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~[+] §206M-53 [1]~~ **Powers of the board.** The high technology
17 innovation corporation, under the direction of its board of
18 directors, shall have the following general powers:

- 19 (1) To adopt, amend, and repeal bylaws governing the
20 conduct of its business and the exercise of the powers
21 and performance of duties granted to or imposed upon
22 it by law;



- 1 (2) To sell, lease, rent, hold, maintain, use, and operate
2 any property, real, personal, or mixed, tangible or
3 intangible, in accordance with the conditions under
4 which it was received;
- 5 (3) To enter into and perform contracts, leases,
6 cooperative agreements, or other transactions with the
7 high technology development corporation or any other
8 agency or political subdivision of the State, any
9 private person, firm, partnership, association,
10 company, or corporation, only as it may be necessary
11 in the conduct of its business and on terms as it may
12 deem appropriate; provided that the high technology
13 innovation corporation shall not obligate any funds of
14 the State except funds that have been appropriated to
15 it by the legislature or transferred or contracted to
16 it by the high technology development corporation or
17 other agency or department of the state government.
18 Notwithstanding the foregoing, the high technology
19 innovation corporation may enter into and perform
20 contracts, leases, cooperative agreements, or other
21 transactions with any agency or instrumentality of the
22 United States, a foreign nation, a state, a territory



1 or a possession, or with any political subdivision
2 thereof, whenever the donating or granting agency or
3 instrumentality determines that the high technology
4 development corporation or any other agency of the
5 State cannot as effectively and efficiently accomplish
6 the purposes for which the contracts, leases,
7 cooperative agreements, or other transactions are
8 being entered into; provided that the high technology
9 innovation corporation shall not obligate any funds of
10 the State except funds that have been appropriated or
11 transferred to it or contracted for it;

- 12 (4) To receive by gifts, grants, devises, bequests, or
13 otherwise, from private sources only, any property,
14 real, personal, or mixed, intangible or tangible,
15 absolutely or in trust, to be used and disposed of,
16 either the principal or the income therefrom, in
17 accordance with the conditions under which it was
18 received; provided that no gift to the high technology
19 innovation corporation shall be accepted unless
20 approved or confirmed by its board of directors.

21 Notwithstanding the foregoing, the high technology
22 innovation corporation may receive gifts, grants, or



1 awards from any agency or instrumentality of the
2 United States, a foreign nation, a state, a territory
3 or a possession, or from any political subdivision
4 thereof, whenever the donating or granting agency or
5 instrumentality determines that the high technology
6 development corporation or any other agency of the
7 State cannot as effectively and efficiently accomplish
8 the purposes for which the gifts, grants, or awards
9 are being made; provided that no gift to the high
10 technology innovation corporation shall be accepted
11 unless approved or confirmed by its board of
12 directors;

13 (5) To have a corporate seal;

14 (6) To sue and be sued in its own name;

15 (7) To serve as trustee or beneficiary under terms of any
16 gift, indenture, or will;

17 (8) To apply for, take out, receive by purchase or gift,
18 hold, administer, and dispose of copyrights, patent
19 rights, licenses, assignments of inventions,
20 discoveries, processes, and other property, rights or
21 interests therein, and the income thereof, absolutely
22 or subject to conditions or trusts as may be attached



- 1 thereto or be imposed thereon, and to obligate itself
2 to perform and execute any and all conditions or
3 trusts;
- 4 (9) To conduct programs, projects, research, studies,
5 experiments, investigations, and tests in all fields
6 of knowledge; to promote and develop the scientific
7 and commercial value of inventions, discoveries, and
8 processes; and to make, publish, and distribute the
9 results thereof;
- 10 (10) To coordinate and correlate activities and projects of
11 the high technology innovation corporation with the
12 work of state agencies for the purpose of relating
13 research work to the economic development of the State
14 whenever practical or desirable;
- 15 (11) To stimulate and promote cooperative research projects
16 and activities;
- 17 (12) To establish and maintain, or to assist in
18 establishing and maintaining staff positions for the
19 purpose of aiding in technology-based economic
20 development, and to enter into agreements or contracts
21 with other corporations, organizations, institutions,

1 or persons for this purpose and to pay the necessary
2 and appropriate expenses therefor;

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

14 (14) To establish operational bank accounts as may be
15 necessary in the conduct of its business and its out-
16 of-state offices, including accounts of foreign
17 denomination in our-of-state locations, without the
18 approval of the director of budget and finance or the
19 comptroller of accounting and general services; and

20 [~~14~~] (15) To do any or all other acts reasonably necessary
21 to carry out the objects and purposes of the high
22 technology innovation corporation."



1 SECTION 4. Section 206M-54, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~[§206M-54]~~ **Innovation corporation; exempted from**
4 **certain state laws.** ~~[To carry out the purposes and objectives~~
5 ~~of this part, the]~~ The high technology innovation corporation
6 shall be ~~[granted flexibility in hiring its personnel and in~~
7 ~~handling and disbursing moneys by being]~~ exempt from the
8 following state laws ~~[in the Hawaii Revised Statutes:~~

- 9 ~~(1) Sections 36-27 and 36-30, relating to special fund~~
10 ~~reimbursements to the state general fund,];~~
11 (1) Chapter 36, relating to the management of state funds;
12 (2) Chapter 38, relating to deposits of public funds;
13 (3) Chapter 40, relating to state audit and accounting;
14 ~~[(2)]~~ (4) Section 78-1, relating to public employment; and
15 ~~[(3)]~~ (5) Chapter 76, relating to civil service."

16 SECTION 5. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on July 1, 2006.



Report Title:

Small Business Technology Transfer Program; Established

Description:

Establishes a small business technology transfer program within the high technology development corporation. Exempts the high technology innovation corporation from chapter 36, HRS, relating to the management of state funds, chapter 38, HRS, relating to the deposit of public funds, and chapter 40, HRS, relating to state audit and accounting. (SD1)

