

---

---

# A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

1 SECTION 1. This Act shall be known as the Hawaii  
2 Innovations Fund Act.

3 SECTION 2. Chapter 304, Hawaii Revised Statutes, is  
4 amended by adding a new section to be appropriately designated  
5 and to read as follows:

6 "§304- The Hawaii innovations fund. (a) There is  
7 established in the state treasury a fund to be known as the  
8 Hawaii innovations fund that shall be administratively attached  
9 to the university.

10 (b) The objective of the Hawaii innovations fund shall be  
11 to:

12 (1) Stimulate economic development in the advanced  
13 technology, life sciences, and qualified high  
14 technology fields using the resources of the  
15 University of Hawaii, including the John A. Burns  
16 School of Medicine in Kakaako;

17 (2) Create high-quality, high-income job opportunities in  
18 the life sciences, qualified high technology, and



1           advanced technology fields, including jobs for  
2           graduates of post-college programs; and  
3           (3) Provide incentives for residents to stay and work in  
4           Hawaii and encourage former residents to return to  
5           Hawaii.

6           To accomplish these objectives, which are deemed to be  
7 public purposes, fifty per cent of the moneys in the Hawaii  
8 innovations fund shall be used to fund grants to individuals or  
9 businesses that conduct research or product development in the  
10 life sciences, qualified high technology, or advanced technology  
11 fields and fifty per cent of the moneys in the Hawaii  
12 innovations fund shall be used for the state private investment  
13 fund.

14           (c) From July 1, 2006, through June 30, 2007, the Hawaii  
15 innovations fund shall be funded by appropriations from the  
16 legislature. After June 30, 2007, one-half of one per cent of  
17 general fund revenues collected shall be deposited into the  
18 Hawaii innovations fund on a monthly basis; provided that after  
19 June 30, 2011, no general fund revenues shall be provided to the  
20 Hawaii innovations fund.



1        (d) The Hawaii innovations fund shall be administered by  
2 the Hawaii innovations fund community board consisting of eleven  
3 voting members as follows:

4        (1) Four ex officio members as follows:

5            (A) The director of business, economic development,  
6            and tourism, or the director's designee;

7            (B) The dean of the University of Hawaii school of  
8            medicine, or the dean's designee;

9            (C) The president of Hawaii Sciences and Technology  
10           Council, or the president's representative; and

11           (D) The executive director of Enterprise Honolulu;

12        (2) Three members appointed by the governor;

13        (3) Two members appointed by the governor from a list of  
14        nominees submitted by the speaker of the house of  
15        representatives; and

16        (4) Two members appointed by the governor from a list of  
17        nominees submitted by the president of the senate.

18        Each member appointed shall possess national reputations as  
19        experts in the field of life sciences or advanced technology.

20        The chairperson of the Hawaii innovations fund community  
21 board shall be elected by majority vote of all members. The  
22 chairperson shall preside over meetings. Decisions shall be



1 made based on majority vote of quorum. Quorum shall be six  
2 members. Members shall serve without compensation, but shall be  
3 reimbursed for expenses, including travel expenses, necessary  
4 for the performance of their duties.

5 (e) The Hawaii innovations fund community board shall:

6 (1) Establish procedures and policies for grant  
7 applications;

8 (2) Develop standards and criteria to determine grant  
9 awardees, with priority assigned to grant applicants  
10 that:

11 (A) Provide matching funding;

12 (B) Reside or are based in Hawaii;

13 (C) Provide high-paying jobs for residents or former  
14 residents of Hawaii;

15 (D) Provide significant return on investment from  
16 grant awards; or

17 (E) Use grant awards as seed money to obtain  
18 additional research funding for projects in the  
19 life sciences, qualified high technology, or  
20 advanced technology fields based in Hawaii;

21 (3) Select grant awardees;



1        (4) Set criteria and standards for evaluation of projects  
2            receiving grants; and

3        (5) Provide technical support services to grant awardees  
4            that foster marketing and development of the product  
5            or service produced through the grant.

6        (f) For the purposes of this section:

7            "Advanced technology" means digital media,  
8            telecommunications, and related fields.

9            "Life sciences" means biology, cancer research, community  
10           healthcare, ocean sciences, agriculture, pharmacology,  
11           biotechnology, medical technology, biological renewable energy,  
12           or related fields.

13           "Qualified high technology" means development and design of  
14           computer software, sensor and optic technologies, ocean  
15           sciences, or nonfossil fuel energy-related technology."

16           SECTION 3. There is appropriated out of the general  
17 revenues of the State of Hawaii the sum of \$100,000,000 or so  
18 much thereof as may be necessary for fiscal year 2006-2007 to be  
19 deposited into the Hawaii innovations fund.

20           The sum appropriated shall be expended by the department of  
21 budget and finance for the purposes of this Act.



1 SECTION 4. There is appropriated out of the Hawaii  
2 innovations fund the sum of \$50,000,000 or so much thereof as  
3 may be necessary for fiscal year 2006-2007 to be used to fund  
4 grants to individuals or businesses that conduct research or  
5 product development in the life sciences, qualified high  
6 technology, or advanced technology field that meet the  
7 objectives in subsection (b) of section 304- , Hawaii Revised  
8 Statutes.

9 The sum appropriated shall be expended by the University of  
10 Hawaii for the purposes of this Act.

11 SECTION 5. There is appropriated out of the Hawaii  
12 innovations fund the sum of \$50,000,000 or so much thereof as  
13 may be necessary for fiscal year 2006-2007 to be transferred to  
14 the capital formation revolving fund established by section  
15 211G-16, Hawaii Revised Statutes.

16 The sum appropriated shall be expended by the University of  
17 Hawaii for the purposes of this Act.

18 SECTION 6. There is appropriated out of the capital  
19 formation revolving fund the sum of \$50,000,000 or so much  
20 thereof as may be necessary for fiscal year 2006-2007 to be used  
21 for the purposes of the State private investment fund under  
22 chapter 211G, Hawaii Revised Statutes.

1 The sum appropriated shall be expended by the Hawaii  
2 strategic development corporation for the purposes of this Act.

3 SECTION 7. There is appropriated out of the general fund  
4 revenues of the State of Hawaii the sum of \$50,000 or so much  
5 thereof as may be necessary for fiscal year 2006-2007 as a  
6 grant-in-aid to the Hawaii Sciences and Technology Council to  
7 provide administrative support for the Hawaii innovations fund.

8 The sum appropriated shall be expended by the University of  
9 Hawaii for the purposes of this Act.

10 SECTION 8. New statutory material is underscored.

11 SECTION 9. This Act shall take effect upon its approval;  
12 provided that:

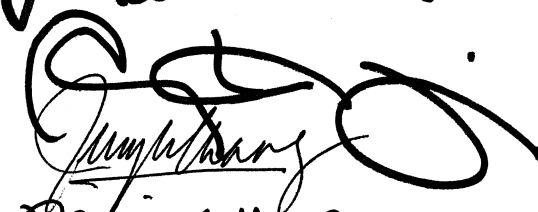

13 (1) Sections 3, 4, 5, 6, and 7 shall take effect on July  
14 1, 2006; and

15 (2) This Act shall be repealed on June 30, 2012, and all  
16 unencumbered and unexpended balances remaining in the  
17 Hawaii innovations fund shall be transferred to the  
18 credit of the general fund.

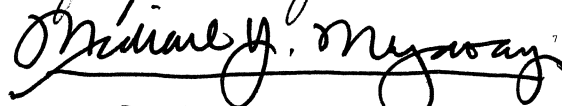
19



INTRODUCED BY:



HB HMS 2006-1397



P.W.L

JAN 25 2006

HB3064

**Report Title:**

Hawaii Innovations Fund; State Private Investment Fund

**Description:**

Establishes the Hawaii Innovations Fund (HIF) to provide grants to individuals or businesses that conduct research or product development in the life sciences, qualified high technology, and advanced technology fields. Appropriates \$100,000,000 to be deposited into the HIF, with \$50,000,000 transferred from HIF to the State Private Investment Fund.

