
A BILL FOR AN ACT

MAKING AN APPROPRIATION TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

1 SECTION 1. In 1989, the legislature created the Hawaii
2 small business innovation research assistance program under
3 section 206M-15, Hawaii Revised Statutes. Prior to 1989, there
4 were only two fledgling Hawaii small businesses that received
5 federal small business innovation research awards. Since 1989,
6 fifty-six Hawaii companies have won two hundred forty-five small
7 business innovation research grants and have brought to Hawaii
8 approximately \$56,500,000 in federal small business innovation
9 research funds, plus \$57,500,000 in investments to commercialize
10 proven technologies.

11 The current annual general fund appropriation of
12 approximately \$260,000 has remained relatively the same over the
13 past sixteen years and actually decreased in some years from a
14 high of \$400,000. However, the increase in number of
15 participating Hawaii companies and grants awarded has caused a
16 significant reduction in the amount of funding available from
17 the Hawaii small business innovation research assistance program



1 for each successful recipient of the federal program to one-half
2 or less than one-half the original amount intended by the
3 legislature. Small business innovation research funded start-up
4 projects and companies are an important part of the pipeline
5 that feeds and increases the size and number of research and
6 development companies seeking to commercialize technologies in
7 Hawaii. This program and efforts of those involved result in a
8 more stable tech-based economy in the State.

9 Organized as a competition, the federal small business
10 innovation research program provides small companies the
11 opportunity to test high-risk theories and develop innovative
12 technologies. In the federal small business innovation research
13 program's competitive funding process, ten participating federal
14 agencies issue program solicitations seeking research and
15 development in their respective areas of interests, disciplines,
16 and missions. These federal departments and agencies are
17 required to reserve a portion of their research and development
18 funds for small business innovative research that has potential
19 for commercialization and public benefit. Participating
20 departments and agencies include: the United States Departments
21 of Agriculture, Commerce, Defense, Education, Energy, Health and
22 Human Services, Transportation, and Homeland Security; the



1 Environmental Protection Agency; the National Aeronautics and
2 Space Administration; and the National Science Foundation. A
3 few of the local technology companies and recipients of both
4 federal small business innovation research assistance program
5 and state small business innovation research assistance program
6 grants include: Hoku Scientific; Oceanit Laboratories; Hoana
7 Medical; High Health Aquaculture; 21st Century Systems; Hawaii
8 Biotech; Innovative Technical Solutions; Akimeka LLC; HawaiiWave
9 High Speed Wireless Networks, LLC; Orincon Hawaii; Kuehnle
10 AgroSystems; W. T. Haraguchi Farm, Inc.; and Referentia, Inc.

11 On the average, federal grant recipients are eligible to
12 receive up to \$100,000 for phase I and up to \$750,000 for phase
13 II, depending on the project proposal and federal agency. The
14 smaller one-time grants received through the Hawaii small
15 business innovation research assistance program allows local
16 Hawaii companies to more effectively compete with mainland
17 companies. New research, scientific, and general support jobs
18 are created as companies perfect their technology and proposal
19 submission for phase II awards. Although the immediate
20 objective is to solve problems and allow federal agencies to
21 accomplish their missions, the long term objective for all small
22 business innovation research proposals is to commercialize



1 technologies for private and public benefit, thereby creating
2 attractive and sustainable jobs in the community.

3 Hawaii's cumulative state investment of \$3,700,000 has
4 returned significant benefits making the Hawaii small business
5 innovation research assistance grant program a tremendously
6 worthwhile investment for the State. The ratio of federal funds
7 to state funds is fifteen to one, and the ratio of commercial
8 contracts to state funds is thirty to one. The ratios would be
9 much higher if adequate funding opportunities were available to
10 small businesses to pursue these federal grants, since many
11 small businesses already expend a great amount of their own
12 wealth and resources.

13 Today, small business innovation research is a
14 \$2,000,000,000 federal funding program that encourages small
15 businesses to develop commercially viable technologies or
16 innovations. According to the United States Department of
17 Agriculture, Hawaii companies have won the highest number of
18 United States Department of Agriculture small business
19 innovation research grants than any other state, per capita.
20 This is an excellent testament to the opportunities in Hawaii
21 for diversified agriculture, alternative crops, aquaculture,
22 biotechnology, and much more.



1 With new infrastructure and projects dedicated to the
2 development of Hawaii's biotechnology and life sciences
3 industry, the high technology development corporation has
4 proposed to extend its current small business innovation
5 research assistance program to include the federal small
6 business technology transfer program, to encourage small
7 companies and researchers at nonprofit research institutions,
8 including research universities and colleges, to work together
9 as a team to move technologies developed in the laboratory to
10 the marketplace and to foster technology based economic
11 development. The five federal departments and agencies that are
12 required to reserve a portion of their research and development
13 funds for small business technology transfer program include the
14 United States Departments of Defense, Energy, and Health and
15 Human Services, the National Aeronautics and Space
16 Administration, and the National Science Foundation.

17 In addition, the high technology development corporation
18 has proposed to increase the number of new Hawaii technology
19 companies applying for small business innovation research and
20 small business technology transfer program federal grants by
21 expanding its current Hawaii small business innovation research
22 assistance program to include phase 0 competition assistance



1 grants. Phase 0 funds will be used to overcome obstacles faced
2 by technology companies when applying for competitive small
3 business innovation research and small business technology
4 transfer proposal grants. Typical obstacles may include
5 determining whether a concept or idea is truly innovative,
6 appropriate laboratory research, access to and contact with
7 distant collaborators including faculty, researchers, and
8 scientific writers. These phase 0 competition assistance grants
9 will be available to Hawaii companies developing a small
10 business innovation research or small business technology
11 transfer grant proposal. The results will facilitate nationally
12 competitive proposals and assist Hawaii's growing high
13 technology research and development industry niche.

14 The purpose of this Act is to appropriate funds to the high
15 technology development corporation to increase funding levels
16 necessary to meet the current needs of the Hawaii small business
17 innovation research assistance program and the proposed Hawaii
18 small businesses technology transfer grant program and phase 0
19 competition assistance program.

20 SECTION 2. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$500,000, or so much
22 thereof as may be necessary for fiscal year 2006-2007, to fund



S.B. NO. 2016

1 the Hawaii small business innovation research assistance
2 program, the small business technology transfer program, and the
3 phase 0 competition assistance program.

4 SECTION 3. The sum appropriated shall be expended by the
5 high technology development corporation for the purposes of this
6 Act.

7 SECTION 4. This Act shall take effect on July 1, 2006.
8

INTRODUCED BY: Carol Furumasa

Amiel Yde
Helen Gosh
Bob Hogue
The Honorable



SB2016

Report Title:

High Technology Research & Development; Appropriation

Description:

Appropriates \$500,000 to fund the Hawaii small business innovation research grant program, the small business technology transfer program, and the phase 0 competition assistance program.

