

JAN 25 2006

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# 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 shall  
7 be 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 life sciences and  
13 advanced technology using the resources of the  
14 University of Hawaii, including the John A. Burns  
15 School of Medicine in Kakaako;

16 (2) Create high-quality, high-income job opportunities in  
17 the life sciences and advanced technology fields,



1           including jobs for graduates of post-college programs;  
2           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, moneys in the Hawaii innovations fund shall be  
8           used to fund grants to individuals or businesses that conduct  
9           research or product development in the life sciences or advanced  
10           technology fields.

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

18           (d) The Hawaii innovations fund shall be administered by  
19           the Hawaii innovations fund community board consisting of eleven  
20           voting members as follows:

21           (1) Four ex officio members as follows:



1           (A) The director of business, economic development,  
2                           and tourism;

3           (B) The dean of the University of Hawaii school of  
4                           medicine;

5           (C) The president of Life Sciences Council; and

6           (D) The executive director of Enterprise Honolulu;

7           (2) Three members appointed by the governor;

8           (3) Two members appointed by the governor from a list of  
9                           nominees submitted by the speaker of the house of  
10                          representatives; and

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

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

15           The chairperson of the Hawaii innovations fund community  
16                          board shall be elected by majority vote of all members. The  
17                          chairperson shall preside over meetings. Decisions shall be  
18                          made based on majority vote of quorum. Quorum shall be six  
19                          members. Members shall serve without compensation, but shall be  
20                          reimbursed for expenses, including travel expenses, necessary  
21                          for the performance of their duties.

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



- 1        (1) Establish procedures and policies for grant
- 2        applications;
- 3        (2) Develop standards and criteria to determine grant
- 4        awardees, with priority assigned to grant applicants
- 5        that:
- 6        (A) Provide matching funding;
- 7        (B) Reside or are based in Hawaii;
- 8        (C) Provide high-paying jobs for residents or former
- 9        residents of Hawaii;
- 10       (D) Provide significant return on investment from
- 11       grant awards; or
- 12       (E) Use grant awards as seed money to obtain
- 13       additional research funding for projects in the
- 14       life sciences or advanced technology fields based
- 15       in Hawaii;
- 16       (3) Select grant awardees;
- 17       (4) Set criteria and standards for evaluation of projects
- 18       receiving grants; and
- 19       (5) Provide technical support services to grant awardees
- 20       that foster marketing and development of the product
- 21       or service produced through the grant.
- 22       (f) For the purpose of this section:



1       "Advanced technology" means digital media,  
2 telecommunications, and related fields.

3       "Life sciences" means biology, cancer research, community  
4 healthcare, ocean sciences, agriculture, pharmacology,  
5 biotechnology, medical technology, biological renewable energy,  
6 or related fields."

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

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

13       SECTION 4. There is appropriated out of the Hawaii  
14 innovations fund the sum of \$100,000,000 or so much thereof as  
15 may be necessary for fiscal year 2006-2007 to be used for the  
16 purposes of this Act.

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

19       SECTION 5. There is appropriated out of the general fund  
20 revenues of the State of Hawaii the sum of \$50,000 or so much  
21 thereof as may be necessary for fiscal year 2006-2007 as a



1 grant-in-aid to the Life Sciences Council to provide  
2 administrative support for the Hawaii innovations fund.

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

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect upon its approval;  
7 provided that:

8 (1) Sections 3, 4, and 5 shall take effect on July 1,  
9 2006; and

10 (2) This Act shall be repealed on June 30, 2012, and all  
11 unencumbered and unexpended balances remaining in the  
12 Hawaii innovations fund shall be transferred to the  
13 credit of the general fund.  
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**Report Title:**

Hawaii Innovations Fund

**SB. NO. 2960**

**Description:**

Establishes the Hawaii Innovations Fund to provide grants to individuals or businesses that conduct research or product development in the life sciences or advanced technology fields.

