

# PROPOSED

THE SENATE  
TWENTY-FOURTH LEGISLATURE, 2007  
STATE OF HAWAII

S.B. NO. 323  
S.D. 1

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## A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY.

**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 grant program (Act 196,  
3 Session Laws of Hawaii 1989). Prior to 1989, there were two  
4 Hawaii small business innovation research grant program-awarded  
5 companies, but since 1989, sixty-three Hawaii companies have won  
6 two hundred sixty-two small business innovation research grant  
7 program awards. These grant awards brought approximately  
8 \$60,000,000 in federal small business innovation research grant  
9 program phase I and phase II funds to Hawaii. In addition to  
10 these grants, more than \$58,000,000 in phase III small business  
11 innovation research grant program commercialization contracts  
12 has been awarded to Hawaii companies.

13           The legislature finds that for every state dollar invested  
14 in the program, Hawaii companies attracted nearly fifteen  
15 dollars in federal small business innovation research grant  
16 funds or nearly thirty dollars for every state dollar invested  
17 when phase III funds are included.



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1           The legislature further finds that, currently, the federal  
 2 small business innovation research grant program is a  
 3 \$2,000,000,000 program that encourages small businesses to  
 4 develop commercially viable technologies or innovations.  
 5 Organized as a competition, the federal small business  
 6 innovation research grant program allows small companies the  
 7 opportunity to test high-risk theories and develop innovative  
 8 technologies and solutions.

9           Act 282, Session Laws of Hawaii 2006, expanded the Hawaii  
 10 small business innovation research grant program by adding the  
 11 small business technology transfer program to encourage small  
 12 companies and researchers at nonprofit research institutions,  
 13 including research universities and colleges; and by increasing  
 14 the funding for the under-funded small business innovation  
 15 research grant program and providing funds for the new small  
 16 business technology transfer program.

17           The purpose of this Act is to provide continued support for  
 18 Hawaii's high technology businesses by:

- 19           (1) Amending section 206M-15.5, Hawaii Revised Statutes,  
 20                   to provide that the high technology special fund shall  
 21                   not be used to fund general administrative and fiscal  
 22                   positions, which shall be funded through the general



1 revenues of the State; and to delete the \$3,000,000  
2 cap in the special fund;

3 (2) Amending section 206M-53, Hawaii Revised Statutes, to  
4 clarify that the high technology innovation  
5 corporation is authorized to operate bank accounts  
6 that are necessary for the conduct of its business in  
7 addition to its out-of-state offices, at both in-state  
8 and out-of-state bank locations; and

9 (3) Continuing current funding levels for the Hawaii small  
10 business innovation research grant program and the  
11 Hawaii small business technology transfer program.

12 SECTION 2. Section 206M-15.5, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 **"§206M-15.5 High technology special fund.** There is  
15 established in the state treasury a fund to be known as the high  
16 technology special fund, into which shall be deposited, except  
17 as otherwise provided by section 206M-17, all moneys, fees, and  
18 equity from tenants, qualified persons, or other users of the  
19 development corporation's industrial parks, projects, other  
20 leased facilities, and other services and publications[+  
21 ~~provided that the total amount of moneys in the fund shall not~~  
22 ~~exceed \$3,000,000 at the end of any fiscal year]~~. All moneys in



1 the fund are appropriated for the purposes of and shall be  
2 expended by the development corporation for the operation,  
3 maintenance, and management of its industrial parks, projects,  
4 facilities, services, and publications, and to pay the expenses  
5 in administering the special purpose revenue bonds of the  
6 development corporation or in carrying out its project  
7 agreements[-]; provided that all general administrative and  
8 fiscal positions of the development corporation, whether  
9 permanent or temporary, shall be funded from the general  
10 revenues of the State, and not be funded from the high  
11 technology special fund."

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

14 "**§206M-53 Powers of the board.** The high technology  
15 innovation corporation, under the direction of its board of  
16 directors, shall have the following general powers:

- 17 (1) To adopt, amend, and repeal bylaws governing the  
18 conduct of its business and the exercise of the powers  
19 and performance of duties granted to or imposed upon  
20 it by law;
- 21 (2) To sell, lease, rent, hold, maintain, use, and operate  
22 any property, real, personal, or mixed, tangible or



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



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

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

19 Notwithstanding the foregoing, the high technology  
20 innovation corporation may receive gifts, grants, or  
21 awards from any agency or instrumentality of the  
22 United States, a foreign nation, a state, a territory



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1 or a possession, or from 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 gifts, grants, or awards  
7 are being made; provided that no gift to the high  
8 technology innovation corporation shall be accepted  
9 unless approved or confirmed by its board of  
10 directors;

11 (5) To have a corporate seal;

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

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

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



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





- 1           (13) 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 high technology innovation  
7           corporation or its employees or a contractor of the  
8           high technology innovation corporation. The printing  
9           or publication may be accomplished through whatever  
10          person, company, or agency is deemed most appropriate  
11          by the board of directors;
- 12          (14) To establish operational bank accounts as may be  
13          necessary in the conduct of its business [a€] and its  
14          out-of-state offices, including accounts in in-state  
15          and out-of-state locations and accounts of foreign  
16          denomination in out-of-state locations, without the  
17          approval of the director of budget and finance or the  
18          comptroller of accounting and general services; and
- 19          (15) To do any or all other acts reasonably necessary to  
20          carry out the objects and purposes of the high  
21          technology innovation corporation."



1 SECTION 4. There is appropriated out of the general  
 2 revenues of the State of Hawaii the sum of \$235,000, or so much  
 3 thereof as may be necessary for fiscal year 2007-2008, and the  
 4 same sum, or so much thereof as may be necessary for fiscal year  
 5 2008-2009, for general administrative and fiscal positions of  
 6 the high technology development corporation; provided that the  
 7 administrative and fiscal positions of the high technology  
 8 development corporation funded through the high technology  
 9 special fund shall be transferred from the special fund to the  
 10 general revenues of the State.

11 The sums appropriated shall be expended by the high  
 12 technology development corporation for the purposes of this Act.

13 SECTION 5. There is appropriated out of the general  
 14 revenues of the State of Hawaii the sum of \$240,000, or so much  
 15 thereof as may be necessary for fiscal year 2007-2008, and the  
 16 same sum, or so much thereof as may be necessary for fiscal year  
 17 2008-2009, for the Hawaii small business innovation research  
 18 grant program and the Hawaii small business technology transfer  
 19 grant program.

20 The sums appropriated shall be expended by the high  
 21 technology development corporation for the purposes of this Act.



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1           SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3           SECTION 7. This Act shall take effect on July 1, 2007.



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**Report Title:**

High Technology; Special Fund; Appropriation

**Description:**

Provides that the high technology special fund shall not be used to fund general administrative and fiscal positions; clarifies that the high technology innovation corporation is authorized to operate bank accounts that are necessary for the conduct of its business at both in-state and out-of-state bank locations; appropriates funds for the Hawaii small business innovation research grant program and the Hawaii small business technology transfer program. (SD1)

