
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 private developers
2 are developing a four hundred thousand square foot class A life
3 sciences research complex on 4.98 acres in the Kakaako district
4 of Oahu, adjacent to the University of Hawaii John A. Burns
5 school of medicine. The complex will be the only facility in
6 Hawaii with class A wet laboratory space available to the non-
7 institutional market and is positioned to be a catalyst spawning
8 new international life science collaborations in the Pacific Rim
9 for both public and private sectors.

10 The high technology development corporation is currently
11 negotiating a ten-year lease agreement for approximately
12 sixty-six thousand square feet of laboratory and office space on
13 three floors of the development. The corporation will operate a
14 technology incubator and innovation center in the leased space,
15 which will support the efforts of the adjacent University of
16 Hawaii school of medicine, Cancer Research Center of Hawaii, and
17 many related bioscience research institutions.



1 The center will allow the high technology development
2 corporation to grow Hawaii's fledgling life-sciences industry by
3 providing qualified start-up companies with high-quality
4 incubator and innovation facilities. Currently, very little
5 suitable specialty commercial laboratory space exists in Hawaii.
6 Thirteen biotechnology companies did not select Hawaii as a site
7 in the past three years due to the lack of suitable space.
8 These companies needed twice as much space as will become
9 available in the life sciences research complex, with the demand
10 for space increasing even more.

11 The center will also support Hawaii's fledgling start-up
12 high technology companies by reducing the risk and cost for
13 these start-up companies. Once these companies achieve
14 financing, it is critical that they commit their core capital to
15 research, rather than the security needed to finance business
16 infrastructure such as complex and expensive wet laboratory
17 developments.

18 Many other jurisdictions are aggressively recruiting
19 technology companies and start-ups and have undertaken similar
20 efforts to create a life-sciences industry in communities such
21 as San Diego, San Francisco, Boston, and North Carolina. New
22 York uses a \$2,000,000,000 initiative fund to lure top tier



1 biotechnology and pharmaceutical companies. The Kobe city
2 government has paid for two-thirds of the development of the
3 Kobe Bio Science Park in Kobe, Japan. These jurisdictions
4 attract high technology companies by offering grants, subsidies,
5 and other incentives to develop and grow businesses.

6 The competition to attract high technology companies is
7 intense, and governments have had to lend financial support to
8 compete in this market. They do so because high technology
9 companies hire the knowledge and concept workers that are
10 attracted by high-paying jobs and the opportunity to collaborate
11 with other scientists and technicians. These jurisdictions know
12 that high-technology industries produce high-quality jobs at all
13 levels, from the beginning technician to the senior researcher,
14 increase the jurisdiction's tax base and, most importantly,
15 provide the critical mass and synergy for a sustainable
16 industry.

17 The most successful states and communities locate their
18 technology companies adjacent to major research institutions,
19 creating a cluster effect. Hawaii's life sciences research
20 complex will be located next to the recently completed
21 University of Hawaii school of medicine in Kakaako, which will



1 soon be joined by the Cancer Research Center of Hawaii and a
2 regional biosafety laboratory.

3 The life sciences research complex is intended to be the
4 catalyst for the development of the life-sciences industry in
5 Hawaii and a place where the private research sector joins with
6 the public research sector for innovation and entrepreneurship
7 in the Kakaako core. It will more than double innovation space
8 in Kakaako for future cluster growth, ultimately resulting in a
9 total of four hundred thousand square feet of laboratory and
10 office space dedicated to the high-technology industry.

11 The life sciences research complex will, in addition to new
12 and meaningful career pathways for Hawaii's youth and residents,
13 create an estimated one thousand new living-wage jobs. The
14 project will allow the State to take the initiative in expanding
15 incubation and innovation space for the life-sciences industry
16 without bearing the cost or burden of construction alone.

17 The purpose of this Act is to support the development of
18 the life-sciences industry in Hawaii by providing funding for a
19 ten-year lease and the operations and programs of a state-
20 operated technology incubator and innovation center in a life
21 sciences research complex to be developed in the Kakaako
22 district of downtown Honolulu.



1 SECTION 2. The high technology development corporation,
2 with assistance from the department of business, economic
3 development, and tourism, shall negotiate with the developers,
4 on terms acceptable and satisfactory to the corporation's board
5 of directors and the director of finance, a lease agreement for
6 a period of ten years for approximately sixty-six thousand
7 square feet of laboratory and office space in a life sciences
8 research complex in Kakaako.

9 SECTION 3. The high technology development corporation may
10 enter into contracts to support the planning and development of
11 a state-operated high technology incubator and innovation center
12 as part of a life sciences research complex in the Kakaako
13 district near downtown Honolulu.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$150,000 or so much
16 thereof as may be necessary, for fiscal year 2007-2008, and the
17 sum of \$250,000 or so much thereof as may be necessary, for
18 fiscal year 2008-2009, for the lease agreement between the high
19 technology development corporation and the developers or owners
20 of a life sciences research complex in Kakaako, and for plans
21 for and operations of a high technology incubator and innovation
22 center to be located in that complex.



1 The sums appropriated shall be expended by the high
2 technology development corporation for the purposes of this Act,
3 including expenditures for the initial phase of the development,
4 the hiring of consultants and analysts to conduct necessary due
5 diligence, the costs of the planning and pre-design phases, and
6 the ongoing operations of the high technology incubator and
7 innovation center, including any transitional costs and interim
8 revenue losses due to the movement of tenants.

9 SECTION 5. The high technology development corporation
10 shall submit to the legislature an annual progress report on its
11 plans, agreements, expenditures, and other activities under this
12 Act. The first report shall be submitted no later than twenty
13 days prior to the convening of the regular session of 2008 and
14 reports shall be submitted annually thereafter until the
15 expiration of the lease agreement.

16 SECTION 6. The provisions of this Act are not intended to
17 and shall not restrict or constrain the lease negotiations of
18 the high technology development corporation, the department of
19 business, economic development, and tourism, and the department
20 of budget and finance with the developers of a life sciences
21 research complex.

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



S.B. NO. 896
S.D. 1
H.D. 2
C.D. 1

Report Title:

High Technology; Incubation Center; Kakaako

Description:

Appropriates funds in FY 2007-2008 and FY 2008-2009 to the High Technology Development Corporation to negotiate a ten-year lease to house a technology incubator and innovation center in a life sciences research complex in Kakaako and for planning, development, and operational costs of the center. Requires an annual progress report to the Legislature beginning in 2008. Effective July 1, 2007. (CD1)

