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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. 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 ninety-  
12 nine 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. The  
11 ninety-nine thousand square feet designated for the high  
12 technology development corporation represents less than twenty-  
13 five per cent of the additional space.

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

20       The purpose of this Act is to support the development of  
21 the life-sciences industry in Hawaii by providing funding for a  
22 ten-year lease and the operations and programs of a state-



1 operated technology incubator and innovation center in a life  
2 sciences research complex to be developed in the Kakaako  
3 district of downtown Honolulu.

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

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

17 SECTION 4. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$ , or so  
19 much thereof as may be necessary, for fiscal year 2007-2008, and  
20 the sum of \$ , or so much thereof as may be necessary,  
21 for fiscal year 2008-2009, for the lease agreement between the  
22 high technology development corporation and the developers or



1 owners of a life sciences research complex in Kakaako, and for  
2 plans for and operations of a high technology incubator and  
3 innovation center to be located in that complex.

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

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

19 SECTION 6. The provisions of this Act are not intended to  
20 and shall not restrict or constrain the lease negotiations of  
21 the high technology development corporation, the department of  
22 business, economic development, and tourism, and the department



1 of budget and finance with the developers of a life sciences  
2 research complex.

3 SECTION 7. This Act shall take effect on July 1, 2020.



**Report Title:**

High Technology; Incubation Center; Kakaako

**Description:**

Appropriates an unspecified amount 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. Effective July 1, 2020. (SB896 HD2)

