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

11 The high technology development corporation is currently in
12 negotiations with the developer to commit to a ten-year lease
13 agreement secured with a state guaranty for approximately
14 ninety-nine thousand square feet of laboratory and office space
15 on three floors. The high technology development corporation
16 will operate a technology incubator and innovation center, which
17 will support the efforts of the University of Hawaii's school of



1 medicine, Cancer Research Center of Hawaii, and many related
2 bioscience research institutions.

3 Many local fledgling start-up high technology companies are
4 trying to attain financing. Once they achieve such financing,
5 it is critical that they commit their core-capital to research
6 rather than have it tied up in onerous credit enhancement tools,
7 such as security deposits or letters of credit required by the
8 lending community in order to finance complex and expensive wet
9 laboratory infrastructure developments. A guaranty of the lease
10 agreement by the State for the high technology development
11 corporation leased portion of the new facility will reduce the
12 risk and cost of this unique project for these start-up
13 companies and thereby provide the necessary initial boost to
14 Hawaii's life science industry.

15 The statutory purpose and mission of the high technology
16 development corporation is to grow Hawaii's high technology
17 industry and this includes its fledgling life science industry.
18 To meet this mandate, the corporation must be able to provide
19 quality incubator and innovation facilities to qualified start-
20 up companies. Hawaii needs suitable specialty commercial
21 laboratory space as soon as possible since very little currently
22 exists. Thirteen biotechnology companies did not select Hawaii



1 as a site in the past three years due to the lack of suitable
2 space. The total square footage of these companies' needs was
3 twice as much as the proposed project space and yet additional
4 demand exists.

5 Other states and communities are also very aggressively
6 recruiting technology companies and start-ups. Many offer
7 grants, subsidies, and other incentives to attract high
8 technology companies to develop and grow their businesses. They
9 know that these companies hire the knowledge and concept workers
10 that are attracted by high-paying jobs and the opportunity to
11 collaborate with other scientists and technicians. These other
12 communities know that the technology and life science industries
13 produce quality jobs at all levels, from the beginning
14 technician to the senior researcher, increase the jurisdiction's
15 tax base and, most importantly, provide the critical mass and
16 synergy for a sustainable industry. The most successful states
17 and communities locate their technology companies adjacent to
18 major research institutions, creating a cluster effect. In
19 addition to new and meaningful career pathways for Hawaii's
20 youth and residents, an estimated one thousand new living wage
21 jobs will be created within the facility.



1 Hawaii is well positioned to compete in this market. The
2 recently completed University of Hawaii school of medicine
3 complex will soon be joined by the Cancer Research Center of
4 Hawaii and a Regional Biosafety Laboratory adjacent to the
5 school of medicine. The life sciences research complex is
6 intended to be the catalyst for the development of the life
7 science industry in Hawaii, and a place where the private
8 research sector joins with the public research sector for
9 innovation and entrepreneurship in the Kakaako core.

10 The project allows the State to take the initiative in
11 growing incubation and innovation space without bearing the cost
12 or burden of construction alone. Many other jurisdictions have
13 undertaken similar efforts to create a life sciences industry in
14 their communities such as San Diego, San Francisco, Boston, and
15 North Carolina. New York uses a \$2,000,000,000 initiative fund
16 to lure top tier biotechnology and pharmaceutical companies.
17 The Kobe city government has paid for two-thirds of the
18 development of the Kobe Bio Science Park in Kobe, Japan. The
19 competition to attract high technology companies is intense and
20 governments have had to lend financial support to be a contender
21 in this market.



1 The life sciences research complex will more than double
2 innovation space in Kakaako for future cluster growth,
3 ultimately resulting in a total of four hundred thousand square
4 feet of laboratory and office space dedicated to the high
5 technology industry. The ninety-nine thousand square feet
6 designated for the high technology development corporation
7 represents less than twenty-five per cent of the additional
8 space.

9 The purpose of this Act is to support the operations and
10 programs of a state-operated technology incubator and innovation
11 center in the Kakaako district of downtown Honolulu.

12 SECTION 2. The high technology development corporation,
13 with assistance from the department of business, economic
14 development, and tourism, shall negotiate with the developers,
15 on terms acceptable and satisfactory to the corporation's board
16 of directors and the director of finance, a lease agreement and
17 lease guaranty for a period of ten years for approximately
18 ninety-nine thousand square feet of laboratory and office space
19 in a life sciences research complex in Kakaako.

20 SECTION 3. The negotiations between the high technology
21 development corporation and the department of budget and finance
22 with the developers of a life sciences research complex in



- 1 Kakaako shall consider, as a means to reducing cost to the
2 State:
- 3 (1) Using \$80,000,000 or more in private sector
4 investment;
 - 5 (2) The application, in reasonable amounts, from a
6 \$28,000,000 federal new market tax credit, to reduce
7 the State's rental costs;
 - 8 (3) The replacement of incubation and innovation space
9 when the high technology development corporation land
10 lease agreement with the University of Hawaii Manoa
11 innovation center expires in ten years to alleviate
12 the lack of available state capital improvement funds
13 to construct technology-based economic development
14 projects;
 - 15 (4) The speed at which the private sector is able to
16 construct new projects, particularly wet laboratories;
 - 17 (5) Monetary contribution in the form of a lease reserve
18 fund by the developers to reduce the effective cost of
19 the lease agreement to the State for ten years;
 - 20 (6) Commitments by the developers to pre-lease a portion
21 of the space for the State;



1 (7) Enhancements that accrue or result from this
2 development; and

3 (8) Any and all other appropriate considerations as
4 determined by the high technology development
5 corporation and the department of budget and finance.

6 SECTION 4. The high technology development corporation may
7 enter into contracts to support the planning and development of
8 a state-operated high technology incubator and innovation center
9 as part of a life sciences research complex in the Kakaako
10 district near downtown Honolulu.

11 SECTION 5. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$, or so
13 much thereof as may be necessary, for fiscal year 2007-2008, and
14 the sum of \$, or so much thereof as may be necessary,
15 for the fiscal year 2008-2009, for the lease agreement and
16 guaranty between the high technology development corporation and
17 the developers or owners of a life sciences research complex in
18 Kakaako to carry out the purposes of this Act.

19 The sums appropriated shall be expended by the high
20 technology development corporation.

21 SECTION 6. The provisions of this Act are not intended to
22 and shall not restrict or constrain the lease negotiations of



1 the high technology development corporation, the department
2 business, economic development, and tourism, and the department
3 of budget and finance with the developers of a life sciences
4 research complex.

5 SECTION 7. This Act shall take effect upon its approval
6 except that section 5 shall take effect on July 1, 2050.



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 guaranty to support the planning and development of a life sciences research complex in Kakaako.
(SD1)

