
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 **PART I**

2 SECTION 1. The Hawaii Revised Statutes is amended by
3 adding a new chapter to be appropriately designated and to read
4 as follows:

5 **"CHAPTER**

6 **HAWAII INNOVATION DEVELOPMENT CORPORATION**

7 § -1 **Definitions.** As used in this chapter, unless the
8 context requires otherwise:

9 "Board" means the board of directors of the Hawaii
10 innovation development corporation.

11 "Development corporation" means the Hawaii innovation
12 development corporation.

13 "Innovation" means any new product or invention.

14 "Invention" means any new process or technique for which a
15 patent has been granted or, in the opinion of the board, the
16 chance of obtaining a patent is favorable.



1 "Inventor" means any creator of intellectual property whose
2 work may result in the grant of a patent, copyright, trademark,
3 or other type of intellectual property.

4 "Labor organization" means a formally organized association
5 of workers who have united to represent their collective views
6 on wages, hours, and working conditions.

7 "Product" means any device, technique, or process that is
8 or may be exploitable commercially and has advanced beyond the
9 theoretical state and is readily capable of being or has been
10 reduced to practice, except for pure research.

11 § -2 **Hawaii innovation development corporation;**
12 **establishment.** There is established the Hawaii innovation
13 development corporation, which shall be a public body and a body
14 corporate and politic. The development corporation shall be
15 placed within the department of business, economic development,
16 and tourism for administrative purposes. The purpose of the
17 development corporation shall be to promote the development and
18 exploitation of innovations or inventions that have direct
19 economic benefits for Hawaii.

20 § -3 **Board of directors.** (a) The governing body of the
21 development corporation shall consist of a board of directors.
22 The board shall consist of:



1 (1) Six voting members, appointed by the governor for
2 staggered terms pursuant to section 26-34. The
3 members shall be selected on the basis of their
4 knowledge, interest, and proven expertise in one or
5 more of the following fields: education, labor,
6 finance, marketing, commerce and trade, and other
7 innovation or invention related fields; provided that
8 at least:

9 (A) One member shall represent inventors;

10 (B) One member shall represent teachers; and

11 (C) One member shall represent labor organizations;
12 and

13 (2) The director of business, economic development, and
14 tourism, the director of finance, and an appointed
15 member from the board of the Hawaii strategic
16 development corporation, or their designated
17 representatives, who shall serve as ex officio voting
18 members.

19 (b) The director of business, economic development, and
20 tourism shall serve as the chairperson until a chairperson is
21 elected by the board from the membership. The board may elect
22 other officers as it deems necessary.



1 (c) The members of the board shall serve without
2 compensation, but may be reimbursed for expenses, including
3 travel expenses, incurred in the performance of their duties.

4 (d) The board shall appoint and set the salary and duties
5 of the chief executive officer. The chief executive officer
6 shall serve at the pleasure of the board and shall be exempt
7 from chapters 76 and 89.

8 (e) The board may appoint an advisory committee as the
9 board deems necessary in furtherance of this chapter. The
10 advisory committee members shall serve without compensation, but
11 may be reimbursed for expenses, including travel expenses,
12 incurred in the performance of their duties.

13 § -4 **Meetings of the board.** (a) The board shall be
14 subject to chapter 92.

15 (b) The board shall be exempt from sections 26-35(a)(4)
16 and (5).

17 § -5 **Powers; generally.** The development corporation
18 shall have the powers necessary to carry out its purpose,
19 including the general power to:

20 (1) Sue and be sued;

21 (2) Adopt, amend, and repeal bylaws for its organization
22 and internal administration;



- 1 (3) Acquire in any lawful manner any property, real,
2 personal, or mixed, tangible or intangible, or any
3 interest therein; to hold, maintain, use, and operate
4 that property; and to sell, lease, or otherwise
5 dispose of that property at a time, in a manner, and
6 to the extent deemed necessary or appropriate to carry
7 out its purposes;
- 8 (4) Enter into and perform contracts, leases, cooperative
9 agreements, or other transactions as may be necessary
10 in the conduct of its business and on terms it may
11 deem appropriate, with any agency or instrumentality
12 of the United States, with any state, territory, or
13 possession, or with any political subdivision thereof,
14 or with any person, firm, association, or corporation;
- 15 (5) Determine the character of and the necessity for its
16 obligations and expenditures and the manner in which
17 they shall be incurred, allowed, and paid;
- 18 (6) Execute, in accordance with its bylaws, all
19 instruments necessary or appropriate in the exercise
20 of any of its powers;
- 21 (7) Adopt rules in accordance with chapter 91 necessary to
22 effectuate this chapter; and



1 (8) Do any and all things necessary or convenient to carry
2 out its purposes and exercise the powers granted in
3 this chapter.

4 § -6 **Innovations and inventions revolving fund.** (a)

5 There is established an innovations and inventions revolving
6 fund into which shall be deposited appropriations by the
7 legislature subject to the approval of the governor, proceeds
8 from the development and commercial exploitation of innovations
9 and inventions, fees collected, and grants from public agencies
10 and private persons for the purposes of developing and
11 exploiting innovations and inventions that have direct economic
12 benefits for Hawaii, including patenting, copyrighting,
13 licensing, and marketing innovations and inventions.

14 (b) The fund shall be used by the development corporation
15 to develop and exploit innovations and inventions that have
16 direct economic benefits for Hawaii.

17 § -7 **Exemption from taxation.** All revenues and receipts
18 derived by the development corporation from the development and
19 exploitation of innovations and inventions, or under an
20 agreement pertaining thereto, shall be exempt from all state and
21 county taxation. Any right, title, and interest of the



1 development corporation in any innovation or invention shall
2 also be exempt from all state and county taxation.

3 § -8 **Confidentiality.** Notwithstanding any other law to
4 the contrary, any documents or data made or received by any
5 member or employee of the development corporation shall be
6 confidential to the extent that the document or data consists of
7 trade secrets or other proprietary information. For purposes of
8 this chapter, the term "proprietary information" includes
9 information that could be protected as intellectual property,
10 such as by copyright or patent.

11 § -9 **Limitation on liability.** Notwithstanding any other
12 law to the contrary, nothing in this chapter shall create an
13 obligation, debt, claim, cause of action, claim for relief,
14 charge, or any other liability of any kind whatsoever in favor
15 of any person or entity, against the State or its officers and
16 employees, without regard to whether that person or entity
17 receives any benefits under this chapter. The State and its
18 officers and employees shall not be liable for the results of
19 any investment, purchase of securities, loan, or other
20 assistance provided pursuant to this chapter. Nothing in this
21 chapter shall be construed as authorizing any claim against the
22 development corporation in excess of any note, loan, or other



1 specific indebtedness incurred by the development corporation or
2 in excess of any insurance policy acquired for the development
3 corporation or its employees.

4 § -10 **Annual report.** The Hawaii innovation development
5 corporation shall submit a report to the legislature no later
6 than twenty days prior to the convening of each regular session
7 on the implementation of this chapter."

8 **PART II**

9 SECTION 2. In early 2007, the National Governors
10 Association made improving the nation's economic competitiveness
11 through innovation its primary focus. In a report titled, "A
12 Benchmarking of the Hawaii Educational System", Monitor Group
13 and the National Governors Association Center for Best Practices
14 profiled how Hawaii's educational system was performing relative
15 to national averages. Although Hawaii's high school graduation
16 rate is close to the national average (about seventy per cent
17 compared with seventy-five per cent), its postsecondary
18 completion rate was six points below the national average
19 (forty-seven per cent compared against fifty-three per cent),
20 and twenty points below the highest-performing states. The
21 report states, ". . . [t]his statistic measures state
22 universities' success in helping as many students through the



1 system as possible. As the importance of a college education
2 grows . . . so does the relevance of this metric in assessing a
3 state's educational performance." Similar differences were
4 found in eighth grade National Assessment of Educational
5 Progress test scores for 2004-2005, SAT scores and Advanced
6 Placement course participation rates.

7 The 2007 legislature strongly endorsed Science-Technology-
8 Engineering-Math (STEM)-related initiatives and creative media
9 education as the most practical, hands-on means of increasing
10 students' interest in pursuing math/science and technology
11 careers. All STEM proposals were evaluated against the backdrop
12 of existing, successful math/science and related initiatives.
13 Emphasizing the need to build upon solid performance outcomes,
14 the legislature adopted Act 111, Session Laws of Hawaii 2007, to
15 expand existing STEM programs like robotics (including FIRST
16 Lego League, Junior FIRST Lego League, botball, underwater ROV,
17 VEX, Micro-Robot and robotics camps) and Research Experiences
18 for Teachers - Middle School; and Act 271, Session Laws of
19 Hawaii 2007, to expand Project Environmental and Spatial
20 Technology. At the same time, Act 111 funded new programs (like
21 the Hi-EST Academy, applied learning high school academies,
22 business/education internships, and related STEM teacher



1 development) in a pilot environment to provide the department of
2 education, University of Hawaii, individual schools, and their
3 tech partners with an opportunity to work through initial set-up
4 requirements and to produce a well-tested model for future
5 expansion.

6 The initial legislative targets for 2007-2008 were to
7 double the existing forty-eight STEM, Research Experiences for
8 Teachers - Middle School, Project Environmental and Spatial
9 Technology, and robotics programs within public schools to
10 achieve a level of eighty-four school initiatives. Based on
11 strong demand from individual schools, and stellar tournament
12 results, the number of schools desiring to participate in STEM
13 initiatives funded by Act 111, Session Laws of Hawaii 2007, and
14 Act 271, Session Laws of Hawaii 2007, far exceed the 2008
15 target. At the highest level of robotics team competition, the
16 number of For Inspiration and Recognition of Science and
17 Technology (FIRST) robotics teams has grown from four
18 participating high schools in 2007 to twenty-five Hawaii high
19 school teams (including public and private schools) in 2008.
20 This year's March 2008 FIRST robotics regional tournament in
21 Honolulu, Hawaii includes thirty-eight schools competing for the



1 national FIRST championships (being held in April 2008 in
2 Georgia).

3 The legislature therefore reaffirms its initial commitment
4 to expand outstanding and new STEM-related programs in Hawaii's
5 public schools and public charter schools by providing
6 additional funds to ensure that all schools desiring to join in
7 providing STEM programs for their students will be able to
8 participate between 2008-2012. The legislature also proposes to
9 add funding support to K-12 after-school creative media
10 education initiatives to allow for a broader range of student
11 participation in these programs.

12 SECTION 3. Chapter 304A, part V, Hawaii Revised Statutes,
13 is amended by adding a new section to be appropriately
14 designated and to read as follows:

15 **"§304A- Science technology and education special fund.**

16 (a) There is established the science technology and education
17 special fund, for the purposes of providing additional resources
18 and expertise to stimulate the interest and achievement of
19 students in science, technology, engineering, and mathematics
20 skills, pursuant to sections 304A-1861, 304A-1862, and 304A-
21 1863.



1 (b) The following may be deposited into the special fund:
2 appropriations made by the legislature, private contributions,
3 and moneys from other sources; provided that:

4 (1) Moneys on balance in the special fund at the close of
5 each fiscal year shall remain in that fund and shall
6 not lapse to the credit of the general fund;

7 (2) Any amount to be deposited into the special fund from
8 the revenues collected under this chapter that causes
9 the special fund to exceed \$ shall be
10 deposited into the general fund. No further deposits
11 from the revenues collected under this chapter shall
12 be made into the special fund until the balance of the
13 special fund drops below \$, in which event
14 two and one-half per cent of the revenues collected
15 under this chapter shall be deposited into the special
16 fund until the balance equals \$; and

17 (3) An amount from the special fund not exceeding five per
18 cent of the total amount of outstanding loans may be
19 set by the university to be used for administrative
20 expenses incurred in administering the special fund."

21 SECTION 4. Act 111, Session Laws of Hawaii 2007, is
22 amended by amending part V, section 12 to read as follows:



1 "SECTION 12. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$1,402,230 or so much
3 thereof as may be necessary for fiscal year 2007-2008 and the
4 [~~same~~] sum of \$ _____ or so much thereof as may be necessary
5 for fiscal year 2008-2009 to establish the fostering inspiration
6 and relevance through science and technology pre-academy
7 program, including nine full-time equivalent (9.00 FTE)
8 positions in the University of Hawaii college of engineering;
9 provided that the appropriation for fiscal year 2008-2009 shall
10 be deposited into the science and technology and education
11 special fund established under section 304A- _____, Hawaii Revised
12 Statutes, pursuant to Act _____, Session Laws of Hawaii 2008, and
13 the same sum or so much thereof as may be necessary shall be
14 appropriated out of the science technology and education special
15 fund for the purposes of this section; provided that the sums
16 appropriated shall be allocated as follows:

17 (1) \$314,925 for fiscal year 2007-2008 and the [~~same~~] sum
18 of \$ _____ for fiscal year 2008-2009 for the
19 robotics and problem-based, applied learning program;
20 and



1 (2) \$734,805 for fiscal year 2007-2008 and the [~~same~~] sum
2 of \$ _____ for fiscal year 2008-2009 for the
3 research experiences for teachers program.

4 The sums appropriated shall be expended by the University
5 of Hawaii for the purposes of this part."

6 SECTION 5. Act 271, Session Laws of Hawaii 2007, is
7 amended by amending sections 2 and 3 to read as follows:

8 "SECTION 2. There is appropriated out of the general
9 revenues of the State of Hawaii the sum of \$1,100,000 or so much
10 thereof as may be necessary for fiscal year 2007-2008, and the
11 sum of \$ _____ or so much thereof as may be necessary for
12 fiscal year 2008-2009 to be deposited into the Hawaii 3Ts school
13 technology laboratories fund established pursuant to section
14 302A-1314, Hawaii Revised Statutes.

15 SECTION 6. There is appropriated out of the Hawaii 3Ts
16 school technology laboratories fund the sum of \$1,100,000 or so
17 much thereof as may be necessary for fiscal year 2007-2008, and
18 the sum of \$ _____ or so much thereof as may be necessary
19 for fiscal year 2008-2009 to maintain the project EAST program
20 in existing schools and to expand the program to schools
21 statewide; provided that no funds shall be expended unless



1 matching funds are provided pursuant to section 302A-1314(p),
2 Hawaii Revised Statutes.

3 The [~~sum~~] sums appropriated shall be expended by the
4 Economic Development Alliance of Hawaii, Inc., in accordance
5 with section 302A-1314, Hawaii Revised Statutes, and implemented
6 in partnership with county economic development boards, as
7 appropriate, for the purposes of this Act."

8 SECTION 7. There is appropriated or authorized from the
9 federal temporary assistance for needy families program funds
10 the sum of \$ or so much thereof as may be necessary
11 for fiscal year 2008-2009 for the department of human services,
12 to augment, not replace, funding for STEM programs and K-12
13 creative media education programs.

14 The sum appropriated shall be expended by the department of
15 human services for the purposes of this part.

16 SECTION 8. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2008-2009 for
19 K-12 creative media programs.

20 The sum appropriated shall be expended by the department of
21 education for the purposes of this part.



1 SECTION 9. If any provision of this Act, or the
2 application thereof to any person or circumstance is held
3 invalid, the invalidity does not affect other provisions or
4 applications of the Act, which can be given effect without the
5 invalid provision or application, and to this end the provisions
6 of this Act are severable.

7 SECTION 10. The revisor of statutes shall insert the number
8 of this Act in section 4 of this Act.

9 SECTION 11. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 12. This Act shall take effect on July 1, 2008.



Report Title:

Hawaii Innovation Development Corporation; STEM; Appropriation

Description:

Establishes the Hawaii Innovation Development Corporation to promote the development and exploitation of innovations and inventions that have direct economic benefits for Hawaii. Establishes the science, technology, and education special fund. Amends Act 111, SLH 2007, to redirect deposit of the fiscal year 2008-2009 appropriation into the science, technology, and education special fund. Amends Act 111 and 271, SLH 2007 by appropriating additional funds in fiscal year 2008-2009 for the support and expansion of existing STEM-related programs such as robotics, research experiences for teachers, and project EAST programs. Appropriates moneys from the federal temporary assistance for needy families program funds and from general funds for STEM programs and K-12 creative media education programs. (HB2395 SD2)

