

JAN 18 2008

S.B. NO. 2419

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# A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

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

4   **"CHAPTER**

5   **HAWAII INNOVATION DEVELOPMENT CORPORATION**

6           §   -1 **Definitions.** As used in this part, unless the  
7 context requires otherwise:

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

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

12          "Innovation" means any new product or invention.

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

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



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

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

8 § -2 **Hawaii innovation development corporation;**  
9 **establishment.** There is established the Hawaii innovation  
10 development corporation, which shall be a public body and a body  
11 corporate and politic. The development corporation shall be  
12 placed within the department of business, economic development,  
13 and tourism for administrative purposes. The purpose of the  
14 development corporation shall be to promote the development and  
15 exploitation of innovations or inventions that have direct  
16 economic benefits for Hawaii.

17 § -3 **Board of directors.** (a) The governing body of the  
18 development corporation shall consist of a board of directors.  
19 The board shall consist of:

20 (1) Six voting members, appointed by the governor for  
21 staggered terms pursuant to section 26-34. The  
22 members shall be selected on the basis of their



1 knowledge, interest, and proven expertise in one or  
2 more of the following fields: education, labor,  
3 finance, marketing, commerce and trade, and other  
4 innovation or invention related fields; provided that  
5 at least:

- 6 (A) One member shall represent inventors;
- 7 (B) One member shall represent teachers; and
- 8 (C) One member shall represent labor organizations;
- 9 and

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

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

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



1 (d) The board shall appoint a chief executive officer and  
2 shall set the salary and duties of the chief executive officer.  
3 The chief executive officer shall serve at the pleasure of the  
4 board and shall be exempt from chapters 76 and 89.

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

10 § -4 **Meetings of the board.** (a) The meetings of the  
11 board shall be open to the public as provided in chapter 92,  
12 except that the board may enter into an executive meeting that  
13 is closed to the public when it is necessary for the board to  
14 receive or discuss proprietary information.

15 (b) The board shall be exempt from section 26-35(4) and  
16 (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 part; 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 part.

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, grants from public agencies and  
10  private persons for the purposes of developing and exploiting  
11  innovations and inventions that have direct economic benefits  
12  for Hawaii, including patenting, copyrighting, licensing, and  
13  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 not be a  
6 government record to the extent that the material or data  
7 consists of trade secrets or other proprietary information.

8       §   -9   **Limitation on liability.** Notwithstanding any other  
9 law to the contrary, nothing in this chapter shall create an  
10 obligation, debt, claim, cause of action, claim for relief,  
11 charge, or any other liability of any kind whatsoever in favor  
12 of any person or entity, against the State or its officers and  
13 employees, without regard to whether that person or entity  
14 receives any benefits under this part. The State and its  
15 officers and employees shall not be liable for the results of  
16 any investment, purchase of securities, loan, or other  
17 assistance provided pursuant to this part. Nothing in this part  
18 shall be construed as authorizing any claim against the  
19 development corporation in excess of any note, loan, or other  
20 specific indebtedness incurred by the development corporation or  
21 in excess of any insurance policy acquired for the development  
22 corporation or its employees.



1           §   -10 **Annual report.** The Hawaii innovation development  
2 corporation shall submit a report to the legislature no later  
3 than twenty days prior to the convening of each regular session  
4 on the implementation of this part."

5           SECTION 2. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$                    or so  
7 much thereof as may be necessary for fiscal year 2008-2009 for  
8 deposit into the innovations and inventions revolving fund.

9           SECTION 3. There is appropriated out of the innovations  
10 and inventions revolving fund the sum of \$                    or so much  
11 thereof as may be necessary for fiscal year 2008-2009 for the  
12 purposes of section 1 of this Act.

13           The sum appropriated shall be expended by the department of  
14 business, economic development, and tourism for the purposes of  
15 this Act.

16           SECTION 4. This Act shall take effect upon its approval;  
17 provided that sections 2 and 3 of this Act shall take effect on  
18 July 1, 2008.

19

INTRODUCED BY: 





**Report Title:**

Hawaii Innovation Development Corporation

**Description:**

Establishes the Hawaii innovation development corporation to promote the development and exploitation of innovations and inventions that have direct economic benefits for Hawaii.

