
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

1 SECTION 1. The legislature finds that the State has a
2 strong interest in diversifying its economy and promoting the
3 development of innovative companies in the creative and high
4 technology sectors and that programs to support innovative
5 companies and attract investment capital to the State have been
6 successful. For example, the recently completed follow-on
7 funding program assisted Hawaii-based companies, such as Kuehnle
8 AgroSystems, Inc. and Oceanit Laboratories, Inc., to
9 successfully commercialize their innovations and attract global
10 customers for their products. The Hawaii employees' retirement
11 system has also successfully implemented a Hawaii-targeted
12 investment program that mobilized \$25,000,000 of venture capital
13 for Hawaii-based entrepreneurs.

14 The purpose of this Act is to build on the successful
15 efforts to mobilize private sector venture capital for Hawaii-
16 based small businesses, through the Hawaii venture capital
17 investment programs of Hawaii's institutional investors and the
18 Hawaii strategic development corporation, by establishing a



1 venture accelerator funding program to provide business
2 advisors, mentors, and resources to enable Hawaii's technology
3 entrepreneurs to successfully compete for investment capital.

4 SECTION 2. (a) Notwithstanding the requirements of
5 chapter 42F, Hawaii Revised Statutes, there is established in
6 the Hawaii strategic development corporation a venture
7 accelerator funding program that:

8 (1) Shall support organizations in Hawaii's leading
9 economic sectors, including renewable energy,
10 broadband, aerospace, film, digital media, and
11 agriculture; and

12 (2) Closely integrates entrepreneurial support and capital
13 investment to develop technology in Hawaii.

14 (b) The purposes of the venture accelerator funding
15 program are to:

16 (1) Provide accelerated business development in the fields
17 of information technology, aerospace, science,
18 engineering, film production, and digital media by
19 providing business advisors, mentors, and resources
20 for technology development, transition, and
21 commercialization, and to support the creation of



1 Hawaii-based businesses that are able to successfully
2 compete for venture capital investment;

3 (2) Provide seed capital to sustain high-growth new
4 venture company infrastructure development to assist
5 enterprises to succeed commercially;

6 (3) Promote high-quality, high-income job opportunities
7 for Hawaii residents and the graduates of Hawaii's
8 educational institutions; and

9 (4) Reverse the "brain drain" by allowing talented
10 entrepreneurs, scientists, and engineers to remain in
11 or return to Hawaii with living-wage jobs.

12 (c) The Hawaii strategic development corporation shall
13 contract with up to five organizations and provide program
14 oversight; provided that selected organizations have
15 demonstrated satisfactory performance outcomes in previous
16 federally- or privately-funded technology and research projects
17 or demonstrate their ability to satisfactorily manage a venture
18 accelerator program and provide timely reports to document the
19 venture accelerator's ability to achieve such performance
20 benchmarks as:



- 1 (1) Assisting companies in raising follow-on capital to
- 2 accelerate the venture activity to two- to three-times
- 3 greater returns on investment;
- 4 (2) The ability to attract top talent in order to create
- 5 and expand scalable technology based enterprises;
- 6 (3) The ability to compete in the worldwide marketplace;
- 7 (4) The selection of teams likely to benefit from the
- 8 venture accelerator;
- 9 (5) The retention of top talent in Hawaii following
- 10 graduation from the venture accelerator funding
- 11 program; and
- 12 (6) The development of a meaningful experiential education
- 13 for entrepreneurs.
- 14 (d) To receive funding, a Hawaii-based venture accelerator
- 15 shall:
- 16 (1) Submit proposals to the Hawaii strategic development
- 17 corporation for funding in accordance with the seed
- 18 capital assistance program requirements under part II
- 19 of chapter 211F, Hawaii Revised Statutes; provided
- 20 that a substantial portion of the work under the award
- 21 shall be performed in the State;



1 (2) Submit a budget based on parameters established by the
2 corporation;

3 (3) Execute agreements in accordance with the
4 corporation's contracting requirements;

5 (4) Participate in community outreach efforts to support
6 student participation in the fields of information
7 technology, science, engineering, film production, and
8 digital media; and

9 (5) Submit quarterly and annual reports of project
10 progress.

11 (e) The Hawaii strategic development corporation shall
12 submit a report to the legislature no later than twenty days
13 prior to the regular session of 2013, and annually thereafter,
14 on the specific annual outcome achieved through the activities
15 and expenditures of the venture accelerator funding program.

16 SECTION 3. There is appropriated out of the general
17 revenues of the State of Hawaii the sum of \$2,000,000 or so much
18 thereof as may be necessary for fiscal year 2012-2013 as a grant
19 pursuant to chapter 42F, Hawaii Revised Statutes, for the Hawaii
20 strategic development corporation to establish a venture
21 accelerator funding program to assist organizations that closely
22 integrate entrepreneurial support and capital investment to



1 effectively develop technology-based entrepreneurial
2 commercialization outcomes in Hawaii; provided that up to
3 \$250,000 shall be expended for project oversight of program
4 awardees.

5 The sum appropriated shall be expended by the Hawaii
6 strategic development corporation for the purposes of this Act.

7 SECTION 4. This Act shall take effect on July 1, 2012.



Report Title:

Economic Development; Hawaii Strategic Development Corporation;
Venture Accelerator Funding Program; Appropriation

Description:

Establishes a venture accelerator funding program under the
Hawaii strategic development corporation to assist the State's
technology businesses to compete for investment capital.
Appropriates funds; provided that up to \$250,000 shall be
expended for project oversight of program awardees. (CD1)

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not legislation or evidence of legislative intent.*

