
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 shall support organizations in
8 Hawaii's leading economic sectors, including renewable energy,
9 broadband, aerospace, film, digital media, and agriculture that
10 closely integrates entrepreneurial support and capital
11 investment to develop technology in Hawaii.

12 The purposes of the venture accelerator funding program are
13 to:

14 (1) Provide accelerated business development in the fields
15 of information technology, science, engineering, film,
16 and digital media by providing business advisors,
17 mentors, and resources for technology development,
18 transition, and commercialization, and to support the
19 creation of Hawaii-based businesses that are able to
20 successfully compete for venture capital investment;



- 1 (2) Provide seed capital to sustain high-growth new
2 venture company infrastructure development to assist
3 enterprises to succeed commercially;
- 4 (3) Promote high-quality, high-income job opportunities
5 for Hawaii residents and the graduates of Hawaii's
6 educational institutions; and
- 7 (4) Reverse the "brain drain" by allowing talented
8 entrepreneurs, scientists, and engineers to remain in
9 or return to Hawaii with living-wage jobs.
- 10 (b) The Hawaii strategic development corporation shall
11 contract with selected organizations and provide program
12 oversight.
- 13 (c) To receive funding, a Hawaii-based venture accelerator
14 shall:
- 15 (1) Submit proposals to the Hawaii strategic development
16 corporation for funding in accordance with the seed
17 capital assistance program requirements under part II
18 of chapter 211F, Hawaii Revised Statutes; provided
19 that a substantial portion of the work under the award
20 shall be performed in the State;
- 21 (2) Submit a budget based on parameters required by the
22 corporation;



- 1 (3) Execute agreements in accordance with existing
- 2 corporation contracting requirements; and
- 3 (4) Submit quarterly and annual reports of project
- 4 progress.

5 (d) The Hawaii strategic development corporation shall
6 submit a report to the legislature no later than twenty days
7 prior to the regular session of 2013, and annually thereafter on
8 the activities and expenditures of the venture accelerator
9 funding program.

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$5,000,000 or so much
12 thereof as may be necessary for fiscal year 2012-2013 for a
13 venture accelerator funding program to assist organizations that
14 closely integrate entrepreneurial support and capital investment
15 to effectively develop technology-based entrepreneurial
16 commercialization outcomes in Hawaii; provided that up to
17 \$250,000 shall be expended for project oversight of program
18 awardees. The funds shall be appropriated as a grant pursuant
19 to chapter 42F, Hawaii Revised Statutes.

20 The sum appropriated shall be expended by the Hawaii
21 strategic development corporation.

22 SECTION 4. This Act shall take effect on July 1, 2112.



Report Title:

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

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. Effective July 1, 2112. (HB2319 HD1)

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not legislation or evidence of legislative intent.*

