

JAN 23 2014

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 innovative business
2 growth in Hawaii requires that relationships be established
3 between investors and innovative talent. To accomplish this,
4 opportunities for capital and talent to interact must be
5 provided. The legislature has been informed that such
6 opportunities need not occur at trade, scientific, commercial,
7 or technology-focused events. For example, the "South by
8 Southwest" event in Austin, Texas, is primarily a music
9 festival. An ancillary effect, however, is that "South by
10 Southwest" also serves as a venue of interaction for persons
11 interested in investing in innovative businesses and persons
12 seeking capital for such businesses. Hawaii has hosted events
13 of similar type that may serve as the foundation for innovative
14 business interaction. This Act enables the State to contract
15 with the organizer of an annual event in Hawaii to add a
16 component that encourages the interaction of innovative business
17 investors and talent.

18 The purpose of this Act is to promote economic development.



1 More specifically, this Act:

2 (1) Establishes an innovative business interaction program
3 under the Hawaii tourism authority to increase the
4 opportunity for interaction between innovative
5 business investors and innovative business talent from
6 out-of-state and in-state; and

7 (2) Increases the transient accommodations tax revenues
8 deposited into the tourism special fund to provide
9 funds for the program.

10 SECTION 2. Chapter 201B, Hawaii Revised Statutes, is
11 amended by adding a new section to part I to be appropriately
12 designated and to read as follows:

13 "§201B- Innovative business interaction program for
14 investors and talent. (a) For the purpose of this section:

15 "Event organizer" or "organizer" means a person who
16 organizes and operates a cultural, art, entertainment, culinary,
17 or athletic event annually in Hawaii that attracts visitors and
18 residents.

19 "Innovative business" means a business that is engaged or
20 intending to engage in providing a service or manufacturing a
21 product, wholly or partially in Hawaii, using a technology or



1 scientific technique that improves efficiency, cost-
2 effectiveness, or sustainability.

3 "Innovative business investor" means an individual who
4 invests or is a principal or employee of an entity that invests
5 in innovative businesses.

6 "Innovative business talent" means an individual who is a
7 principal or employee of an innovative business.

8 "Principal" means a director, partner, sole proprietor,
9 officer, or manager of a business.

10 (b) The authority shall use its funds to increase the
11 opportunity for out-of-state and in-state innovative business
12 investors and talent to personally meet and interact with each
13 other. To achieve this purpose, the authority shall contract
14 with an organizer of a cultural, art, entertainment, culinary,
15 or athletic event held annually in Hawaii and marketed outside
16 and inside Hawaii to add an interaction component designed and
17 operated to be especially attractive, overtly or subtly, to
18 innovative business investors and innovative business talent.
19 The interaction component may be provided in a social or
20 entertainment setting, without any formal educational or
21 commercial program, and open to all event attendees.



1 Beginning July 1, 2014, of the revenues received by the
2 authority pursuant to section 237D-6.5(b)(2)(B), \$500,000 or so
3 much as may be necessary shall be expended by the authority for
4 the innovative business interaction program established under
5 this section.

6 (c) The authority shall award one contract to a single
7 event organizer for a term of five years, commencing from 2015,
8 with an option for the authority to extend the contract for a
9 subsequent five-year period. Under the contract, the authority
10 shall require the organizer to add the interaction component
11 described under subsection (b) to the same event annually. The
12 authority shall award the contract in accordance with chapter
13 103D to an event organizer that meets the requirements of
14 subsection (d). The authority shall include terms and
15 conditions in the contract that are not in conflict with this
16 section.

17 (d) An event organizer shall qualify for the contract
18 under this section if:

19 (1) The organizer or a predecessor has held the
20 organizer's event in Hawaii annually from 2010 to
21 2014; provided that an organizer that, on July 1,



1 2014, has scheduled, but not yet held, the event in
2 2014 shall be deemed to comply with this paragraph;

3 (2) The event held by the organizer has attracted visitors
4 from out-of-state, as well as residents of Hawaii;

5 (3) The event is held over at least a consecutive three-
6 day period; and

7 (4) The organizer commits to publicizing or marketing the
8 event internationally and nationally as well as
9 locally.

10 The authority may require the organizer to comply with
11 other criteria that are not inconsistent with this section.

12 (e) The authority shall include in its annual report to
13 the legislature a section on the innovative business interaction
14 program.

15 (f) Before the regular session of 2020, the authority
16 shall submit to the governor and legislature a report on the
17 impact, benefit, and cost of the innovative business interaction
18 program. The authority shall include in the report a
19 recommendation on whether the program should be continued beyond
20 2020, with or without modification, or be repealed."

21 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
22 amended by amending subsection (b) to read as follows:



1 "(b) Revenues collected under this chapter shall be
2 distributed as follows, with the excess revenues to be deposited
3 into the general fund:

4 (1) \$33,000,000 shall be allocated to the convention
5 center enterprise special fund established under
6 section 201B-8;

7 (2) [~~\$82,000,000~~] \$82,500,000 shall be allocated to the
8 tourism special fund established under section 201B-
9 11; provided that:

10 (A) Beginning on July 1, 2012, and ending on June 30,
11 2015, \$2,000,000 shall be expended from the
12 tourism special fund for development and
13 implementation of initiatives to take advantage
14 of expanded visa programs and increased travel
15 opportunities for international visitors to
16 Hawaii;

17 (B) Of the [~~\$82,000,000~~] \$82,500,000 allocated:

18 (i) \$1,000,000 shall be allocated for the
19 operation of a Hawaiian center and the
20 museum of Hawaiian music and dance at the
21 Hawaii convention center; and



1 (ii) 0.5 per cent of the [~~\$82,000,000~~
2 \$82,500,000 shall be transferred to a sub-
3 account in the tourism special fund to
4 provide funding for a safety and security
5 budget, in accordance with the Hawaii
6 tourism strategic plan 2005-2015; and

7 (C) Of the revenues remaining in the tourism special
8 fund after revenues have been deposited as
9 provided in this paragraph and except for any sum
10 authorized by the legislature for expenditure
11 from revenues subject to this paragraph,
12 beginning July 1, 2007, funds shall be deposited
13 into the tourism emergency trust fund,
14 established in section 201B-10, in a manner
15 sufficient to maintain a fund balance of
16 \$5,000,000 in the tourism emergency trust fund;

17 (3) \$93,000,000 shall be allocated as follows: Kauai
18 county shall receive 14.5 per cent, Hawaii county
19 shall receive 18.6 per cent, city and county of
20 Honolulu shall receive 44.1 per cent, and Maui county
21 shall receive 22.8 per cent; provided that commencing
22 with fiscal year 2018-2019, a sum that represents the



1 difference between a county public employer's annual
2 required contribution for the separate trust fund
3 established under section 87A-42 and the amount of the
4 county public employer's contributions into that trust
5 fund shall be retained by the state director of
6 finance and deposited to the credit of the county
7 public employer's annual required contribution into
8 that trust fund in each fiscal year, as provided in
9 section 87A-42, if the respective county fails to
10 remit the total amount of the county's required annual
11 contributions, as required under section 87A-43; and

12 (4) Of the excess revenues deposited into the general fund
13 pursuant to this subsection, \$3,000,000 shall be
14 allocated subject to the mutual agreement of the board
15 of land and natural resources and the board of
16 directors of the Hawaii tourism authority in
17 accordance with the Hawaii tourism authority strategic
18 plan for:

19 (A) The protection, preservation, and enhancement of
20 natural resources important to the visitor
21 industry;



- 1 (B) Planning, construction, and repair of facilities;
- 2 and
- 3 (C) Operation and maintenance costs of public lands
- 4 connected with enhancing the visitor experience.

5 All transient accommodations taxes shall be paid into the
 6 state treasury each month within ten days after collection and
 7 shall be kept by the state director of finance in special
 8 accounts for distribution as provided in this subsection.

9 As used in this subsection, "fiscal year" means the twelve-
 10 month period beginning on July 1 of a calendar year and ending
 11 on June 30 of the following calendar year."

12 SECTION 4. There is appropriated out of the tourism
 13 special fund of the State of Hawaii the sum of \$500,000 or so
 14 much thereof as may be necessary for fiscal year 2014-2015 for
 15 the innovative business interaction program.

16 The sum appropriated shall be expended by the Hawaii
 17 tourism authority for the purposes of this Act.

18 SECTION 5. Statutory material to be repealed is bracketed
 19 and stricken. New statutory material is underscored.

20 SECTION 6. This Act shall take effect on July 1, 2014.

21

INTRODUCED BY: Amid J. Lee



Handwritten signatures:
 - A large signature, possibly "Michelle Kelani", written over the printed name.
 - Another signature below it, possibly "J. Lee".

S.B. NO. 3081

Will Egan

Mike N. D.

Paul P.

Quincy & Bob



S.B. NO. 3081

Report Title:

Innovative Business Interaction Program; Establishment; Hawaii
Tourism Authority; Appropriation

Description:

Establishes an innovative business interaction program under the
Hawaii tourism authority. Increases the transient
accommodations tax revenues deposited into the tourism special
fund by an amount to be used for the program.

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not legislation or evidence of legislative intent.*

