

STAND. COM. REP. NO. 2307

Honolulu, Hawaii

FEB 13 2014

RE: S.B. No. 2832
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Economic Development, Government Operations and Housing and Technology and the Arts, to which was referred S.B. No. 2832 entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Allow the High Technology Development Corporation to provide grants up to fifty percent of the amount of the federal award or contract to any business in Hawaii that receives federal small business innovation research Phase II or III awards or contracts; and
- (2) Increase the ceiling on any single transfer of funds from the Hawaii capital loan revolving fund from \$100,000 to \$500,000.

Your Committees received testimony in support of this measure from the Office of the Governor, High Technology Development Corporation, Oceanit, The Chamber of Commerce of Hawaii, TeraSys Technologies, and Spectrum Photonics, Inc.

Your Committees find that the technology industry in Hawaii has grown over the past ten years and has made strides toward diversifying Hawaii's economy. Companies that are developing cutting edge technologies rely on federal support through the Small Business Innovation Research Grant program, which encourages



and funds early stage ideas and innovations. Great ideas emerge from this early stage funding, and these ideas and technologies are vetted and entered into competitions at a national level. However, with the level of funding that is provided in a small business innovation research Phase I grant, there is barely enough money to demonstrate proof-of-concept for a technology. Follow-up funding is essential to move the technology toward prototyping, customer interface, and development.

Your Committees have amended this measure by:

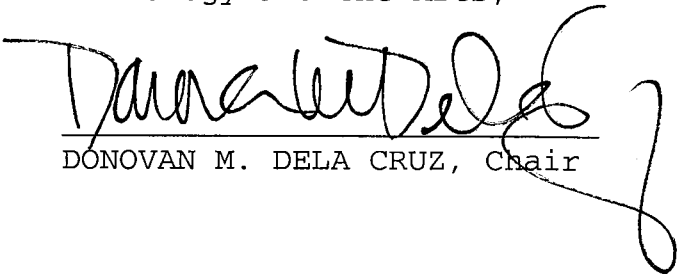
- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development, Government Operations and Housing and Technology and the Arts that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2832, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2832, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development, Government
Operations and Housing and
Technology and the Arts,



GLENN WAKAI, Chair



DONOVAN M. DELA CRUZ, Chair



