
A BILL FOR AN ACT

RELATING TO INNOVATION BUSINESS INTERACTION.

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

1 SECTION 1. The legislature finds that to be successful in
2 the twenty-first century global economy, Hawaii must position
3 itself as a leader in technology development, transfer, and
4 commercialization. Significant progress has been made in the
5 past years through programs supported by federal and state
6 initiatives, such as programs administered by the high
7 technology development corporation, Hawaii strategic development
8 corporation, and the Hawaii technology development venture, but
9 more is required to move Hawaii's technology industry to achieve
10 local technology commercialization. Innovation in science and
11 technology fields will not only enable the State to succeed in
12 the global marketplace, but will also support the State's
13 sustainable economic development goals to include a viable and
14 vibrant technology and manufacturing labor force.

15 The purpose of this Act is to build on the successes of
16 Hawaii's science and technology industries and establish a
17 commercialization loan program, known as the Hawaii impact loan



1 program for commercialization to support Hawaii-based small
2 businesses in the fields of dual-use technologies, tourism-
3 technology, agriculture-technology, sports-technology, finance-
4 technology, building and construction-technology, life science-
5 technology, biomedical engineering-technology, aerospace-
6 technology, and other cross-industry collaborations (excluding
7 energy) with Hawaii's technology sector.

8 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is
9 amended by adding two new sections to be appropriately
10 designated and to read as follows:

11 "§206M-A Hawaii impact loan program for commercialization;
12 established. (a) There is established within the development
13 corporation, the Hawaii impact loan program for
14 commercialization, also to be known as the HI-impact loan
15 program, to support Hawaii-based small businesses in the fields
16 of dual-use technologies, tourism-technology, agriculture-
17 technology, sports-technology, finance-technology, building and
18 construction-technology, life science-technology, biomedical
19 engineering-technology, aerospace-technology, and other cross-
20 industry collaborations, excluding energy generation technology.

21 (b) The purposes of the program shall be to:



- 1 (1) Develop, implement, and operate a comprehensive loan
2 program to support product development, technology
3 transfer, and commercialization;
- 4 (2) Provide capital to support accelerated
5 commercialization activities in the fields of dual-use
6 technologies, tourism-technology, agriculture-
7 technology, sports-technology, finance-technology,
8 building and construction-technology, life science-
9 technology, biomedical engineering-technology,
10 aerospace-technology, and other cross-industry
11 collaborations, excluding energy generation
12 technology;
- 13 (3) Provide capital to sustain high-potential business
14 infrastructure development to assist the enterprise
15 towards commercial success;
- 16 (4) Promote high-quality, high-income job opportunities
17 for Hawaii's residents and graduates of Hawaii's
18 educational institutions;
- 19 (5) Reverse the loss of qualified workers to other states
20 by providing jobs to retain existing Hawaii technology



1 employees and enable highly qualified scientists and
2 engineers to return to living-wage jobs in Hawaii; and

3 (6) Keep technology companies doing business in Hawaii by
4 limiting the need to seek out-of-state venture
5 capital, which dilutes local ownership and increases
6 the probability of moving high potential technology
7 companies from Hawaii.

8 (c) The board may hire an administrator for the HI-impact
9 loan program, who shall be known as the HI-impact administrator.

10 The board may set the salary for the HI-impact administrator.

11 The HI-impact administrator position shall be exempt from
12 chapter 76.

13 (d) The development corporation shall model the loan
14 program after the Maryland technology development corporation
15 technology commercialization fund by, among other things:

16 (1) Providing funding specifically for a first investment
17 of up to \$ _____ to provide funds for critical
18 product development that enables business to achieve
19 significant product development and technical
20 milestones; and



- 1 (2) Making program eligibility dependent upon the
- 2 following two criteria:
- 3 (A) The business shall be a for-profit entity located
- 4 in the State with fewer than sixteen full-time
- 5 equivalent employee positions; and
- 6 (B) The business is pre-revenue or has received less
- 7 than an aggregate of \$500,000 in equity
- 8 investments; and
- 9 (3) Offering the loans in the form of a convertible note
- 10 bearing eight per cent interest.
- 11 (e) To receive funding, a Hawaii-based business shall:
- 12 (1) Submit qualified proposals to the HI-impact
- 13 administrator for funding in accordance with program
- 14 requirements specified by the high technology
- 15 development corporation; provided that a majority of
- 16 the work under the award shall be performed in the
- 17 State;
- 18 (2) Submit to the HI-impact administrator a
- 19 commercialization budget, corporate business plan,
- 20 corporate financials, pro forma statements, and other
- 21 information required by the HI-impact administrator;



1 (3) Commit a fifty per cent match of the loan, in cash or
2 in-kind;

3 (4) Sign a promissory note when the loan is made;

4 (5) Execute agreements as required by the HI-impact
5 administrator; and

6 (6) Submit reports and updates of project progress and
7 other required documents as required by the HI-impact
8 administrator.

9 (f) The HI-impact administrator shall submit an annual
10 report to the legislature no later than twenty days prior to
11 each regular session on the activities and expenditures of the
12 loan program and the Hawaii impact loan program for
13 commercialization special fund.

14 (g) The development corporation may adopt rules pursuant
15 to chapter 91 necessary to carry out the purposes of this
16 section.

17 §206M-B Hawaii impact loan program for commercialization;
18 special fund. (a) There is established in the treasury of the
19 State the Hawaii impact loan program for commercialization
20 special fund to be administered by the development corporation.



1 (b) The revenues of the special fund shall consist of loan
 2 repayments, fees, fines and penalties, legislative
 3 appropriations for the program or the special fund, and interest
 4 accrued upon the funds in the special fund.

5 (c) The special fund shall be used to make loans to
 6 support Hawaii-based small businesses in the fields of dual-use
 7 technologies, tourism-technology, agriculture-technology,
 8 sports-technology, finance-technology, building and
 9 construction-technology, life science-technology, biomedical
 10 engineering-technology, aerospace-technology, and other cross-
 11 industry collaborations, excluding energy generation technology;
 12 provided that no more than fifteen per cent of the moneys may be
 13 expended for administration and program oversight of the program
 14 awardees; provided further that funds received from loan
 15 operations shall be used in accordance with this section and
 16 section 206M-A."

17 SECTION 3. There is appropriated out of the general
 18 revenues of the State of Hawaii the sum of \$ or so much
 19 thereof as may be necessary for fiscal year 2016-2017 for
 20 deposit into the Hawaii impact loan program for
 21 commercialization special fund.



1 SECTION 4. There is appropriated out of the Hawaii impact
2 loan program for commercialization special fund the sum of
3 \$ or so much thereof as may be necessary for fiscal year
4 2016-2017 for the purposes of this Act.

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

7 SECTION 5. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 the new sections in this Act.

11 SECTION 6. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2016.



Report Title:

HTDC; Loan Program; Appropriation

Description:

Establishes a loan program in the HTDC to support dual-use technology small businesses. Appropriate funds. (HB2219 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

