
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 impact loan fund
18 for Hawaii to support Hawaii-based small businesses in the



1 fields of dual-use technologies, tourism-technology,
2 agriculture-technology, ocean recreational-technology, finance-
3 technology, building and construction-technology, life science-
4 technology, biomedical engineering-technology, aerospace-
5 technology, and other cross-industry collaborations, excluding
6 energy generation technology, with Hawaii's technology sector.

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

10 "§206M-A Impact loan fund for Hawaii; established. (a)
11 There is established within the development corporation, the
12 impact loan fund for Hawaii, to be also known as the HI-impact
13 loan program, to support Hawaii-based small businesses in the
14 fields of dual-use technologies, tourism-technology,
15 agriculture-technology, ocean recreational-technology, finance-
16 technology, building and construction-technology, life science-
17 technology, biomedical engineering-technology, aerospace-
18 technology, and other cross-industry collaborations, excluding
19 energy generation technology.

20 (b) The purposes of the HI-impact loan program shall be
21 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, ocean recreational-technology, finance-
8 technology, building and construction-technology, life
9 science-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 may model the loan program
14 after the Maryland technology development corporation technology
15 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;



- 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 shall be pre-revenue or have
7 received less than an aggregate of \$500,000 in
8 equity 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 development
13 corporation for funding in accordance with program
14 requirements specified by the development corporation;
15 provided that a majority of the work under the award
16 shall be performed in the State;
- 17 (2) Submit to the HI-impact administrator a
18 commercialization budget, corporate business plan,
19 corporate financials, pro forma statements, and other
20 information required by the HI-impact administrator;



- 1 (3) Secure a contract or purchase order from a customer
2 company equal to or greater than ten per cent of the
3 convertible debt loan;
- 4 (4) Submit to the HI-impact administrator a technical
5 budgeted plan of work to meet the customer's needs;
- 6 (5) Include a justification letter of commitment from the
7 customer company explaining how the business case will
8 help the company and its commitment to purchase;
- 9 (6) Sign a promissory note when the loan is made;
- 10 (7) Execute agreements as required by the HI-impact
11 administrator; and
- 12 (8) Submit reports and updates of project progress and
13 other required documents as required by the HI-impact
14 administrator.
- 15 (f) The HI-impact administrator shall submit an annual
16 report to the legislature no later than twenty days prior to the
17 convening of each regular session on the activities and
18 expenditures of the loan program and the HI-impact special fund.
- 19 (g) The development corporation may adopt rules pursuant
20 to chapter 91 necessary to carry out the purposes of this
21 section.



1 §206M-B HI-impact special fund. (a) There is established
2 in the treasury of the State of Hawaii the HI-impact special
3 fund to be administered by the development corporation.

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

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

20 SECTION 3. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2016-2017 for
2 deposit into the HI-impact special fund.

3 SECTION 4. There is appropriated out of the HI-impact
4 special fund the sum of \$ or so much thereof as may be
5 necessary for fiscal year 2016-2017 for the purposes of this
6 Act.

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

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

13 SECTION 6. New statutory material is underscored.

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



Report Title:

HTDC; HI-impact Loan Program; Appropriation

Description:

Establishes the impact loan fund for Hawaii (HI-impact loan program) in the High Technology Development Corporation to support dual-use technology small businesses. Establishes the HI-impact special fund. Appropriates funds. (SD2)

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

