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# A BILL FOR AN ACT

RELATING TO THE HI GROWTH INITIATIVE.

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

1           SECTION 1. The legislature finds that the State has a  
2 public interest in identifying new engines of economic growth  
3 that create high-wage jobs. Ensuring that Hawaii residents have  
4 access to increased and diversified opportunities for high-wage  
5 employment contributes to improved living standards for all our  
6 citizens. This important economic policy objective was  
7 formalized in 2014 in Act 133 that amended the state economic  
8 policy objectives to include the promotion of innovation and  
9 entrepreneurship within Hawaii in order to transform our State  
10 into a place that welcomes and facilitates innovative activity.

11           The State, through the HI Growth Initiative, has supported  
12 the establishment of an innovation ecosystem that promotes the  
13 development of high-growth entrepreneurial businesses. This  
14 public private investment program, based on best practices that  
15 have proven effective in other states, has gained traction and  
16 is beginning to see success. From virtually nothing four years  
17 ago, the innovation ecosystem today includes six startup



1 accelerators - three of which have received national recognition  
2 from the United States Small Business Administration and one  
3 ranked number seventeen nationally - five Hawaii-based venture  
4 capital funds, coworking spaces, business incubation,  
5 commercialization programs and a full calendar of events and  
6 programming geared toward developing more entrepreneurs. Hawaii  
7 now ranks twelfth in the nation on the Kauffman Foundation's  
8 analysis of startup growth, just below New York and above  
9 California.

10 Hawaii's business community has identified innovation as a  
11 sector that would greatly benefit from increased investment. A  
12 recent report sponsored by the Hawaii Business Roundtable noted  
13 that the innovation sector today makes up 7.3 per cent of the  
14 economy and called for continued efforts to grow this sector.  
15 Innovation sector workers earn higher than average wages and  
16 economic research indicates that these jobs generate greater  
17 demand for other jobs in the economy. A report sponsored by the  
18 Oahu Economic Development Board provided specific  
19 recommendations to advance Hawaii's economic transformation,  
20 including a call for dedicated funding streams for initiatives  
21 that contribute to the infrastructure, talent development and



1 capital needs of the innovation ecosystem. The Chamber of  
2 Commerce of Hawaii has called for additional resources to  
3 address the need for increased mentoring, business development,  
4 and private-public capital to support new businesses.

5 The purpose of this Act is to provide the funding and  
6 coordination necessary to implement the recommendation of the  
7 governor to establish Hawaii as the innovation center of the  
8 Pacific. This Act provides an appropriation to the Hawaii  
9 strategic development corporation to continue programs under the  
10 HI Growth Initiative that support entrepreneurial development,  
11 fill financing gaps and build out our innovation ecosystem.  
12 Maintaining the continuity and momentum of current efforts is  
13 essential to fully developing this new growth sector for the  
14 long term.

15 SECTION 2. Chapter 235, Hawaii Revised Statutes, is  
16 amended by adding to part IV a new section to be appropriately  
17 designated and to read as follows:

18 "§235- Disposition of taxes. Of the taxes deposited to  
19 the state general fund pursuant to section 235-119 each fiscal  
20 year beginning July 1, 2016, and ending June 30, 2021, the first  
21 \$ shall be transferred into the Hawaii strategic



1 development corporation revolving fund established pursuant to  
2 section 211F-5."

3 SECTION 3. New statutory material is underscored.

4 Section 4. This Act shall take effect on July 1, 2050.



**Report Title:**

Hawaii Strategic Development Corporation; HI Growth Initiative

**Description:**

Allocates an unspecified amount of the Corporation Income Tax collected each year for five years to the Hawaii Strategic Development Corporation Revolving Fund for the HI Growth Initiative, an investment program to develop an ecosystem to support high-growth entrepreneurial companies in the State.  
(HB2288 HD1)

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

