
A BILL FOR AN ACT

RELATING TO INNOVATIVE BUSINESS INTERACTION.

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 festival.
9 An ancillary effect, however, is that South by Southwest also
10 serves as a venue of interaction for persons interested in
11 investing in innovative businesses and persons seeking capital
12 for such businesses. Hawaii has hosted events of a similar type
13 that may serve as the foundation for innovative business
14 interaction. This Act enables the State to contract with the
15 organizer of an annual event in Hawaii to add a component that
16 encourages the interaction of innovative business investors and
17 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 department of business, economic
4 development, and tourism to increase the opportunity
5 for interaction between innovative business investors
6 and innovative business talent from out-of-state and
7 in-state; and

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

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

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

16 "Event organizer" or "organizer" means a person or entity
17 that organizes and operates a cultural, art, entertainment,
18 technology, interactive media, culinary, athletic, or other
19 event annually in Hawaii that attracts visitors and residents.

20 "Innovative business" means a business that is engaged or
21 intending to engage in providing a service or manufacturing a



1 product, wholly or partially in Hawaii, using a technology or
2 scientific technique that improves efficiency, cost-
3 effectiveness, or sustainability.

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

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

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

11 (b) The department shall increase the opportunity for out-
12 of-state and in-state innovative business investors and talent
13 to personally meet and interact with each other. To achieve
14 this, the department shall contract with an organizer of an
15 event held annually in Hawaii and marketed outside and inside
16 Hawaii to add an interaction component designed and operated to
17 be especially attractive, overtly or subtly, to innovative
18 business investors and innovative business talent. The
19 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, 2015, of the revenues received by the
2 department pursuant to section 237D-6.5(b)(2)(B), \$ or so
3 much thereof as may be necessary shall be expended by the
4 department for the innovative business interaction program
5 established under this section.

6 (c) The department shall award the contract in accordance
7 with chapter 103D. The department shall include terms and
8 conditions in the contract that are not in conflict with this
9 section.

10 (d) The Hawaii tourism authority shall assist the
11 department in all aspects of the innovative business interaction
12 program.

13 (e) The department shall include, in its annual report to
14 the legislature, a section on the innovative business
15 interaction program detailing the status of any events conducted
16 pursuant to this section and the amount of funds expended.

17 (f) Before the regular session of 2021, the department
18 shall submit to the governor and legislature a report on the
19 impact, benefit, and cost of the innovative business interaction
20 program. The department shall include in the report a



1 recommendation on whether the program should be continued beyond
2 2021, with or without modification, or be repealed."

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

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

8 (1) \$26,500,000 shall be allocated to the convention
9 center enterprise special fund established under
10 section 201B-8;

11 (2) [~~\$82,000,000~~] \$_____ shall be allocated to the
12 tourism special fund established under section 201B-
13 11; provided that:

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

21 (B) Of the [~~\$82,000,000~~] \$_____ allocated:



- 1 (i) \$1,000,000 shall be allocated for the
- 2 operation of a Hawaiian center and the
- 3 museum of Hawaiian music and dance at the
- 4 Hawaii convention center; [~~and~~]
- 5 (ii) 0.5 per cent of the [~~\$82,000,000~~]
- 6 \$ _____ shall be transferred to a sub-
- 7 account in the tourism special fund to
- 8 provide funding for a safety and security
- 9 budget, in accordance with the Hawaii
- 10 tourism strategic plan 2005-2015; and
- 11 (iii) \$ _____ shall be allocated for the
- 12 innovative business interaction program; and
- 13 (C) Of the revenues remaining in the tourism special
- 14 fund after revenues have been deposited as
- 15 provided in this paragraph and except for any sum
- 16 authorized by the legislature for expenditure
- 17 from revenues subject to this paragraph,
- 18 beginning July 1, 2007, funds shall be deposited
- 19 into the tourism emergency trust fund,
- 20 established in section 201B-10, in a manner



1 sufficient to maintain a fund balance of
2 \$5,000,000 in the tourism emergency trust fund;
3 (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
4 for fiscal year 2015-2016, and \$93,000,000 for each
5 fiscal year thereafter shall be allocated as follows:
6 Kauai county shall receive 14.5 per cent, Hawaii
7 county shall receive 18.6 per cent, city and county of
8 Honolulu shall receive 44.1 per cent, and Maui county
9 shall receive 22.8 per cent; provided that commencing
10 with fiscal year 2018-2019, a sum that represents the
11 difference between a county public employer's annual
12 required contribution for the separate trust fund
13 established under section 87A-42 and the amount of the
14 county public employer's contributions into that trust
15 fund shall be retained by the state director of
16 finance and deposited to the credit of the county
17 public employer's annual required contribution into
18 that trust fund in each fiscal year, as provided in
19 section 87A-42, if the respective county fails to
20 remit the total amount of the county's required annual
21 contributions, as required under section 87A-43;



1 (4) \$3,000,000 shall be allocated to the Turtle Bay
2 conservation easement special fund established under
3 section 201B-8.6 for the payment of debt service on
4 revenue bonds, the proceeds of which were used to
5 acquire the conservation easement in Turtle Bay, Oahu,
6 until the bonds are fully amortized; and

7 (5) Of the excess revenues deposited into the general fund
8 pursuant to this subsection, \$3,000,000 shall be
9 allocated subject to the mutual agreement of the board
10 of land and natural resources and the board of
11 directors of the Hawaii tourism authority in
12 accordance with the Hawaii tourism authority strategic
13 plan for:

14 (A) The protection, preservation, and enhancement of
15 natural resources important to the visitor
16 industry;

17 (B) Planning, construction, and repair of facilities;
18 and

19 (C) Operation and maintenance costs of public lands
20 connected with enhancing the visitor experience.



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

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

8 SECTION 4. There is appropriated out of the tourism
9 special fund of the State of Hawaii the sum of \$ or so
10 much thereof as may be necessary for fiscal year 2015-2016 and
11 the same sum or so much thereof as may be necessary for fiscal
12 year 2016-2017 for the innovative business interaction program.

13 The sums appropriated shall be expended by the department
14 of business, economic development, and tourism for the purposes
15 of this Act.

16 SECTION 5. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on February 19,
19 2025.



Report Title:

Innovative Business Interaction Program; Department of Business, Economic Development, and Tourism; Hawaii Tourism Authority; Appropriation

Description:

Establishes an innovative business interaction program under DBEDT, with the assistance of the Hawaii Tourism Authority. Allocates a portion of transient accommodations tax revenues for the program. Appropriates funds. Takes effect on 2/19/2025. (SD2)

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