
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 high impact
18 loan program for commercialization (HI-impact) to support



1 Hawaii-based small businesses in the fields of dual-use
2 technologies, tourism-technology, agriculture-technology,
3 manufacturing technology, sports-technology, finance-technology,
4 building and construction-technology, and other cross-industry
5 collaborations, excluding energy, with Hawaii's technology
6 sector.

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

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

20 (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, manufacturing-technology, sports-
8 technology, finance-technology, building and
9 construction-technology, and other cross-industry
10 collaborations, excluding energy generation
11 technology;
- 12 (3) Provide capital to sustain high-potential business
13 infrastructure development to assist the enterprise
14 towards commercial success;
- 15 (4) Promote high-quality, high-income job opportunities
16 for Hawaii's residents and graduates of Hawaii's
17 educational institutions;
- 18 (5) Reverse the loss of qualified workers to other states
19 by providing jobs to retain existing Hawaii technology
20 employees and enable highly qualified scientists and
21 engineers to return to living-wage jobs in Hawaii; and



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

6 (c) The board shall hire an administrator for the HI-
7 impact loan program, who shall be known as the HI-impact
8 administrator. The board shall set the salary for the HI-impact
9 administrator. The HI-impact administrator position shall be
10 exempt from chapter 76.

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

14 (1) Providing funding through an investment of up to
15 \$100,000 for critical product development that enables
16 a business to achieve significant product development
17 and technical milestones;

18 (2) Making program eligibility dependent upon the
19 following criteria:



- 1 (A) The business shall be a for-profit entity located
- 2 in the State with fewer than sixteen full-time
- 3 equivalent employee positions; and
- 4 (B) The business shall be pre-revenue or have
- 5 received less than an aggregate of \$500,000 in
- 6 equity investments; and
- 7 (3) Offering the loans in the form of a convertible note
- 8 bearing eight per cent interest.
- 9 (e) To receive funding, a Hawaii-based business shall:
- 10 (1) Submit qualified proposals to the HI-impact
- 11 administrator for funding in accordance with program
- 12 requirements specified by the department of business,
- 13 economic development, and tourism; provided that a
- 14 majority of the work under the award shall be
- 15 performed in the State;
- 16 (2) Submit to the HI-impact administrator a
- 17 commercialization budget, corporate business plan,
- 18 purchase orders or letters of commitment for product
- 19 sales, and a statement of commitment to pay interest
- 20 to the State and repay the total amount of principal
- 21 loaned under the HI-impact loan program for

1 commercialization based upon parameters set by the
2 department of business, economic development, and
3 tourism;

4 (3) Execute agreements in accordance with the HI-impact
5 administrator; and

6 (4) Submit reports and updates of project progress and
7 other required documents in accordance with HI-impact
8 administrator requirements.

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 high impact loan program for
13 commercialization special fund.

14 §206M-B Hawaii high impact loan program for
15 commercialization; special fund. (a) There is established in
16 the treasury of the State the Hawaii high impact loan program
17 for commercialization special fund to be administered by the
18 development corporation.

19 (b) The revenues of the special fund shall consist of loan
20 repayments, fees, fines and penalties, legislative



1 appropriations for the program or the special fund, and interest
2 accrued upon the funds in the special fund.

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

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

19 SECTION 4. There is appropriated out of the Hawaii high
20 impact loan program for commercialization special fund the sum



1 of \$ or so much thereof as may be necessary for fiscal
2 year 2016-2017 for the purposes of this Act.

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

5 SECTION 5. In codifying the new sections added by section
6 2 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 the new sections in this Act.

9 SECTION 6. New statutory material is underscored.

10 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

HTDC; HI-impact Loan Program; Appropriation

Description:

Establishes a loan program in the HTDC to support high-technology small businesses. Appropriates funds. Effective 7/1/2050. (SD2)

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