

Honolulu, Hawaii

February 18, 2016

RE: H.B. No. 2219

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2219 entitled:

"A BILL FOR AN ACT RELATING TO INNOVATION BUSINESS INTERACTION,"

begs leave to report as follows:

The purpose of this measure is to position Hawaii as a leader in science and technology industry development and commercialization and support Hawaii-based small businesses by establishing the Hawaii High Impact Loan Program for Commercialization.

The Chamber of Commerce Hawaii, Hawaii Farm Bureau, Hawaii Venture Capital Association, Guide Star Engineering, Oceanit, and a concerned individual testified in support of this measure. The Hawaii Strategic Development Corporation and High Technology Development Corporation testified in support of the intent of this measure.

Your Committee finds that Hawaii must continue to find ways to diversify its economy to ensure long-term economic viability. Positioning itself as a leader in technology development and commercialization will allow Hawaii to find success in a Twenty-first Century global economy. Although significant progress has been made in the past years through programs supported by federal and state initiatives, such as programs administered by the High Technology Development Corporation, Hawaii Strategic Development Corporation, and the Hawaii Technology Development Venture, more



is required to move Hawaii's technology industry toward achieving local technology commercialization. Technology companies have identified increased access to local capital for product development and proof of commercial concept as a key need to establish, sustain, and expand the innovation and technology industry in Hawaii. Your Committee finds that establishment of a loan program to assist this industry will enable the State to succeed in the global marketplace and support the State's sustainable economic development goals to include a viable and vibrant technology and manufacturing labor force for the benefit of the economy of the State.

Your Committee has amended this measure by:

- (1) Renaming the program as the Hawaii Impact Loan Program for Commercialization;
- (2) Expanding the types of businesses supported by Program to include businesses in the fields of life science-technology, biomedical engineering-technology, and aerospace-technology;
- (3) Deleting manufacturing-technology as a type of business eligible for support from the Program;
- (4) Allowing for only a first investment loan of an unspecified amount to be provided from the Program for critical product development and deleting provisions allowing for a second investment loan;
- (5) Specifying that requirements for funding in accordance with the Program be established by the High Technology Development Corporation rather than the Department of Business, Economic Development and Tourism;
- (6) Simplifying the financial documentation required to be submitted to receive funding from the Program;
- (7) Requiring that a Hawaii-based business commit a fifty percent match of the loan, in cash or in-kind; sign a promissory note when the loan is made; and execute agreements as required by the HI-impact administrator to be eligible for a loan from the Program;



- (8) Authorizing the High Technology Development Corporation to establish rules pursuant to Chapter 91, Hawaii Revised Statutes, to carry out the Program; and
- (9) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Should the Committee on Finance deliberate this measure further, your Committee on Economic Development and Business respectfully requests that it consider establishing a cap of \$100,000 on an investment loan provided from the Program.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2219, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2219, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,


DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

HJR 394-16

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 2219	Committee Referral: EDB, FIN	Date: 9 FEB 16		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DECOITE, Lynn	✓			
7. ITO, Ken				✓
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene	✓			
TOTAL (14)	13			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>James S. King</i></u>				
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