
A BILL FOR AN ACT

RELATING TO INNOVATION BUSINESS.

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

1 SECTION 1. The legislature finds that in order to keep our
2 community vibrant and our economy expanding, Hawaii will need to
3 focus on sectors that will bring new dollars to Hawaii's
4 economy. A research innovation sector that fosters a research
5 environment to fuel innovative ideas and promote
6 entrepreneurship will better position Hawaii for future economic
7 growth and expansion. There is no question that innovation as a
8 result of research and development contributes greatly to
9 economic growth. It is oftentimes the catalyst for change, job
10 creation, and a higher standard of living. Hawaii's research
11 and development industry will bring in new dollars to our
12 State's economy and create a wide range of high-skilled, high-
13 paying jobs for our young people so they may continue to live
14 and work in Hawaii. The research and development sector is
15 vital to Hawaii's future economic growth.

16 The purpose of this Act is to build on the successes of
17 Hawaii's science and technology industries and establish a



1 research and development program and a research and development
2 special fund with the intention of turning research and
3 development into commercially viable products and services to
4 expand and diversify Hawaii's economy.

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

8 "§206M-A Research and development program; established.

9 (a) There is established within the development corporation,
10 the research and development program, to help Hawaii-based small
11 businesses collaborate with commercial partners to further
12 refine and optimize research and development performed in
13 Hawaii.

14 (b) The purpose of the research and development program
15 shall be to:

16 (1) Develop, implement, and operate the research and
17 development special fund to support product
18 development, technology transfer, and
19 commercialization;



1 (2) Provide capital to support accelerated
2 commercialization activities for small businesses in
3 the State of Hawaii;

4 (3) Provide capital to sustain high-potential business
5 infrastructure development to assist the enterprise
6 towards commercial success; and

7 (4) Provide grants of up to \$ for critical product
8 development that enables a Hawaii-based small business
9 to achieve significant product development and
10 technical milestones.

11 (c) To receive funding, a Hawaii-based small business
12 shall submit proof of the federal research and development tax
13 credits received to the development corporation. Proof of
14 receipt of the federal research and development tax credits
15 received shall be in the form of copies of the small business
16 Federal Form 6765 credit for Increasing Research Activities as
17 filed. The business shall then be eligible to receive an amount
18 equal to the average of the federal tax credit for the past
19 three tax years.



1 (d) The development corporation may adopt rules pursuant
2 to chapter 91 necessary to carry out the purposes of this
3 section.

4 (e) For the purposes of this section:

5 "Hawaii-based small business" means a company:

6 (1) Headquartered in the State;

7 (2) That has done business in the State for no less than
8 five years; and

9 (3) Employs one or more residents with income subject to
10 taxation pursuant to chapter 235.

11 "Resident" shall have the same meaning as in section 235-1.

12 **§206M-B Research and development special fund;**

13 **established.** There is established in the treasury of the State
14 of Hawaii the research and development special fund to be
15 administered by the development corporation for the purposes set
16 out in section 206M-A."

17 SECTION 3. There is appropriated out of the general
18 revenues of the State of Hawaii the sum of \$ or so much
19 thereof as may be necessary for fiscal year 2018-2019 to be
20 deposited into the research and development special fund.



1 SECTION 4. There is appropriated out of the research and
2 development special fund the sum of \$ or so much thereof
3 as may be necessary for fiscal year 2018-2019 for the purposes
4 set out in section 206M-A, Hawaii Revised Statutes.

5 The sum appropriated shall be expended by the Hawaii
6 technology development corporation for the purposes of this Act.

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

11 SECTION 6. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2112.



Report Title:

Hawaii Technology Development Corporation; Research and Development Program; Research and Development Special Fund; Appropriation

Description:

Establishes the research and development program in the Hawaii technology development corporation to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii. Establishes the research and development special fund. Appropriates funds for the purposes of the research and development program. Takes effect on 7/1/2112. (SD1)

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