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# A BILL FOR AN ACT

RELATING TO TECHNOLOGY.

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

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PART I

SECTION 1. The legislature finds that to be successful in the twenty-first century global economy, Hawaii must position itself as a leader in technology development, transfer, and commercialization. Significant progress has been made in past years through programs supported by federal and state initiatives, such as programs administered by the Hawaii technology development corporation, Hawaii strategic development corporation, and the Hawaii technology development venture. However, more is required to move Hawaii's technology industry to achieve local technology commercialization. Innovation in science and technology fields will not only enable the State to succeed in the global marketplace, but will also support the State's sustainable economic development goals to include a viable and vibrant technology and manufacturing labor force.

The purpose of this Act is to establish the Hawaii innovation and technology research corporation to:



- 1 (1) Promote, develop, and expand Hawaii's innovation and
- 2 technology industry;
- 3 (2) Promote a more diverse economy that offers high
- 4 quality, knowledge-based jobs; and
- 5 (3) Develop policy and resource allocations to enable and
- 6 support start-ups, sustain existing companies, and
- 7 attract companies to relocate or establish offices in
- 8 Hawaii.

PART II

10 SECTION 2. The Hawaii Revised Statutes is amended by  
11 adding a new chapter to be appropriately designated and to read  
12 as follows:

13 "CHAPTER

14 HAWAII INNOVATION AND TECHNOLOGY RESEARCH CORPORATION

15 § -1 Hawaii innovation and technology research

16 corporation; establishment; purpose. (a) There is established,  
17 as a body corporate, the Hawaii innovation and technology  
18 research corporation. The Hawaii innovation and technology  
19 research corporation shall be a public instrumentality of the  
20 State and shall be placed within the department of business,



1 economic development, and tourism for administrative purposes  
2 only pursuant to section 26-35.

3 (b) The purpose of the Hawaii innovation and technology  
4 research corporation shall be to promote, develop, and expand  
5 Hawaii's innovation and technology industry by:

6 (1) Encouraging, initiating, and aiding in the development  
7 and commercialization of local innovation and  
8 technology;

9 (2) Furnishing the means and methods to institute and grow  
10 local innovation and technology;

11 (3) Developing policy and resource allocations to enable  
12 and support start-up companies, sustain existing  
13 companies, and attract companies to relocate or  
14 establish offices in Hawaii;

15 (4) Attracting resources from public and private sector  
16 organizations and agencies to develop a local  
17 qualified innovation research and technology  
18 workforce;

19 (5) Coordinating with other state agencies and entities to  
20 support the innovation and technology industry; and



1 (6) Taking any and all other actions reasonably designed  
2 to promote these purposes in the interest of promoting  
3 the general welfare of the people of the State.

4 § -2 Hawaii innovation and technology research  
5 corporation; board; president and chief executive officer. (a)

6 The Hawaii innovation and technology research corporation shall  
7 be headed by a policy-making board of directors.

8 All board members shall have knowledge, experience, and  
9 expertise in the field of technology, innovation, information  
10 systems, computer science, aerospace, agriculture, tourism,  
11 environmental science, or sustainability. The governor shall  
12 make appointments to ensure the fulfillment of all requirements  
13 of this subsection, and the president of the senate or the  
14 speaker of the house of representatives, as appropriate, shall  
15 submit to the governor the names of nominees who fulfill those  
16 requirements. If any nominee does not fulfill of the  
17 requirements of this subsection, the governor shall notify the  
18 president of the senate and the speaker of the house of  
19 representatives of the unmet requirements.

20 Board members shall serve for four-year terms, and no board  
21 member shall serve for longer than eight consecutive years;



1 provided that each member shall hold office until the member's  
2 successor is appointed and qualified.

3 (b) The board of directors shall consist of the following  
4 individuals:

5 (1) At least one member each from the city and county of  
6 Honolulu, county of Hawaii, county of Kauai, and  
7 county of Maui;

8 (2) Three members shall be appointed by the governor from  
9 a list of nominees from the president of the senate;  
10 and

11 (3) Three members shall be appointed by the governor from  
12 a list of nominees from the speaker of the house of  
13 representatives.

14 (c) The board shall elect a chairperson from among the  
15 members.

16 (d) shall constitute a quorum and a minimum of  
17 affirmative votes shall be necessary for all actions by  
18 the Hawaii innovation and technology research corporation. The  
19 members shall serve without compensation, but shall be  
20 reimbursed for expenses, including travel expenses, necessary



1 for the performance of their duties, by the department of  
2 business, economic development, and tourism.

3 (e) The board shall appoint one person to serve as  
4 president and chief executive officer, who shall oversee the  
5 Hawaii innovation and technology research corporation staff.  
6 The board shall set the salary, duties, and responsibilities of  
7 the president and chief executive officer. It may grant other  
8 benefits as it deems necessary. The compensation package of the  
9 president and chief executive officer, including salary, shall  
10 not exceed fifteen per cent of the three and one-half per cent  
11 authorized for administrative expenses under , and shall  
12 not include private sector moneys or other contributions.

13 § -3 Hawaii innovation and technology research  
14 corporation; powers. The Hawaii innovation and technology  
15 research corporation, under the direction of the board of  
16 directors, shall have the following general powers:

17 (1) To adopt, amend, and repeal bylaws governing the  
18 conduct of its business and the exercise of the powers  
19 and performance of duties granted to or imposed upon  
20 it by law;



- 1           (2) To sell, lease, rent, hold, maintain, use, and operate  
2           any real, personal, or mixed, tangible or intangible  
3           property in accordance with the conditions under which  
4           it was received;
- 5           (3) To enter into and perform such contracts, leases,  
6           cooperative agreements, or other transactions with any  
7           other agency or political subdivision of the State; or  
8           any private person, firm, partnership, association,  
9           company, or corporation as it may be necessary in the  
10          conduct of its business and on terms as it may deem  
11          appropriate; provided that the research corporation  
12          shall not obligate any funds of the State except those  
13          that have been appropriated to it. Notwithstanding  
14          the foregoing, the research corporation may enter into  
15          and perform contracts, leases, cooperative agreements,  
16          or other transactions with any agency or  
17          instrumentality of the United States, a foreign  
18          nation, a state, a territory, or a possession, or with  
19          any political subdivision thereof on behalf of another  
20          agency of the State, whenever the donating or granting  
21          agency or instrumentality determines that the agency



1 of the State lacks the capacity to be effective and  
2 efficient in accomplishing the purposes for which the  
3 contracts, leases, cooperative agreements, or other  
4 transactions are being entered into; provided that the  
5 research corporation shall not obligate any funds of  
6 the State except those that have been appropriated to  
7 the research corporation;

8 (4) To receive by gifts, grants, devises, bequests, or  
9 otherwise from private sources only, any property,  
10 real, personal, or mixed, intangible or tangible,  
11 absolutely or in trust, to be used and disposed of,  
12 either the principal or the income therefrom, in  
13 accordance with the conditions under which it was  
14 received; provided that no gift to the research  
15 corporation shall be accepted unless approved or  
16 confirmed by the board of directors. Notwithstanding  
17 the foregoing, the research corporation may receive  
18 gifts, grants, or awards from any agency or  
19 instrumentality of the United States, a foreign  
20 nation, a state, a territory, or a possession, or from  
21 any political subdivision thereof on behalf of another





1 agency of the State, whenever the donating or granting  
2 agency or instrumentality determines that the agency  
3 of the State lacks the capacity to be effective and  
4 efficient in accomplishing the purposes for which the  
5 gifts, grants, or awards are being made; provided that  
6 no gift to the research corporation shall be accepted  
7 unless approved or confirmed by the board of  
8 directors;

9 (5) To serve as trustee or beneficiary under terms of any  
10 gift, indenture, or will;

11 (6) To coordinate and correlate activities and projects of  
12 the research corporation with the work of other state  
13 agencies for the purpose of economic development of  
14 the State whenever practical or desirable; and

15 (7) To do any or all other acts reasonably necessary to  
16 carry out the objectives and purposes of the research  
17 corporation."

18 PART III

19 SECTION 3. Chapter 206M, Hawaii Revised Statutes, is  
20 repealed.



1 SECTION 4. All rights, powers, functions, and duties of  
2 the Hawaii technology development corporation are transferred to  
3 the Hawaii innovation and technology research corporation.

4 All employees who occupy civil service positions and whose  
5 functions are transferred to the Hawaii innovation and  
6 technology research corporation by this Act shall retain their  
7 civil service status, whether permanent or temporary. Employees  
8 shall be transferred without loss of salary, seniority (except  
9 as prescribed by applicable collective bargaining agreements),  
10 retention points, prior service credit, any vacation and sick  
11 leave credits previously earned, and other rights, benefits, and  
12 privileges, in accordance with state personnel laws and this  
13 Act; provided that the employees possess the minimum  
14 qualifications and public employment requirements for the class  
15 or position to which transferred or appointed, as applicable;  
16 provided further that subsequent changes in status may be made  
17 pursuant to applicable civil service and compensation laws.

18 Any employee who, prior to this Act, is exempt from civil  
19 service and is transferred as a consequence of this Act may  
20 retain the employee's exempt status, but shall not be appointed  
21 to a civil service position as a consequence of this Act. An



1 exempt employee who is transferred by this Act shall not suffer  
 2 any loss of prior service credit, vacation or sick leave credits  
 3 previously earned, or other employee benefits or privileges as a  
 4 consequence of this Act; provided that the employees possess  
 5 legal and public employment requirements for the position to  
 6 which transferred or appointed, as applicable; provided further  
 7 that subsequent changes in status may be made pursuant to  
 8 applicable employment and compensation laws. The president and  
 9 chief executive officer may prescribe the duties and  
 10 qualifications of these employees and fix their salaries without  
 11 regard to chapter 76, Hawaii Revised Statutes.

12 SECTION 5. All appropriations, records, equipment,  
 13 machines, files, supplies, contracts, books, papers, documents,  
 14 maps, and other personal property heretofore made, used,  
 15 acquired, or held by the Hawaii technology development  
 16 corporation relating to the functions transferred to the Hawaii  
 17 innovation and technology research corporation shall be  
 18 transferred with the functions to which they relate.

19 SECTION 6. All rules, policies, procedures, guidelines,  
 20 and other materials adopted or developed by the Hawaii  
 21 technology development corporation to implement provisions of



1 the Hawaii Revised Statutes which are made applicable to the  
2 Hawaii innovation and technology research corporation by this  
3 Act, shall remain in full force and effect until amended or  
4 repealed by the department of business, economic development and  
5 tourism pursuant to chapter 91, Hawaii Revised Statutes. In the  
6 interim, every reference to Hawaii technology development  
7 corporation in those rules, policies, procedures, guidelines,  
8 and other material is amended to refer to the Hawaii innovation  
9 and technology research corporation as appropriate.

10 SECTION 7. All deeds, leases, contracts, loans,  
11 agreements, permits, or other documents executed or entered into  
12 by or on behalf of the Hawaii technology development corporation  
13 pursuant to the provisions of the Hawaii Revised Statutes, which  
14 are made applicable to the Hawaii innovation and technology  
15 research corporation by this Act, shall remain in full force and  
16 effect. Upon the effective date of this Act, every reference to  
17 the Hawaii technology development corporation therein shall be  
18 construed as a reference to the Hawaii innovation and technology  
19 research corporation as appropriate.

20 PART IV



1 SECTION 8. Chapter 211F, Hawaii Revised Statutes, is  
2 repealed.

3 SECTION 9. All rights, powers, functions, and duties of  
4 the Hawaii strategic development corporation are transferred to  
5 the Hawaii innovation and technology research corporation.

6 All employees who occupy civil service positions and whose  
7 functions are transferred to the Hawaii innovation and  
8 technology research corporation by this Act shall retain their  
9 civil service status, whether permanent or temporary. Employees  
10 shall be transferred without loss of salary, seniority (except  
11 as prescribed by applicable collective bargaining agreements),  
12 retention points, prior service credit, any vacation and sick  
13 leave credits previously earned, and other rights, benefits, and  
14 privileges, in accordance with state personnel laws and this  
15 Act; provided that the employees possess the minimum  
16 qualifications and public employment requirements for the class  
17 or position to which transferred or appointed, as applicable;  
18 provided further that subsequent changes in status may be made  
19 pursuant to applicable civil service and compensation laws.

20 Any employee who, prior to this Act, is exempt from civil  
21 service and is transferred as a consequence of this Act may



1 retain the employee's exempt status, but shall not be appointed  
2 to a civil service position as a consequence of this Act. An  
3 exempt employee who is transferred by this Act shall not suffer  
4 any loss of prior service credit, vacation or sick leave credits  
5 previously earned, or other employee benefits or privileges as a  
6 consequence of this Act; provided that the employees possess  
7 legal and public employment requirements for the position to  
8 which transferred or appointed, as applicable; provided further  
9 that subsequent changes in status may be made pursuant to  
10 applicable employment and compensation laws. The president and  
11 chief executive officer may prescribe the duties and  
12 qualifications of these employees and fix their salaries without  
13 regard to chapter 76, Hawaii Revised Statutes.

14 SECTION 10. All appropriations, records, equipment,  
15 machines, files, supplies, contracts, books, papers, documents,  
16 maps, and other personal property heretofore made, used,  
17 acquired, or held by the Hawaii strategic development  
18 corporation relating to the functions transferred to the Hawaii  
19 innovation and technology research corporation shall be  
20 transferred with the functions to which they relate.



1 SECTION 11. All rules, policies, procedures, guidelines,  
2 and other materials adopted or developed by the Hawaii strategic  
3 development corporation to implement provisions of the Hawaii  
4 Revised Statutes which are made applicable to the Hawaii  
5 innovation and technology research corporation by this Act,  
6 shall remain in full force and effect until amended or repealed  
7 by the department of business, economic development and tourism  
8 pursuant to chapter 91, Hawaii Revised Statutes. In the  
9 interim, every reference to Hawaii strategic development  
10 corporation in those rules, policies, procedures, guidelines,  
11 and other material is amended to refer to the Hawaii innovation  
12 and technology research corporation as appropriate.

13 SECTION 12. All deeds, leases, contracts, loans,  
14 agreements, permits, or other documents executed or entered into  
15 by or on behalf of the Hawaii strategic development corporation  
16 pursuant to the provisions of the Hawaii Revised Statutes, which  
17 are made applicable to the Hawaii innovation and technology  
18 research corporation by this Act, shall remain in full force and  
19 effect. Upon the effective date of this Act, every reference to  
20 the Hawaii strategic development corporation therein shall be



1 construed as a reference to the Hawaii innovation and technology  
2 research corporation as appropriate.

3 PART V

4 SECTION 13. Section 26-18, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6 "(b) The following are placed in the department of  
7 business, economic development, and tourism for administrative  
8 purposes as defined by section 26-35: Hawaii community  
9 development authority, Hawaii housing finance and development  
10 corporation, Hawaii innovation and technology [~~development~~]  
11 research corporation, land use commission, natural energy  
12 laboratory of Hawaii authority, and any other boards and  
13 commissions as shall be provided by law."

14 SECTION 14. Section 171-64.7, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:

16 "(a) This section applies to all lands or interest therein  
17 owned or under the control of state departments and agencies  
18 classed as government or crown lands previous to August 15,  
19 1895, or acquired or reserved by the government upon or  
20 subsequent to that date by purchase, exchange, escheat, or the  
21 exercise of the right of eminent domain, or any other manner,





1 including accreted lands not otherwise awarded, submerged lands,  
2 and lands beneath tidal waters that are suitable for  
3 reclamation, together with reclaimed lands that have been given  
4 the status of public lands under this chapter, including:

- 5 (1) Land set aside pursuant to law for the use of the  
6 United States;
- 7 (2) Land to which the United States relinquished the  
8 absolute fee and ownership under section 91 of the  
9 Organic Act prior to the admission of Hawaii as a  
10 state of the United States;
- 11 (3) Land to which the University of Hawaii holds title;
- 12 (4) Land to which the Hawaii housing finance and  
13 development corporation in its corporate capacity  
14 holds title;
- 15 (5) Land to which the department of agriculture holds  
16 title by way of foreclosure, voluntary surrender, or  
17 otherwise, to recover moneys loaned or to recover  
18 debts otherwise owed the department under chapter 167;
- 19 (6) Land that is set aside by the governor to the Aloha  
20 Tower development corporation; or land to which the



1 Aloha Tower development corporation holds title in its  
2 corporate capacity;

3 (7) Land that is set aside by the governor to the  
4 agribusiness development corporation; or land to which  
5 the agribusiness development corporation in its  
6 corporate capacity holds title; and

7 (8) Land to which the Hawaii innovation and technology  
8 [~~development~~] research corporation in its corporate  
9 capacity holds title."

10 SECTION 15. Section 210-7, Hawaii Revised Statutes, is  
11 amended by amending subsection (b) to read as follows:

12 "(b) Subject to the availability of funds, a request from  
13 the Hawaii innovation and technology [~~development~~] research  
14 corporation for a transfer of funds to supplement appropriations  
15 for small business innovation research grants shall be granted  
16 expeditiously. If available funds are inadequate for a transfer  
17 to the [~~development~~] research corporation, the director shall  
18 advise the [~~development~~] research corporation that a transfer  
19 will be made when sufficient funds are available in the Hawaii  
20 capital loan revolving fund."



1 SECTION 16. Section 227D-2, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) The governing body of the authority shall consist of  
4 a board of directors having thirteen voting members. Three  
5 members from the general public shall be appointed by the  
6 governor for staggered terms pursuant to section 26-34, except  
7 that one of these members shall be a resident of the county of  
8 Hawaii. The members shall be selected on the basis of their  
9 knowledge, interest, and proven expertise in, but not limited  
10 to, one or more of the following fields: finance, commerce and  
11 trade, corporate management, marketing, economics, engineering,  
12 energy management, real estate development, property management,  
13 aquaculture, and ocean science. The chairperson and secretary  
14 of the research advisory committee shall serve on the board.  
15 The director of business, economic development, and tourism, the  
16 chairperson of the board of land and natural resources, the  
17 president of the University of Hawaii, the mayor of the county  
18 of Hawaii, [~~an appointed member from the board of the Hawaii~~  
19 ~~technology development corporation,~~] and an appointed member  
20 from the board of the Hawaii [~~strategic development~~] innovation  
21 and technology research corporation, or their designated



1 representatives, shall serve as ex officio, voting members of  
2 the board. The tenants of the authority shall elect two members  
3 to the board from among the tenants of the authority, of which  
4 one member shall serve a two-year term, and one member shall  
5 serve a four-year term. In electing the tenant members, each  
6 tenant shall be entitled to cast one vote for each member  
7 position. The tenant members shall be recused from voting on  
8 setting lease rents, water rates, or utility rates, but may  
9 participate in discussions. The director of business, economic  
10 development, and tourism shall serve as the chairperson until  
11 such time as a chairperson is elected by the board from the  
12 membership. The board shall elect other officers as it deems  
13 necessary."

14 SECTION 17. Section 304A-1959, Hawaii Revised Statutes, is  
15 amended to read as follows:

16 "[~~§~~304A-1959~~]~~ **Biennial report.** No later than twenty  
17 days prior to the convening of the regular session of each odd-  
18 numbered year, the University of Hawaii shall submit a report to  
19 the legislature concerning:



- 1 (1) All funds deposited into the university innovation and  
2 commercialization initiative special fund and a  
3 detailed description of the use of those funds; and  
4 (2) Coordinated efforts between the innovation and  
5 commercialization initiative program and other state  
6 agencies, including the [†]Hawaii[†] innovation and  
7 technology [development] research corporation[, ~~the~~  
8 ~~Hawaii strategic development corporation,~~] and the  
9 Hawaii state energy office, to move the State's  
10 innovation goals forward, and to more efficiently and  
11 effectively utilize resources to achieve these  
12 outcomes."

13 SECTION 18. Section 304A-3101, Hawaii Revised Statutes, is  
14 amended by amending subsection (b) to read as follows:

15 "(b) The center shall assist the State's Hawaii innovation  
16 and technology [development] research corporation in its  
17 efforts, shall promote educational, scientific, technological,  
18 and literary pursuits in the area of high technology, and shall  
19 provide support for the high technology industry in Hawaii in  
20 the following manner:



- 1 (1) By fostering scientific and technological interchange  
2 between students and scholars of the United States and  
3 other nations;
- 4 (2) By encouraging, initiating, aiding, developing, and  
5 conducting scientific investigations and research in  
6 high technology;
- 7 (3) By encouraging and aiding in the education and  
8 training of persons from the United States and other  
9 nations for the conduct of such investigations,  
10 research, and study;
- 11 (4) By assisting in the dissemination of knowledge by  
12 establishing, aiding, and maintaining professorships  
13 or other staff positions, fellowships, scholarships,  
14 publications, and lectures;
- 15 (5) By other means to make the benefits of investigations,  
16 research, and study available to the public; and
- 17 (6) By any and all other acts reasonably designed to  
18 further the above purposes in the interest of  
19 promoting the general welfare of the people of the  
20 State and the mutual understanding between the United  
21 States and other nations."



1 SECTION 19. Section 394-8, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) The department shall utilize the resources of the  
4 University of Hawaii, including the community college system,  
5 the Hawaii innovation and technology [development] research  
6 corporation, and other educational and training resources in the  
7 public and private sectors throughout the State as may be  
8 appropriate to be used to provide preemployment or employment  
9 training or on-the-job training for local residents hired by  
10 businesses relocating to Hawaii or expanding their local  
11 operations. The department may contract for these training  
12 needs from public agencies including the various University of  
13 Hawaii campuses, private educational institutions, nonprofit  
14 corporations, or private entities in order to provide the  
15 required training."

16 PART VI

17 SECTION 20. If any provision of this Act, or the  
18 application thereof to any person or circumstance, is held  
19 invalid, the invalidity does not affect other provisions or  
20 applications of the Act that can be given effect without the



1 invalid provision or application, and to this end the provisions  
2 of this Act are severable.

3 SECTION 21. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2018-2019 for the  
6 operations of the Hawaii innovation and technology research  
7 corporation.

8 The sum appropriated shall be expended by the department of  
9 business, economic development and tourism for the purposes of  
10 this Act.

11 SECTION 22. If any provision of this Act, or the  
12 application thereof to any person or circumstance, is held  
13 invalid, the invalidity does not affect other provisions or  
14 applications of the Act that can be given effect without the  
15 invalid provision or application, and to this end the provisions  
16 of this Act are severable.

17 SECTION 23. This Act shall take effect on July 1, 2112.





**Report Title:**

Hawaii Innovation and Technology Research Corporation;  
Department of Business, Economic Development, and Tourism

**Description:**

Creates the Hawaii Innovation and Technology Research Corporation and transfers the rights, powers, functions, duties, and employees of the Hawaii Technology Development Corporation and the Hawaii Strategic Development Corporation to the Hawaii Innovation and Technology Research Corporation. (HB2709 HD2)

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

