
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;
- 7 (4) Reverse the loss of qualified workers to other states
8 by providing jobs to retain existing Hawaii technology
9 employees and enable highly qualified scientists and
10 engineers to return to living-wage jobs in Hawaii;
- 11 (5) Keep technology companies in Hawaii by limiting the
12 need to seek out-of-state venture capital, which
13 dilutes local ownership and increases the probability
14 of high-potential technology companies moving from
15 Hawaii; and
- 16 (6) Provide grants of up to \$ for critical
17 product development that enables a business to achieve
18 significant product development and technical
19 milestones.
- 20 (c) To receive funding, a Hawaii-based business shall
21 submit proof to the development corporation of the federal



1 research and development tax credits received. The business
2 shall be eligible to receive an amount equal to the average of
3 the federal tax credit for the past three tax years.

4 (d) In reviewing grant applications pursuant to this
5 section, the development corporation shall analyze each
6 application to determine whether the item to be undertaken will
7 be economically viable and beneficial to the State.

8 (e) The development corporation may adopt rules pursuant
9 to chapter 91 necessary to carry out the purposes of this
10 section.

11 **§206M-B Research and development special fund;**
12 **established.** There is established in the treasury of the State
13 of Hawaii the research and development special fund to be
14 administered by the development corporation for the purposes set
15 out in section 206M-A."

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

20 SECTION 4. There is appropriated out of the research and
21 development special fund the sum of \$ _____ or so much



1 thereof as may be necessary for fiscal year 2018-2019 for the
2 purposes set out in section 206M-A, Hawaii Revised Statutes.

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

5 SECTION 5. In codifying the new sections added by
6 section 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, 2018.

11



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. (SD1)

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