

Honolulu, Hawaii

February 5, 2018

RE: H.B. No. 1958
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 1958 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose of this measure is to continue to stimulate and diversify Hawaii's economy and continue to support small business innovation research in Hawaii by:

- (1) Authorizing the Hawaii Technology Development Corporation to issue phase II and phase III awards in the form of convertible note loans rather than grants; and
- (2) Appropriating funds for the small business innovation research program to continue to provide financial stimulus to small business innovation research.

The Hawaii Strategic Development Corporation, Hawaii Biotech Inc., Oahu County Committee Legislative Priorities Committee of the Democratic Party of Hawaii, HNu Photonics, AlgorithmHub Inc., and a concerned individual testified in support of this measure. The Chamber of Commerce Hawaii and Spectrum Photonics supported the intent of this measure. Jun Innovations Inc. testified in



opposition to this measure. The Hawaii Technology Development Corporation and Nalu Scientific, LLC, provided comments.

Your Committee has amended this measure by:

- (1) Deleting language requiring the Hawaii Technology Development Corporation to adopt rules authorizing the issuance of phase II and phase III awards in the form of convertible note loans rather than grants;
- (2) Specifying that the current authorization to provide grants to businesses receiving federal small business innovation research awards or contracts from any participating federal agency shall only be applicable to phase I or phase II awards or contracts;
- (3) Authorizing the issuance of grants to businesses receiving federal small business innovation research phase III or small business technology transfer program phase III awards or contracts in amounts up to fifty percent of the award or contract amount, including funds provided by both the private sector and government sources outside of the federal program;
- (4) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1958, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1958, 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,

Cindy Evans

CINDY EVANS, Chair



