

HB 2709

HD 1

**RELATING TO
TECHNOLOGY**

A BILL FOR AN ACT

RELATING TO TECHNOLOGY.

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

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

15 The purpose of this Act is to establish the Hawaii
16 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.

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

12 "CHAPTER

13 HAWAII INNOVATION AND TECHNOLOGY RESEARCH CORPORATION

14 § -1 Hawaii innovation and technology research
 15 corporation; establishment; purpose. (a) There is established,
 16 as a body corporate, the Hawaii innovation and technology
 17 research corporation. The Hawaii innovation and technology
 18 research corporation shall be a public instrumentality of the
 19 State and shall be a part of the department of business,
 20 economic development, and tourism for administrative purposes
 21 only pursuant to section 26-35.



- 1 (b) The purpose of the Hawaii innovation and technology
2 research corporation shall include the promotion, development,
3 and expansion of Hawaii's innovation and technology industry by:
- 4 (1) Encouraging, initiating, and aiding in the development
5 and commercialization of local innovation and
6 technology;
 - 7 (2) Furnishing of means and methods to institute and grow
8 local innovation and technology;
 - 9 (3) Developing policy and resource allocations to enable
10 and support start-ups, sustain existing companies, and
11 attract companies to relocate or establish offices in
12 Hawaii;
 - 13 (4) Attracting resources from public and private sector
14 organizations and agencies to grow and develop a local
15 qualified innovation research and technology
16 workforce;
 - 17 (5) Coordinating with other state agencies and entities to
18 support the innovation and technology industry; and
 - 19 (6) Taking any and all other actions reasonably designed
20 to promote these purposes in the interest of promoting
21 the general welfare of the people of the State.



1 § -2 Hawaii innovation and technology research
2 corporation; board; president and chief executive officer. (a)
3 The Hawaii innovation and technology research corporation shall
4 be headed by a policy-making board of directors appointed as
5 follows:

6 (1) The members shall be appointed by the governor, senate
7 president, and speaker of the house of representatives
8 for a term of four years; provided that membership on
9 the board shall not exceed eight consecutive years;
10 provided further that each member shall hold office
11 until the member's successor is appointed and
12 qualified;

13 (2) The members shall include at least one representative
14 each from the city and county of Honolulu, county of
15 Hawaii, county of Kauai, and county of Maui;

16 (3) Three members shall be appointed by the governor from
17 a list of three names submitted for each appointment
18 by the president of the senate, and three members
19 shall be appointed by the governor from a list of
20 three names submitted for each appointment by the
21 speaker of the house of representatives;



- 1 (4) All members shall have knowledge, experience, and
2 expertise in the area of technology, innovation,
3 information systems, computer science, aerospace,
4 agriculture, tourism, environmental science, and/or
5 sustainability; and
- 6 (5) The governor shall make appointments to ensure the
7 fulfillment of all requirements of this subsection;
8 provided that upon the occurrence of a vacancy, the
9 governor shall notify the president of the senate and
10 the speaker of the house of representatives of any
11 unfulfilled requirements pursuant to this subsection,
12 and the president of the senate or the speaker of the
13 house of representatives, as appropriate, shall submit
14 nominees who fulfill those requirements.
- 15 (b) The board shall elect a chairperson from among the
16 members.
- 17 (c) shall constitute a quorum and a minimum of
18 affirmative votes shall be necessary for all actions by
19 the Hawaii innovation and technology research corporation. The
20 members shall serve without compensation, but shall be
21 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 (d) 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 provided that the compensation package, including salary, shall
7 not exceed fifteen per cent of the three and one-half percent
8 authorized for administrative expenses under ; and
9 provided further that the compensation package shall not include
10 private sector moneys or other contributions. The board shall
11 set the salary, duties, and responsibilities of the president
12 and chief executive officer. It may grant other benefits as it
13 deems necessary.

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

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



1 (2) To sell, lease, rent, hold, maintain, use, and operate
2 any property, real, personal, or mixed, tangible or
3 intangible, in accordance with the conditions under
4 which 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,
8 any private person, firm, partnership, association,
9 company, or corporation, only as it may be necessary
10 in the conduct of its business and on such terms as it
11 may deem appropriate; provided that the research
12 corporation shall not obligate any funds of the State
13 except those that have been appropriated to it.

14 Notwithstanding the foregoing, the research
15 corporation may enter into and perform such contracts,
16 leases, cooperative agreements, or other transactions
17 with any agency or instrumentality of the United
18 States, a foreign nation, a state, a territory, or a
19 possession, or with any political subdivision thereof,
20 whenever the donating or granting agency or
21 instrumentality determines that the agency of the



1 State cannot as effectively and efficiently accomplish
2 the purposes for which such contracts, leases,
3 cooperative agreements, or other transactions are
4 being entered into; provided that the research
5 corporation shall not obligate any funds of the State
6 except those that have been appropriated to it;

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



1 determines that any agency of the State cannot as
 2 effectively and efficiently accomplish the purposes
 3 for which the gifts, grants, or awards are being made,
 4 except that no gift to the research corporation shall
 5 be accepted unless approved or confirmed by the board
 6 of directors;

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

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

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

16 SECTION 3. There is appropriated out of the general
 17 revenues of the State of Hawaii the sum of \$ or so much
 18 thereof as may be necessary for fiscal year 2018-2019 for the
 19 operations of the Hawaii innovation and technology research
 20 corporation.



1 The sum appropriated shall be expended by the department of
2 business, economic development and tourism for the purposes of
3 this Act.

4 SECTION 4. 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 a Hawaii Innovation and Technology Research Corporation to grow Hawaii's innovation and technology industry to be placed under the Department of Business, Economic Development, and Tourism for administrative purposes. Establishes a board of directors of the Corporation and the powers of the board.
(HB2709 HD1)

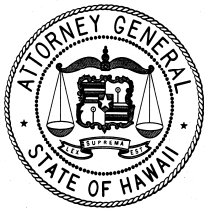
The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



HB 2709

HD 1

TESTIMONY



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

H.B. NO. 2709, H.D. 1, RELATING TO TECHNOLOGY.

BEFORE THE:

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

DATE: Tuesday, February 13, 2018 **TIME:** 9:45 a.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): Russell A. Suzuki, Acting Attorney General, or
Margaret S. Ahn, Deputy Attorney General

Chair Johanson and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill establishes a new Hawaii Innovation and Technology Research Corporation (Corporation) headed by a board of directors.

The purpose of the Corporation is “the promotion, development, and expansion of Hawaii’s innovation and technology industry.” This purpose is very similar to that of the existing Hawaii Technology Development Corporation (HTDC), whose purpose is “to facilitate the growth and development of the commercial technology industry in Hawaii,” pursuant to section 206M-2, Hawaii Revised Statutes (HRS). It is also similar to the purpose of the existing Hawaii Strategic Development Corporation (HSDC), whose purpose is “to encourage economic development and diversification in Hawaii through innovative actions in cooperation with private enterprises,” pursuant to section 211F-2, HRS. To avoid unnecessary duplication of resources and programs, as well as potential conflict between the proposed Corporation and HTDC and HSDC, we recommend that the purpose and functions of the new Corporation be amended to be clearly distinguishable from HTDC and HSDC.

In addition, page 4, lines 6-12, of this bill provides that the members of the board of directors “shall be appointed by the governor, senate president, and speaker of the house of representatives for a term of four years; provided that membership on the board shall not exceed eight consecutive years; provided further that each member

shall hold office until the member's successor is appointed and qualified." (Emphasis added).

First, "appointed by the governor, senate president, and speaker of the house" is inexact, as the rest of the bill makes clear that the Governor shall appoint the members, albeit from lists of names submitted by the Senate President and Speaker of the House.

Second, providing for a term of four years, not to exceed eight consecutive years, is unnecessary, as section 26-34, HRS, already contains these provisions.

Third, the holdover wording of this bill is not in conformance with section 26-34, HRS, which provides:

(b) Any member of a board or commission whose term has expired and who is not disqualified for membership under subsection (a) may continue in office as a holdover member until a successor is nominated and appointed; . . . (Emphasis added).

Because section 26-34, HRS, contains the holdover provision in subsection (b), additional holdover wording is not necessary.

To avoid a conflict between statutes and unnecessary verbiage, we recommend that page 4, lines 6-12, of this bill be amended to read as follows:

(1) The members shall be appointed by the governor as provided in section 26-34.

Thank you for providing this opportunity to comment.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Tuesday, February 13, 2018
9:45 am
State Capitol, Conference Room 309

in consideration of
HB 2709, HD1
RELATING TO TECHNOLOGY.

Chair Johanson, Vice Chair Holt, and Members of the Committee on Labor & Public Employment.

The Department of Business, Economic Development and Tourism (DBEDT) offers **comments** on HB2709, HD1, that creates a Hawaii Innovation and Technology Research Corporation to grow Hawaii's innovation and technology industry to be placed under the Department of Business, Economic Development, and Tourism for administrative purposes.

DBEDT appreciates the intent of the bill to provide clarity in Hawaii's initiative to create a knowledge based-economy and more support for technology commercialization through coherent policies and priorities relating to innovation and technology. However, there currently exist organizations with similar missions including the Hawaii Technology Development Corporation, the Hawaii Strategic Development Corporation, the Office of Planning, and the Economic Development Alliance of Hawaii, which coordinates efforts such as the Comprehensive Economic Development Strategy (CEDS).

Thank you for the opportunity to provide these comments.



February 12, 2018

The Committee on Labor & Public Employment
HB2709 relating to Technology
Conference Room 309.

The Oahu Economic Development Board supports the introduction of this legislation (SB3084 and HB2709) to create a new entity called the “Hawaii Innovation and Technology Authority” to help bring coherency to Hawaii’s endeavors to develop a more diverse economy through the development of a technology based industry and knowledge based jobs. The HITA would have primary responsibility for developing strategic policy around three major areas, including (1) Start-ups, (2) Sustainment of existing enterprises, and (3) Attraction of companies that could establish an office in Hawaii with high quality jobs. The Authority would also be appropriated resources that would have overarching responsibility for funding HTDC, HSDC, etc. initiatives to help ensure that there is coherency in how the State works as a team.

At its core, HITA attempts to accelerate progress and address needs that current approaches have inadequately addressed. Moreover, from my personal perspective, after over 30+ years of supporting the current framework, I believe a fresh approach with an overarching authority for innovation and technology, could bring the much needed change and speed.

Please feel free to contact me directly should you have any questions.

Sincerely,

Pono Shim
President and CEO
Oahu Economic Development Board



Dillingham Transportation Building
735 Bishop Street, Suite 424, Honolulu, Hawaii 96813 • 808-521-3611
Fax: 808-536-2281 • www.oecdb.biz



Written Statement of
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
HOUSE OF REPRESENTATIVES
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

February 2, 2018

9:45 a.m.

State Capitol, Conference Room 309

In Support of

HB2709 RELATING TO TECHNOLOGY

To: Representative Aaron Ling Johanson, Representative Daniel Holt, Vice Chair and Members of the Committee

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of HB2709

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **IN SUPPORT of HB2709.**

We supported the introduction of HB2709 to create a new entity to help bring coherency to Hawaii's endeavors to develop a more diverse economy through the development of a technology based industry and knowledge based jobs. This entity would have primary responsibility for developing strategic policy around three major areas, including (1) Start-ups, (2) Sustainment of existing enterprises, and (3) Attraction of companies that could establish an office in Hawaii with high quality jobs. This entity would also be appropriated resources that would have overarching responsibility for funding HTDC, HSDC, etc. initiatives to help ensure that there is coherency in how the State works as a team.

At its core, this new entity attempts to accelerate progress and address needs that current approaches have inadequately addressed. Moreover, from my personal perspective, after over 30+ years of supporting the current framework, I believe a fresh approach with an overarching authority for innovation and technology, could bring the much needed change and speed.

Therefore, we **SUPPORT HB2709.**



Written Statement of
Michael Pfeffer
CEO, Ibis Networks, Inc.

Before the
House Committee on Labor and Public Employment

Tuesday, February 13, 2018
9:45 a.m.
State Capitol, Conference Room 309

In consideration of
HB2709
RELATING TO TECHNOLOGY

Honorable Chair Johanson, Vice Chair Holt, and Members of the Committee,

Ibis Networks **supports** HB2709 that establishes the Hawaii Innovation and Technology Research Corporation to promote, develop, and expand Hawaii's innovation and technology industry, as well as promote a more diverse economy that offers high quality knowledge-based jobs.

Ibis Networks is a local energy efficiency technology company focused on helping large commercial organizations manage their plug load energy consumption. We have multiple projects and installations both in Hawaii and on the mainland.

Establishment of the Hawaii Innovation and Technology Research Corporation would aid in the development and commercialization of local innovation and technology; develop policy and resource allocations to enable and support start-ups, sustain existing companies, and attract companies to relocate or establish offices in Hawaii; and attract resources from public and private sectors to grow and develop a local qualified innovation research and technology workforce.

We strongly urge you to support HB2709 and appreciate your continued support of the technology industry.

Thank you for the opportunity to testify.



**HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION**

No. 1 Capitol District Building
250 South Hotel Street, Suite 509
P.O. Box 2359
Honolulu, Hawaii 96804
Telephone: (808) 587-3830

Statement of
Karl K. Fooks
President

Hawaii Strategic Development Corporation

Before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Tuesday, February 13, 2018
9:45 AM
State Capitol, Conference Room 309

With comments on

HB 2709 HD1
RELATING TO TECHNOLOGY

Chair Johanson, Vice Chair Holt and Members of the Committee on Labor and Public Employment:

The Hawaii Strategic Development Corporation (HSDC) **provides comments on** HB 2709 HD1, which creates a Hawaii Innovation and Technology Research Corporation to grow Hawaii's innovation and technology industry to be placed under the Department of Business, Economic Development, and Tourism for administrative purposes.

HSDC welcomes the Legislature's interest in providing commitment and funding to support innovative activities in the state. However, the new entity created by this measure appears to duplicate the purpose and duties of the Hawaii Technology Development Corporation.

Thank you for the opportunity to provide testimony.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Friday, February 2, 2018 at 8:45 A.M.
Conference Room 309, State Capitol**

RE: HOUSE BILL 2709 RELATING TO THE TECHNOLOGY

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2709, which creates a Hawaii Innovation and Technology Authority to grow Hawaii's innovation and technology industry to be placed under the Department of Business, Economic Development and Tourism.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We agree that the creation of a Hawaii Innovation and Technology Authority will assist in moving our state's technology industry to achieve local technology commercialization which will result in us moving toward success in the global marketplace and being able to better support our sustainable development goals which include having a viable and vibrant technology and manufacturing labor force.

Thank you for the opportunity to testify.



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
House Committee on Labor & Public Employment
Tuesday, February 13, 2018
9:45 a.m.
State Capitol, Conference Room 309

In consideration of
HB2709, HD1
RELATING TO TECHNOLOGY

Chair Johanson, Vice Chair Holt, and Members of the Committee on Labor & Public Employment.

The Hawaii Technology Development Corporation (HTDC) offers **comments** on HB2709, HD1 that creates a Hawaii Innovation and Technology Research Corporation to grow Hawaii's innovation and technology industry to be placed under the Department of Business, Economic Development, and Tourism (DBEDT) for administrative purposes.

HTDC comments that the Hawaii Innovation and Technology Research Corporation appears to duplicate the purpose and duties of HTDC. HTDC looks forward to working with stakeholders to meet the objectives of this measure.

Thank you for the opportunity to offer these comments.

HB 2709

HD 1

**LATE
TESTIMONY**