

1 The purpose of this Act is to transfer the resources,
2 duties, and responsibilities of the Hawaii strategic development
3 corporation to the Hawaii technology development corporation to:

4 (1) Promote, develop, and expand Hawaii's innovation and
5 technology industry;

6 (2) Promote a more diverse economy that offers high
7 quality, knowledge-based jobs; and

8 (3) Develop policy and resource allocations to enable and
9 support start-up companies, sustain existing
10 companies, and attract companies to relocate or
11 establish offices in Hawaii.

12 PART II

13 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is
14 amended by adding a new part to be appropriately designated and
15 to read as follows:

16 "PART . STRATEGIC DEVELOPMENT PROGRAMS

17 A. General Provisions

18 §206M-A Strategic development programs; purpose; powers.

19 The purpose of the strategic development programs is to
20 encourage economic development and diversification in Hawaii
21 through innovative actions in cooperation with private



1 enterprises. The development corporation shall establish
2 programs to stimulate private capital investment in Hawaii
3 toward investments that promote the welfare of citizens in this
4 State, economic growth, employment, and economic
5 diversification. The development corporation may use public
6 funds to provide incentives to private investment activity, by
7 co-investing public funds in private financial organizations to
8 increase the impact of the public investment while utilizing the
9 investment acumen of the private sector, and by using public
10 funds to reduce the risks of private investments. The
11 development corporation shall have the flexibility to provide
12 various types of financial assistance. When providing financial
13 assistance, the development corporation shall make provision for
14 the recovery of its expenditures, as far as possible.

15 **§206M-B Strategic development programs revolving fund.**

16 There is established the strategic development programs
17 revolving fund. The following moneys shall be deposited into
18 the strategic development programs revolving fund and shall not
19 be considered part of the general fund: all moneys appropriated
20 by the legislature, received as repayments of loans, earned on
21 investments, received pursuant to a venture agreement, received



1 as royalties, received as premiums or fees charged by the
2 development corporation, or otherwise received by the
3 development corporation.

4 §206M-C Hydrogen investment special fund. (a) There
5 shall be established the hydrogen investment special fund, into
6 which shall be deposited:

- 7 (1) Appropriations made by the legislature to the fund;
- 8 (2) All contributions from public or private partners;
- 9 (3) All interest earned on or accrued to moneys deposited
10 in the special fund; and
- 11 (4) Any other moneys made available to the special fund
12 from other sources.

13 (b) Moneys in the fund shall be expended by the
14 development corporation:

- 15 (1) To provide seed capital for and venture capital
16 investments in private sector and federal projects for
17 research, development, testing, and implementation of
18 the Hawaii renewable hydrogen program, as set forth in
19 section 196-10; and
- 20 (2) For any other purpose deemed necessary to carry out
21 the purposes of section 196-10.



1 **§206M-D Contracts for services necessary for management**
2 **and operation of the strategic development programs.** The
3 development corporation may contract with others, public or
4 private, for the provision of all or a portion of the services
5 necessary for the management and operation of the strategic
6 development programs. The development corporation may use all
7 appropriations, grants, contractual reimbursements, and all
8 other funds not appropriated for a designated purpose to pay for
9 the proper general expenses and to carry out the purposes of the
10 strategic development programs.

11 **§206M-E Actions of the development corporation;**
12 **guidelines.** (a) All actions taken by the development
13 corporation shall be necessary to achieve the purposes and
14 objectives of this part. The development corporation shall
15 evaluate all programs after three years to determine their
16 effectiveness. The development corporation shall establish
17 rules to assure equal opportunity to minority-owned businesses,
18 and shall encourage the development of minority-owned
19 businesses. The development corporation shall support and
20 encourage participation by Hawaii companies in federal grant



1 programs, such as the Small Business Innovation Research
2 Program.

3 (b) Financial participation shall be made on the condition
4 that the recipient of the assistance shall utilize the money to
5 assist economic development projects within the State that have
6 potential for creating new jobs or retaining current jobs within
7 the State.

8 (c) Financial participation by the development corporation
9 in private financial investment funds shall be made with the
10 provision that the private fund shall make investments in Hawaii
11 in amounts at least equal to the amount of state participation.

12 (d) The development corporation shall not make direct
13 investments in individual businesses except upon a two-thirds
14 vote of the board in each case considered. When deciding
15 whether to enter into a direct investment, the development
16 corporation shall consider whether:

- 17 (1) The project is economically sound;
- 18 (2) The project can be successfully completed;
- 19 (3) The project will promote economic diversification;



1 (4) The project is located in or will locate in the State
2 and has a reasonable potential to create desirable
3 employment opportunities for residents of the State;

4 (5) The project has been unable to obtain sufficient
5 funding on reasonable terms through ordinary means;
6 and

7 (6) The project can be partially financed through ordinary
8 means at reasonable terms.

9 The development corporation shall not acquire securities to an
10 extent that would provide the development corporation effective
11 voting control of any enterprise after giving effect to the
12 conversion of all outstanding convertible securities of the
13 enterprise.

14 (e) Investments by the development corporation to persons
15 shall be made on the basis of solicitation and a competitive
16 technical review process, subject to the availability of funds
17 allocated to the development corporation for making investments.
18 Investments by the development corporation shall not be subject
19 to chapter 42F. Any organization applying for an investment
20 shall meet the following standards:



1 (1) Have bylaws or policies that describe the manner in
2 which business is conducted and policies relating to
3 nepotism and management of potential conflict of
4 interest situations;

5 (2) Be licensed and accredited, as applicable, in
6 accordance with the requirements of federal, state,
7 and county governments;

8 (3) Comply with applicable federal and state laws
9 prohibiting discrimination against any person on the
10 basis of race, color, national origin, religion,
11 creed, sex, age, or physical handicap; and

12 (4) Comply with other requirements as the board may
13 prescribe.

14 **§206M-F Business and industry evaluation and priorities**
15 **for job opportunity and economic development.** The development
16 corporation shall develop procedures to set priorities as to
17 which types of businesses and industries are most likely to
18 provide significant opportunities for economic development and
19 diversification in the State, consistent with the purposes of
20 this subpart. This evaluation shall take into account the
21 guidelines provided by the state plan for economic development.

1 Based on these findings, the development corporation shall
2 establish targets by which the operations and programs of the
3 development corporation under this part shall be guided.

4 **§206M-G Confidentiality of trade secrets or the like;**
5 **disclosure of financial information.** Notwithstanding chapter
6 92, 92F, or any other law to the contrary, any documents or data
7 made or received by any member or employee of the development
8 corporation under this part, to the extent that the material or
9 data consist of trade secrets, commercial or financial
10 information regarding the operation of any business conducted by
11 an applicant for, or recipient of, any form of assistance that
12 the development corporation is empowered to render, or regarding
13 the competitive position of that applicant in a particular field
14 of endeavor, shall not be a public record; provided that if the
15 development corporation purchases a qualified security from an
16 applicant, the commercial and financial information, excluding
17 confidential business information, shall be deemed to become a
18 public record of the development corporation. If the
19 information is made or received by any member or employee of the
20 development corporation after the purchase of the qualified
21 security, it shall become a public record three years from the



1 date the information was made or received. Any discussion or
 2 consideration of trade secrets or commercial or financial
 3 information, shall be held by the board, or any subcommittee of
 4 the board, in executive sessions closed to the public; provided
 5 that the purpose of any such executive session shall be set
 6 forth in the official minutes of the development corporation and
 7 business which is not related to that purpose shall not be
 8 transacted, nor shall any vote be taken during the executive
 9 sessions.

10 **§206M-H Requests for assistance from the development**
 11 **corporation; procedure.** (a) The board shall approve or
 12 disapprove requests for assistance within ninety days of
 13 receiving a written application under this part. Upon written
 14 request by an applicant, the board may reconsider its denial of
 15 an application for assistance or may waive the ninety-day
 16 deadline for approving or disapproving an application.

17 (b) Any person who submits any statement, report,
 18 application, or other document to the development corporation
 19 under this part that is known to the person to be false in any
 20 material respect shall be guilty of a class C felony.



1 (c) The development corporation may condition any
2 assistance of any type under this part by placing restrictions
3 on the recipient in regard to the recipient's assets or
4 indebtedness or in any other manner deemed appropriate by the
5 development corporation. A recipient who accepts assistance
6 from the development corporation under this part shall be deemed
7 to agree to be bound by any conditions or restrictions imposed
8 by the development corporation.

9 **§206M-I Private sector financial support.** Significant
10 private sector financial support shall be associated with any
11 economic development project for which the development
12 corporation provides assistance under this part.

13 **§206M-J Limitations on debt owed to the development**
14 **corporation.** Not more than \$5,000,000 in financial assistance,
15 excluding rights and royalties under a venture capital
16 agreement, shall be provided to any one enterprise at any time
17 under this part. The direct investments of the development
18 corporation shall not exceed five per cent of the assets of the
19 development corporation, excluding rights and royalties under a
20 venture capital agreement; provided that by a two-thirds vote of
21 the board, this amount may be increased to a limit of twenty-



1 five per cent of the total assets of the development
2 corporation.

3 **§206M-K Limitation on liability.** Chapters 661 and 662 or
4 any other law to the contrary notwithstanding, nothing in this
5 part shall create an obligation, debt, claim, cause of action,
6 claim for relief, charge, or any other liability of any kind
7 whatsoever in favor of any person or entity, without regard to
8 whether that person or entity receives any benefits under this
9 part, against the State or its officers and employees. The
10 State and its officers and employees shall not be liable for the
11 results of any investment, purchase of securities, loan, or
12 other assistance provided pursuant to this part. Nothing in
13 this part shall be construed as authorizing any claim against
14 the development corporation in excess of any note, loan, or
15 other specific indebtedness incurred by the development
16 corporation or in excess of any insurance policy acquired for
17 the development corporation or its employees.

18 **§206M-L HI growth initiative; report to legislature.** The
19 development corporation shall submit an annual report to the
20 legislature no later than twenty days prior to the convening of
21 a regular session on the specific annual outcome achieved



1 through the activities and expenditures of the HI growth
2 initiative.

3 **§206M-M Annual audit.** The books and records of the
4 strategic development programs shall be subject to an annual
5 audit by an independent auditor.

6 B. Program for Seed Capital Assistance

7 **§206M-N Establishment.** The development corporation shall
8 establish a program for seed capital assistance.

9 **§206M-O Seed capital investments.** Subject to this
10 subpart, the development corporation may invest in:

- 11 (1) A certified development company under sections 501 to
12 503 of the Small Business Investment Act of 1958 (15
13 U.S.C. 695 to 697) and the regulations adopted under
14 those sections;
- 15 (2) A small business investment company under the Small
16 Business Investment Act (15 U.S.C. 631 to 634, 636 to
17 649) and the regulations adopted under those sections;
- 18 (3) A minority enterprise small business investment
19 corporation or equivalent venture capital corporation;
- 20 (4) A similar entity that may leverage its capital under a
21 federal program; or



1 (5) A seed capital fund or partnership.

2 **§206M-P Purposes and terms of investments.** (a)

3 Investments may be used for any purpose consistent with the
4 purposes and objectives of this part, including but not limited
5 to:

6 (1) Developing a working prototype;

7 (2) Preparing a development plan;

8 (3) Performing an initial market analysis;

9 (4) Organizing a management team; and

10 (5) Any other purpose reasonably related to an economic
11 development project.

12 (b) Investments may be made on such terms and conditions
13 as the development corporation shall determine to be reasonable,
14 appropriate, and consistent with the purposes and objectives of
15 this part.

16 C. Program for Venture Capital Assistance

17 **§206M-Q Establishment.** The development corporation shall
18 establish a program for venture capital.

19 **§206M-R Venture capital investments.** Subject to this
20 subpart, the development corporation may invest in:



- 1 (1) A certified development company under sections 501 to
- 2 503 of the Small Business Investment Act of 1958 (15
- 3 U.S.C. 695 to 697) and the regulations adopted under
- 4 those sections;
- 5 (2) A small business investment company under the Small
- 6 Business Investment Act (15 U.S.C. 631 to 634, 636 to
- 7 649) and the regulations adopted under those sections;
- 8 (3) A minority enterprise small business investment
- 9 corporation or equivalent venture capital corporation;
- 10 (4) A similar entity that may leverage its capital under a
- 11 federal program; or
- 12 (5) A venture capital fund or partnership.

13 **§206M-S Purposes and terms of investments. (a)**
 14 Investments may be used for any purpose consistent with the
 15 purposes and objectives of this part.

16 (b) Investments may be made on such terms and conditions
 17 as the development corporation shall determine to be reasonable,
 18 appropriate, and consistent with the purposes and objectives of
 19 this part.

20 D. Program for Capital Access



1 **§206M-T Establishment.** The development corporation shall
2 establish a program for capital access.

3 **§206M-U Financial assistance.** The development
4 corporation, through the program for capital access, may:

5 (1) Procure insurance, a guarantee, or a letter of credit
6 from any source for all or a part of a loan,
7 debenture, or lease of others, public or private, or a
8 revenue bond issue of the State or other entity or
9 authority authorized by law to issue revenue bonds;
10 and

11 (2) Procure insurance, a guarantee, or a letter of credit
12 for either a single loan, debenture, or lease or for
13 any combination of loans, debentures, or leases, or a
14 single revenue bond issue or for all or a part of any
15 combination of revenue bond issues.

16 **§206M-V Purposes and priorities required in the procuring**
17 **of insurance, loan guarantees, or letters of credit. (a)**
18 Insurance, guarantees, or letters of credit procured pursuant to
19 section 206M-U shall be procured only for economic development
20 projects within the State that are consistent with the purposes
21 and objectives of this part.



1 (b) The development corporation shall give paramount
2 priority in procuring insurance, guarantees, and letters of
3 credit to economic development projects that have the greatest
4 potential for creating new jobs or retaining current jobs within
5 the State.

6 **§206M-W Conditions for procuring of insurance, loan**
7 **guarantees, or letters of credit.** (a) Insurance, guarantees,
8 or letters of credit shall not be procured pursuant to section
9 206M-U unless the development corporation is assured that the
10 loans, debentures, or leases insured, or guaranteed, or for
11 which letters of credit are issued, shall be used to assist
12 economic development projects that also have significant private
13 sector financial support.

14 (b) Insurance, guarantees, or letters of credit may be
15 procured on such terms and conditions as the development
16 corporation, in its sole discretion, shall determine to be
17 reasonable, appropriate, and consistent with the purposes and
18 objectives of this part.

19 (c) The development corporation shall charge the lender or
20 the borrower, or both, a fee or premium for procuring loan,
21 debenture, or lease insurance, guarantee, or a letter of credit.



1 Rules for premiums or fees shall be established by the
2 corporation.

3 **§206M-X Program for capital access participation**
4 **agreements.** The development corporation shall enter into
5 agreements with lenders for participation in the program for
6 capital access that shall include but not be limited to:

- 7 (1) Authorization for the lender to determine, collect,
8 and transmit to the development corporation a fee or
9 premium charge within a specified range established
10 consistent with the purposes and objectives of the
11 development corporation;
- 12 (2) Specification of whether the premium charge shall be
13 paid by the lender, the borrower, the development
14 corporation, or by a combination thereof in specified
15 proportions;
- 16 (3) The procedure by which a lender may make a claim upon
17 the development corporation upon default by the
18 borrower, and the conditions under which a claim may
19 be made; and
- 20 (4) The maximum amount of claims a lender may make upon
21 the development corporation, which amount may be equal



1 to or less than the proportion of the total premiums
2 contributed by the development corporation.

3 §206M-Y Establishment of special funds to secure loan
4 insurance obligations; source of funds. The development
5 corporation may establish a special fund or funds for capital
6 access into which fees or premiums collected by the development
7 corporation are deposited."

8 SECTION 3. Any unencumbered balances remaining in the
9 Hawaii strategic development revolving fund on June 30, 2019,
10 shall be deposited into the strategic development programs
11 revolving fund.

12 SECTION 4. Any unencumbered balances remaining in the
13 hydrogen investment capital special fund as of June 30, 2019,
14 shall be deposited into the hydrogen investment special fund.

15 SECTION 5. Chapter 206M, Hawaii Revised Statutes, is
16 amended by amending the title of part I to read as follows:

17 "PART I. [~~HAWAII TECHNOLOGY DEVELOPMENT CORPORATION~~] GENERAL
18 PROVISIONS"

19 SECTION 6. Section 206M-1, Hawaii Revised Statutes, is
20 amended by adding seven new definitions to be appropriately
21 inserted and to read:



1 "Economic development project" means an endeavor related
2 to industrial, commercial, or advanced technology-based
3 agricultural enterprise. "Economic development project" shall
4 not include that portion of an endeavor devoted to the
5 construction of housing.

6 "Enterprise" means a person with a place of business in
7 Hawaii which is, or proposes to be, engaged in business in
8 Hawaii; provided that the endeavor shall not be devoted to the
9 sale of goods at retail, construction of housing, or tourism-
10 related services.

11 "Minority-owned businesses" means businesses at least fifty
12 per cent owned, controlled, and managed by socially or
13 economically disadvantaged persons.

14 "Person" means a sole proprietorship, partnership, joint
15 venture, corporation, or other association of persons organized
16 for commercial or industrial purposes.

17 "Professional investor" means any bank, bank holding
18 company, savings institution, trust company, insurance company,
19 investment company registered under the federal Investment
20 Company Act of 1940, financial services loan company, pension or
21 profit-sharing trust or other financial institution or



1 institutional buyer, licensee under the federal Small Business
2 Investment Act of 1958, or any person, partnership, or other
3 entity of whose resources a substantial amount is dedicated to
4 investing in securities or debt instruments and whose net worth
5 exceeds \$250,000.

6 "Seed capital" means financing provided for the earliest
7 stage of business development, including but not limited to
8 developing a working prototype, preparing a business plan,
9 performing an initial market analysis, or organizing a
10 management team.

11 "Venture capital investment" means any of the following
12 investments in a business:

13 (1) Common or preferred stock and equity securities
14 without a repurchase requirement for at least five
15 years;

16 (2) A right to purchase stock or equity securities;

17 (3) Any debenture or loan, whether or not convertible or
18 having stock purchase rights, which are subordinated,
19 together with security interests against the assets of
20 the borrower, by their terms to all borrowings of the
21 borrower from other institutional lenders, and that is



1 for a term of not less than three years, and that has
2 no part amortized during the first three years; and
3 (4) General or limited partnership interests."

4 SECTION 7. Section 206M-2, Hawaii Revised Statutes, is
5 amended by amending subsections (a) and (b) to read as follows:

6 "(a) There is established the Hawaii technology
7 development corporation, which shall be a public body corporate
8 and politic and an instrumentality and agency of the State. The
9 development corporation shall be placed within the department of
10 business, economic development, and tourism for administrative
11 purposes, pursuant to section 26-35. The purpose of the
12 development corporation shall be to facilitate the growth and
13 development of the commercial technology industry in Hawaii.
14 Its duties shall include[7] but not be limited to:

15 (1) Connecting Hawaii-based technology companies and
16 entrepreneurs to new market opportunities;

17 [+1+] (2) Developing and encouraging industrial parks as
18 technology innovation centers and other technology
19 infrastructure projects and developing or assisting
20 with the development of projects within or outside of



- 1 industrial parks, including participating with the
2 private sector in such development;
- 3 ~~[(2) Providing financial and other support and services to~~
4 ~~Hawaii-based technology companies;~~
- 5 ~~(3) Collecting and analyzing information on the state of~~
6 ~~commercial technology activity in Hawaii;~~
- 7 ~~(4) Promoting and marketing Hawaii as a site for~~
8 ~~commercial technology activity; and~~
- 9 ~~(5) Providing advice on policy and planning for~~
10 ~~technology-based economic development.]~~
- 11 (3) Encouraging, initiating, and aiding in the development
12 and commercialization of local innovation and
13 technology;
- 14 (4) Furnishing the financial and other support and
15 services to institute and grow local innovation and
16 technology;
- 17 (5) Developing policy and resource allocations to enable
18 and support start-up companies, sustain existing
19 companies, and attract companies to relocate or
20 establish offices in Hawaii;



1 (6) Attracting resources from public and private sector
2 organizations and agencies to develop a local
3 qualified innovation research and technology
4 workforce;

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

7 (8) Collecting and analyzing information on the state of
8 local and global technology activity; and

9 (9) Taking any and all other actions reasonably designed
10 to promote the purposes of the corporation in the
11 interest of promoting the general welfare of the
12 people of the State.

13 (b) The governing body of the development corporation
14 shall consist of a board of directors having [~~eleven~~] nine
15 voting members. [~~Seven of the members shall be appointed by the~~
16 ~~governor for staggered terms pursuant to section 26-34. Six of~~
17 ~~the appointed members shall be from the general public and~~
18 ~~selected on the basis of their knowledge, interest, and proven~~
19 ~~expertise in, but not limited to, one or more of the following~~
20 ~~fields: finance, commerce and trade, corporate management,~~
21 ~~marketing, economics, engineering, and telecommunications, and~~



1 ~~other technology fields. The other appointed member shall be~~
2 ~~selected from the faculty of the University of Hawaii.]~~ The
3 director of business, economic development, and tourism, and an
4 appointed member from the University of Hawaii, or their
5 designated representatives, shall serve as ex officio voting
6 members of the board. All members shall have knowledge,
7 interest, and proven expertise in, but not limited to, one or
8 more of the following fields: finance, commerce and trade,
9 corporate management, marketing, economics, engineering,
10 telecommunications, innovation, and other technology fields.
11 Seven of the members shall be appointed by the governor pursuant
12 to section 26-34 for staggered terms; provided that membership
13 shall include:

14 (1) Three members who shall be appointed by the governor
15 from a list of four nominees submitted by the
16 president of the senate, and three members who shall
17 be appointed by the governor from a list of four
18 nominees submitted by the speaker of the house of
19 representatives; provided that if fewer than four
20 nominees are submitted for each appointment, the
21 governor may disregard the list; and



1 (2) One member who shall be appointed by the governor from
2 the economic development board of Maui, Kauai, or
3 Hawaii county.

4 The governor shall make board member appointments to ensure the
5 fulfillment of all requirements of paragraphs (1) and (2);
6 provided that upon the occurrence of a vacancy subject to
7 paragraph (1), the governor shall notify the president of the
8 senate and the speaker of the house of representatives of any
9 unfulfilled requirements pursuant to paragraphs (1) and (2), and
10 the president of the senate or the speaker of the house of
11 representatives, as appropriate, shall submit nominees who
12 fulfill the requirements pursuant to paragraphs (1) and (2).

13 All appointed members of the board shall continue in office
14 until their respective successors have been appointed. [~~The~~
15 ~~director of business, economic development, and tourism, the~~
16 ~~director of finance, an appointed member from the board of the~~
17 ~~Hawaii strategic development corporation, and an appointed~~
18 ~~member from the board of the natural energy laboratory of Hawaii~~
19 ~~authority, or their designated representatives, shall serve as~~
20 ~~ex officio[,] voting members of the board.~~] The director of
21 business, economic development, and tourism shall serve as the



1 chairperson until such time as a chairperson is elected by the
2 board from the membership. The board shall elect [~~such~~] other
3 officers as it deems necessary."

4 SECTION 8. Section 206M-3, Hawaii Revised Statutes, is
5 amended by amending subsection (a) to read as follows:

6 "(a) The development corporation shall have all the powers
7 necessary to carry out its purposes, including the powers to:

- 8 (1) Sue and be sued;
- 9 (2) Have a seal and alter the same at its pleasure;
- 10 (3) Make and execute, enter into, amend, supplement, and
11 carry out contracts and all other instruments
12 necessary or convenient for the exercise of its powers
13 and functions under this chapter, including, with the
14 approval of the governor, a project agreement, or an
15 amendment or supplement to an existing project
16 agreement, with a qualified person, and to enter into
17 and carry out any agreement whereby the obligations of
18 a qualified person under a project agreement shall be
19 unconditionally guaranteed or insured by, or the
20 performance thereof assigned to, or guaranteed or
21 insured by, a person or persons other than the



1 qualified person; and extend or renew any project
2 agreement or any other agreement related thereto;
3 provided that any such renewal or extension shall be
4 subject to the approval of the governor unless made in
5 accordance with provisions for the extension or
6 renewal contained in a project agreement or related
7 agreement theretofore approved by the governor;

8 (4) Make and alter bylaws for its organization and
9 internal management;

10 (5) Adopt rules under chapter 91 necessary to effectuate
11 this chapter in connection with industrial parks,
12 projects, multi-project programs, and the operations,
13 properties, and facilities of the corporation;

14 (6) Through its chief executive officer, appoint officers,
15 agents, consultants, advisors, and employees,
16 prescribe their duties and qualifications, and fix
17 their salaries, without regard to chapter 76;

18 (7) Prepare or cause to be prepared development plans for
19 industrial parks;

20 (8) Acquire, own, lease, hold, clear, improve, and
21 rehabilitate real, personal, or mixed property and



- 1 assign, exchange, transfer, convey, lease, sublease,
2 or encumber any project, including by way of
3 easements;
- 4 (9) Acquire, construct, improve, install, equip, or
5 develop or provide for the acquisition, construction,
6 improvement, installation, equipping, or development
7 of any project and designate a qualified person as its
8 agent for such purpose;
- 9 (10) Own, hold, assign, transfer, convey, exchange, lease,
10 sublease, or encumber any project;
- 11 (11) Arrange or initiate appropriate action for the
12 planning, replanning, opening, grading, or closing of
13 streets, roads, roadways, alleys, easements, or other
14 places, the furnishing of improvements, the
15 acquisition of property or property rights, or the
16 furnishing of property or services in connection with
17 an industrial park or project;
- 18 (12) Prepare, or cause to be prepared, plans,
19 specifications, designs, and estimates of cost for the
20 acquisition, construction, reconstruction,
21 improvement, installation, equipping, development, or



- 1 maintenance of any project or industrial park, and
2 from time to time modify the plans, specifications,
3 designs, or estimates;
- 4 (13) Engage the services of consultants on a contractual
5 basis for rendering professional and technical
6 assistance and advice;
- 7 (14) Procure insurance against any loss in connection with
8 its property and other assets and operations in
9 amounts and from insurers as it deems desirable;
- 10 ~~[(15) Accept and expend gifts or grants in any form from any
11 public agency or from any other source,]~~
- 12 ~~[(16)]~~ (15) Issue special purpose revenue bonds and
13 refunding special purpose revenue bonds pursuant to
14 and in accordance with this chapter in principal
15 amounts as may be authorized from time to time by law
16 to finance or refinance the cost of a project, singly
17 or as part of a multi-project program, or an
18 industrial park as authorized by law and provide for
19 the security thereof as permitted by this chapter;
- 20 ~~[(17)]~~ (16) Lend or otherwise apply the proceeds of the
21 bonds issued for a project or an industrial park



1 either directly or through a trustee to a qualified
2 person for use and application by the qualified person
3 in the acquisition, construction, improvement,
4 installation, equipping, or development of a project
5 or industrial park, or agree with the qualified person
6 whereby any of these activities shall be undertaken or
7 supervised by that qualified person or by a person
8 designated by the qualified person;

9 ~~(18)~~ (17) As security for the payment of the principal of,
10 premium, if any, and interest of the special purpose
11 revenue bonds issued for a project to:

12 (A) Pledge, assign, hypothecate, or otherwise
13 encumber all or any part of the revenues and
14 receipts derived or to be derived by the
15 development corporation under the project
16 agreement for the project for which the bonds are
17 issued;

18 (B) Pledge and assign the interest and rights of the
19 development corporation under the project
20 agreement or other agreement with respect to the
21 project or the special purpose revenue bonds;



1 (C) Pledge and assign any bond, debenture, note, or
2 other evidence of indebtedness received by the
3 development corporation with respect to the
4 project; or

5 (D) Any combination of the foregoing;

6 [~~19~~] (18) With or without terminating a project agreement,
7 exercise any and all rights provided by law for entry
8 and reentry upon or take possession of a project at
9 any time or from time to time upon breach or default
10 by a qualified person under a project agreement,
11 including any action at law or in equity for the
12 purpose of effecting its rights of entry or reentry or
13 obtaining possession of the project or for the
14 payments of rentals, user taxes, or charges, or any
15 other sum due and payable by the qualified person to
16 the development corporation pursuant to the project
17 agreement;

18 [~~20~~] (19) Enter into arrangements with qualified county
19 development entities whereby the board would provide
20 financial support to qualified projects proposed;



- 1 [~~(21)~~] (20) Create an environment in which to support
2 technology economic development, including but not
3 limited to:
- 4 (A) Supporting all aspects of technology-based
5 economic development;
- 6 (B) Developing instructive programs, identifying
7 issues and impediments to the growth of
8 technology industry in Hawaii; and
- 9 (C) Providing policy analysis and information
10 important to the development of technology
11 industries in Hawaii;
- 12 [~~(22)~~] (21) Develop programs that support start-up and
13 existing technology companies in Hawaii and attract
14 new companies to relocate to or establish operations
15 in Hawaii by assessing the needs of these companies
16 and providing the physical and technical
17 infrastructure to support their operations;
- 18 [~~(23)~~] (22) Coordinate its efforts with other public and
19 private agencies involved in stimulating technology-
20 based economic development in Hawaii, including but
21 not limited to:



- 1 (A) The department of business, economic development,
2 and tourism;
- 3 (B) The Pacific international center for high
4 technology research; ~~[and]~~
- 5 (C) The office of technology transfer and economic
6 development of the University of Hawaii; and
- 7 (D) The state energy office;
- 8 ~~[(24)]~~ (23) Promote and market Hawaii as a site for
9 commercial technology activity, including the
10 expenditure of funds for protocol purposes at the
11 discretion of the board;
- 12 ~~[(25)]~~ (24) Provide advice on policy and planning for
13 technology-based economic development;
- 14 ~~[(26)]~~ (25) Finance, conduct, or cooperate in financing or
15 conducting technological, business, financial, or
16 other investigations that are related to or likely to
17 lead to business, technology, and economic development
18 by making and entering into contracts and other
19 appropriate arrangements, including the provision of
20 loans, start-up and expansion capital, loan guaranty,
21 loans convertible to equity, equity charged and



1 received by the corporation, and other forms of
2 assistance;
3 [~~(27)~~] (26) Solicit, study, and assist in the preparation of
4 business plans and proposals of new or established
5 businesses;
6 [~~(28)~~] (27) Provide advice, technical and marketing
7 assistance, support, and promotion to enterprises in
8 which investments have been made;
9 [~~(29)~~] (28) Acquire, hold, and sell qualified securities;
10 [~~(30)~~] (29) Consent, subject to the provisions of any
11 contract with noteholders or bondholders, whenever the
12 corporation deems it necessary or desirable in the
13 fulfillment of the purposes of this chapter, to the
14 modification, with respect to rate of interest, time
15 of payment of any installment of principal or
16 interest, or any other terms, of any contract or
17 agreement of any kind to which the corporation is a
18 party;
19 [~~(31)~~] (30) Invest any funds held in reserves or sinking
20 funds, or any funds not required for immediate



- 1 disbursement, in such investments as may be lawful for
2 fiduciaries in the State; [and]
- 3 (31) Coordinate the development corporation's programs with
4 any education and training program;
- 5 (32) Carry out specialized programs designed to encourage
6 the development of new products, businesses, and
7 markets;
- 8 (33) Prepare, publish, and distribute such technical
9 studies, reports, bulletins, and other materials as it
10 deems appropriate, subject only to the maintenance and
11 respect for confidentiality of client proprietary
12 information;
- 13 (34) Organize, conduct, sponsor, or cooperate in and assist
14 in the conduct of conferences, demonstrations, and
15 studies relating to the stimulation and formation of
16 businesses;
- 17 (35) Provide and pay for such advisory services and
18 technical, managerial, and marketing assistance,
19 support, and promotion as may be necessary or
20 desirable to carry out the purposes of this chapter;



1 (36) Accept donations, grants, bequests, and devises of
2 money, property, service, or other things of value
3 that may be received from the United States or any
4 agency thereof, any governmental agency, or any public
5 or private institution, person, firm, or corporation,
6 to be held, used, or applied for any or all of the
7 purposes specified in this chapter. Receipt of each
8 donation or grant shall be detailed in the annual
9 report of the development corporation. The report
10 shall include the identity of the donor or lender, the
11 nature of the transaction, and any conditions
12 attaching thereto;

13 (37) Acquire real property, or an interest therein, by
14 purchase or foreclosure, where that acquisition is
15 necessary or appropriate to protect or secure any
16 investment or loan in which the development
17 corporation has an interest; sell, transfer, and
18 convey the property to a buyer and if the sale,
19 transfer, or conveyance cannot be effected with
20 reasonable promptness or at a reasonable price, to
21 lease the property to a tenant;



1 knowledge, interest, and proven expertise in, but not limited
2 to, one or more of the following fields: finance, commerce and
3 trade, corporate management, marketing, economics, engineering,
4 energy management, real estate development, property management,
5 aquaculture, and ocean science. The chairperson and secretary
6 of the research advisory committee shall serve on the board.
7 The director of business, economic development, and tourism, the
8 chairperson of the board of land and natural resources, the
9 president of the University of Hawaii, the mayor of the county
10 of Hawaii, and an appointed member from the board of the Hawaii
11 technology development corporation, [~~and an appointed member~~
12 ~~from the board of the Hawaii strategic development corporation,~~]
13 or their designated representatives, shall serve as ex officio,
14 voting members of the board. The tenants of the authority shall
15 elect two members to the board from among the tenants of the
16 authority, of which one member shall serve a two-year term, and
17 one member shall serve a four-year term. In electing the tenant
18 members, each tenant shall be entitled to cast one vote for each
19 member position. The tenant members shall be recused from
20 voting on setting lease rents, water rates, or utility rates,
21 but may participate in discussions. The director of business,



1 economic development, and tourism shall serve as the chairperson
2 until such time as a chairperson is elected by the board from
3 the membership. The board shall elect other officers as it
4 deems necessary."

5 PART IV

6 SECTION 10. Chapter 211F, Hawaii Revised Statutes, is
7 repealed.

8 SECTION 11. On July 1, 2019, the terms of the board
9 members of the Hawaii strategic development corporation shall
10 expire.

11 SECTION 12. All rights, powers, functions, and duties of
12 the Hawaii strategic development corporation are transferred to
13 the Hawaii technology development corporation.

14 All employees who occupy civil service positions and whose
15 functions are transferred to the Hawaii technology development
16 corporation by this Act shall retain their civil service status,
17 whether permanent or temporary. Employees shall be transferred
18 without loss of salary, seniority (except as prescribed by
19 applicable collective bargaining agreements), retention points,
20 prior service credit, any vacation and sick leave credits
21 previously earned, and other rights, benefits, and privileges,



1 in accordance with state personnel laws and this Act; provided
2 that the employees possess the minimum qualifications and public
3 employment requirements for the class or position to which
4 transferred or appointed, as applicable; provided further that
5 subsequent changes in status may be made pursuant to applicable
6 civil service and compensation laws.

7 Any employee who, prior to this Act, is exempt from civil
8 service and is transferred as a consequence of this Act may
9 retain the employee's exempt status, but shall not be appointed
10 to a civil service position as a consequence of this Act. An
11 exempt employee who is transferred by this Act shall not suffer
12 any loss of prior service credit, vacation or sick leave credits
13 previously earned, or other employee benefits or privileges as a
14 consequence of this Act; provided that the employees possess
15 legal and public employment requirements for the position to
16 which transferred or appointed, as applicable; provided further
17 that subsequent changes in status may be made pursuant to
18 applicable employment and compensation laws. The chief
19 executive officer of the Hawaii technology development
20 corporation may prescribe the duties and qualifications of these



1 employees and fix their salaries without regard to chapter 76,
2 Hawaii Revised Statutes.

3 SECTION 13. All appropriations, records, equipment,
4 machines, files, supplies, contracts, books, papers, documents,
5 maps, and other personal property heretofore made, used,
6 acquired, or held by the Hawaii strategic development
7 corporation relating to the functions transferred to the Hawaii
8 technology development corporation shall be transferred with the
9 functions to which they relate.

10 SECTION 14. All rules, policies, procedures, guidelines,
11 and other materials adopted or developed by the Hawaii strategic
12 development corporation to implement provisions of the Hawaii
13 Revised Statutes, which are made applicable to the Hawaii
14 technology development corporation by this Act, shall remain in
15 full force and effect until amended or repealed by the
16 department of business, economic development and tourism
17 pursuant to chapter 91, Hawaii Revised Statutes. In the
18 interim, every reference to the Hawaii strategic development
19 corporation in those rules, policies, procedures, guidelines,
20 and other material is amended to refer to the Hawaii technology
21 development corporation as appropriate.



1 SECTION 15. All deeds, leases, contracts, loans,
2 agreements, permits, or other documents executed or entered into
3 by or on behalf of the Hawaii strategic development corporation
4 pursuant to the provisions of the Hawaii Revised Statutes, which
5 are made applicable to the Hawaii technology development
6 corporation by this Act, shall remain in full force and effect.
7 Upon the effective date of this Act, every reference to the
8 Hawaii strategic development corporation therein shall be
9 construed as a reference to the Hawaii technology development
10 corporation as appropriate.

11 PART V

12 SECTION 16. Section 206M-15.5, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "§206M-15.5 **Technology special fund.** There is established
15 in the state treasury a fund to be known as the technology
16 special fund, into which shall be deposited, except as otherwise
17 provided by section 206M-17:

- 18 (1) Any appropriations or other funds required to be
19 deposited by law; and
20 (2) All moneys, fees, and equity from tenants, qualified
21 persons, or other users of the development



1 corporation's industrial parks, projects, other leased
2 facilities, and other services and publications;
3 provided that the total amount of moneys in the fund shall not
4 exceed [~~\$3,000,000~~] \$300,000 at the end of any fiscal year. All
5 moneys in the fund are appropriated for the purposes of and
6 shall be expended by the development corporation for the
7 operation, maintenance, and management of its industrial parks,
8 projects, facilities, services, and publications, and to pay the
9 expenses in administering the special purpose revenue bonds of
10 the development corporation or in carrying out its project
11 agreements."

12 SECTION 17. Any unencumbered balances remaining in the
13 technology special fund as of July 1, 2019, shall lapse to the
14 credit of the general fund.

15 PART VI

16 SECTION 18. APPROPRIATIONS. The following sums, or so
17 much thereof as may be sufficient to accomplish the purposes and
18 programs designated herein, are hereby appropriated or
19 authorized, as the case may be, from the means of financing
20 specified to the expending agencies designated for the fiscal
21 biennium beginning July 1, 2019, and ending June 30, 2021. The



1 total expenditures and the number of positions in each fiscal
2 year of the biennium shall not exceed the sums and the position
3 ceilings indicated for each fiscal year, except as provided
4 elsewhere in this part or as provided by general law.



PROGRAM APPROPRIATIONS

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ITEM NO	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
19.	BED143	- HAWAII TECHNOLOGY DEVELOPMENT CORPORATION					
				3.00*		3.00*	
				5.00#		5.00#	
	OPERATING		BED	1,336,222A		1,336,222A	
			BED	1,604,258B		1,604,258B	
			BED	2,017,203W		2,017,203W	
				9.00#		9.00#	
			BED	994,214P		994,214P	



1 SECTION 19. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$720,000 or so much
3 thereof as may be necessary for fiscal year 2019-2020 to be
4 expended as follows:

- 5 (1) \$90,000 for one permanent full-time (1.0 FTE)
6 technology park coordinator position; and
7 (2) \$630,000 for a first responders technology park proof
8 of concept.

9 The sum appropriated shall be expended by the Hawaii
10 technology development corporation for the purposes of this
11 part.

12 SECTION 20. Provided that, notwithstanding any provision
13 contained in the General Appropriations Act of 2019 (House Bill
14 No. 2, H.D. 1, S.D. 1, C.D. 1) that appropriates funds and
15 establishes position ceilings, the appropriations and positions
16 authorized in this part shall be in addition to the positions
17 authorized for that program under the General Appropriations Act
18 of 2019; provided further that any incumbent employee shall
19 retain the employee's:

- 20 (1) Civil service status, whether permanent or temporary;
21 and



1 invalid, the invalidity does not affect other provisions or
2 applications of the Act that can be given effect without the
3 invalid provision or application, and to this end the provisions
4 of this Act are severable.

5 SECTION 25. In codifying the new sections added by section
6 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 26. The term of office for each existing member of
10 the board of directors of the Hawaii technology development
11 corporation in office as of the day before the effective date of
12 this Act shall terminate on May 31, 2020. The nomination and
13 appointment of successor members of the Hawaii technology
14 development corporation pursuant to section 7 of this Act shall
15 not cause the term of office of any existing member to terminate
16 before that date, regardless of the date of the successor
17 member's appointment by and with the advice and consent of the
18 Senate.

19 No existing member of the board of directors of the Hawaii
20 technology development corporation as it is constituted on the
21 day prior to the effective date of this Act shall serve as a



1 holdover member due to a vacancy as of May 31, 2020, in the
2 board of directors of the Hawaii technology development
3 corporation as it is constituted by section 7 of this Act.

4 The speaker of the house of representatives and president
5 of the senate shall each submit lists of four nominees for each
6 appointment subject to their respective nominating authority, as
7 required by section 7 of this Act, no later than January 31,
8 2020. The governor shall make all appointments of members of
9 the board of directors of the Hawaii technology development
10 corporation, including from each of the lists submitted, no
11 later than March 31, 2020.

12 SECTION 27. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 28. This Act shall take effect upon its approval;
15 provided that part VI shall take effect on June 28, 2019, and
16 part IV shall take effect on July 1, 2019.



Report Title:

Hawaii Technology Development Corporation; DBEDT; Appropriation

Description:

Part I: Purpose section. Part II: Establishes the strategic development programs revolving fund and transfers powers, duties, and programs of the Hawaii Strategic Development Corporation (HSDC) under Hawaii Technology Development Corporation (HTDC). Part III: Makes conforming amendments. Part IV: Repeals HSDC and transfers all duties, employees, rules, records, and equipment from HSDC to HTDC. Part V: Lowers the cap on the technology special fund and transfers unencumbered balances to the general fund. Part VI: Appropriates funds for HSDC to transfer assets and continue the strategic development programs within HTDC. (HB624 CD1)

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

