

1 **§206M-A Hawaii innovation and technology corporation**
2 **revolving fund.** There is established the Hawaii innovation and
3 technology corporation revolving fund. The following moneys
4 shall be deposited into the Hawaii innovation and technology
5 corporation revolving fund and shall not be considered part of
6 the general fund: all moneys appropriated by the legislature,
7 received as repayments of loans, earned on investments, received
8 pursuant to a venture agreement, received as royalties, received
9 as premiums or fees charged by the corporation, or otherwise
10 received by the corporation.

11 **§206M-B Hydrogen investment capital special fund.** (a)
12 There shall be established the hydrogen investment capital
13 special fund, into which shall be deposited:
14 (1) Appropriations made by the legislature to the fund;
15 (2) All contributions from public or private partners;
16 (3) All interest earned on or accrued to moneys deposited
17 in the special fund; and
18 (4) Any other moneys made available to the special fund
19 from other sources.
20 (b) Moneys in the fund shall be expended by the
21 corporation:



1 (1) To provide seed capital for and venture capital
2 investments in private sector and federal projects for
3 research, development, testing, and implementation of
4 the Hawaii renewable hydrogen program, as set forth in
5 section 196-10; and

6 (2) For any other purpose deemed necessary to carry out
7 the purposes of section 196-10.

8 **§206M-C Contracts for services necessary for management**
9 **and operation of the corporation.** The corporation may contract
10 with others, public or private, for the provision of all or a
11 portion of the services necessary for the management and
12 operation of the corporation. The corporation shall have the
13 power to use all appropriations, grants, contractual
14 reimbursements, and all other funds not appropriated for a
15 designated purpose to pay for the proper general expenses and to
16 carry out the purposes of the corporation.

17 **§206M-D Actions of the corporation; guidelines.** (a) All
18 actions taken by the corporation shall be necessary to achieve
19 the purposes and objectives of this part. The corporation shall
20 evaluate all programs after three years to determine their
21 effectiveness. The corporation shall establish rules to assure



1 equal opportunity to minority-owned businesses, and shall
2 encourage the development of minority-owned businesses. The
3 corporation shall support and encourage participation by Hawaii
4 companies in federal grant programs, such as the Small Business
5 Innovation Research Program.

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

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

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

- 19 (1) The project is economically sound;
20 (2) The project can be successfully completed;
21 (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 corporation shall not acquire securities to an extent that
10 would provide the corporation effective voting control of any
11 enterprise after giving effect to the conversion of all
12 outstanding convertible securities of the enterprise.

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

20 (1) Have bylaws or policies that describe the manner in
21 which business is conducted and policies relating to



- 1 nepotism and management of potential conflict of
2 interest situations;
- 3 (2) Be licensed and accredited, as applicable, in
4 accordance with the requirements of federal, state,
5 and county governments;
- 6 (3) Comply with applicable federal and state laws
7 prohibiting discrimination against any person on the
8 basis of race, color, national origin, religion,
9 creed, sex, age, or physical handicap; and
- 10 (4) Comply with other requirements as the board may
11 prescribe.

12 **§206M-E Business and industry evaluation and priorities**
13 **for job opportunity and economic development.** The corporation
14 shall develop procedures to set priorities as to which types of
15 businesses and industries are most likely to provide significant
16 opportunities for economic development and diversification in
17 the State, consistent with the purposes of this part. This
18 evaluation shall take into account the guidelines provided by
19 the state plan for economic development. Based on these
20 findings, the corporation shall establish targets by which the
21 operations and programs of the corporation shall be guided.



1 §206M-F Confidentiality of trade secrets or the like;
2 disclosure of financial information. Notwithstanding chapter
3 92, 92F, or any other law to the contrary, any documents or data
4 made or received by any member or employee of the corporation,
5 to the extent that the material or data consist of trade
6 secrets, commercial or financial information regarding the
7 operation of any business conducted by an applicant for, or
8 recipient of, any form of assistance that the corporation is
9 empowered to render, or regarding the competitive position of
10 that applicant in a particular field of endeavor, shall not be a
11 public record; provided that if the corporation purchases a
12 qualified security from an applicant, the commercial and
13 financial information, excluding confidential business
14 information, shall be deemed to become a public record of the
15 corporation. If the information is made or received by any
16 member or employee of the corporation after the purchase of the
17 qualified security, it shall become a public record three years
18 from the date the information was made or received. Any
19 discussion or consideration of trade secrets or commercial or
20 financial information, shall be held by the board, or any
21 subcommittee of the board, in executive sessions closed to the



1 public; provided that the purpose of any such executive session
2 shall be set forth in the official minutes of the corporation
3 and business which is not related to that purpose shall not be
4 transacted, nor shall any vote be taken during the executive
5 sessions.

6 **§206M-G Requests for assistance from the corporation;**
7 **procedure.** (a) The board shall approve or disapprove requests
8 for assistance within ninety days of receiving a written
9 application. Upon written request by an applicant, the board
10 may reconsider its denial of an application for assistance or
11 may waive the ninety-day deadline for approving or disapproving
12 an application.

13 (b) Any person who submits any statement, report,
14 application, or other document to the corporation which is known
15 to the person to be false in any material respect shall be
16 guilty of a class C felony.

17 (c) The corporation may condition any assistance of any
18 type by placing restrictions on the recipient in regard to the
19 recipient's assets or indebtedness or in any other manner deemed
20 appropriate by the corporation. A recipient who accepts
21 assistance from the corporation shall be deemed to agree to be



1 bound by any conditions or restrictions imposed by the
2 corporation.

3 **§206M-H Private sector financial support.** Significant
4 private sector financial support shall be associated with any
5 economic development project for which the corporation provides
6 assistance.

7 **§206M-I Limitations on debt owed to the corporation.** Not
8 more than \$5,000,000 in financial assistance, excluding rights
9 and royalties under a venture capital agreement, shall be
10 provided to any one enterprise at any time. The direct
11 investments of the corporation shall not exceed five per cent of
12 the assets of the corporation, excluding rights and royalties
13 under a venture capital agreement; provided that by a two-thirds
14 vote of the board, this amount may be increased to a limit of
15 twenty-five per cent of the total assets of the corporation.

16 **§206M-J Limitation on liability.** Chapters 661 and 662 or
17 any other law to the contrary notwithstanding, nothing in this
18 part shall create an obligation, debt, claim, cause of action,
19 claim for relief, charge, or any other liability of any kind
20 whatsoever in favor of any person or entity, without regard to
21 whether that person or entity receives any benefits under this



1 part, against the State or its officers and employees. The
2 State and its officers and employees shall not be liable for the
3 results of any investment, purchase of securities, loan, or
4 other assistance provided pursuant to this part. Nothing in
5 this part shall be construed as authorizing any claim against
6 the corporation in excess of any note, loan, or other specific
7 indebtedness incurred by the corporation or in excess of any
8 insurance policy acquired for the corporation or its employees.

9 **§206M-K HI growth initiative; report to legislature.** The
10 corporation shall submit an annual report to the legislature no
11 later than twenty days prior to the convening of a regular
12 session on the specific annual outcome achieved through the
13 activities and expenditures of the HI growth initiative.

14 **§206M-L Annual audit.** The books and records of the
15 corporation shall be subject to an annual audit by an
16 independent auditor.

17 **§206M-M Cooperation with the corporation by state**
18 **agencies.** Every state agency may render services to the
19 corporation upon request of the corporation.

20 B. Program for Seed Capital Assistance



1 **§206M-N Establishment.** The corporation shall establish a
2 program for seed capital assistance.

3 **§206M-O Seed capital investments.** Subject to this
4 subpart, the corporation may invest in:

5 (1) A certified development company under sections 501 to
6 503 of the Small Business Investment Act of 1958 (15
7 U.S.C. 695 to 697) and the regulations adopted under
8 those sections;

9 (2) A small business investment company under the Small
10 Business Investment Act (15 U.S.C. 631 to 634, 636 to
11 649) and the regulations adopted under those sections;

12 (3) A minority enterprise small business investment
13 corporation or equivalent venture capital corporation;

14 (4) A similar entity that may leverage its capital under a
15 federal program; or

16 (5) A seed capital fund or partnership.

17 **§206M-P Purposes and terms of investments.** (a)

18 Investments may be used for any purpose consistent with the
19 purposes and objectives of this chapter, including but not
20 limited to:

21 (1) Developing a working prototype;

- 1 (2) Preparing a development plan;
- 2 (3) Performing an initial market analysis;
- 3 (4) Organizing a management team; and
- 4 (5) Any other purpose reasonably related to an economic
- 5 development project.

6 (b) Investments may be made on such terms and conditions
7 as the corporation shall determine to be reasonable,
8 appropriate, and consistent with the purposes and objectives of
9 this chapter.

10 C. Program for Venture Capital Assistance

11 **§206M-Q Establishment.** The corporation shall establish a
12 program for venture capital.

13 **§206M-R Venture capital investments.** Subject to this
14 subpart, the corporation may invest in:

- 15 (1) A certified development company under sections 501 to
16 503 of the Small Business Investment Act of 1958 (15
17 U.S.C. 695 to 697) and the regulations adopted under
18 those sections;
- 19 (2) A small business investment company under the Small
20 Business Investment Act (15 U.S.C. 631 to 634, 636 to
21 649) and the regulations adopted under those sections;



- 1 (3) A minority enterprise small business investment
- 2 corporation or equivalent venture capital corporation;
- 3 (4) A similar entity that may leverage its capital under a
- 4 federal program; or
- 5 (5) A venture capital fund or partnership.

6 **§206M-S Purposes and terms of investments.** (a)

7 Investments may be used for any purpose consistent with the
8 purposes and objectives of this chapter.

9 (b) Investments may be made on such terms and conditions
10 as the corporation shall determine to be reasonable,
11 appropriate, and consistent with the purposes and objectives of
12 this chapter.

13 D. Program for Capital Access

14 **§206M-T Establishment.** The corporation shall establish a
15 program for capital access.

16 **§206M-U Financial assistance.** The corporation, through
17 the program for capital access, may:

- 18 (1) Procure insurance, a guarantee, or a letter of credit
- 19 from any source for all or a part of a loan,
- 20 debenture, or lease of others, public or private, or a
- 21 revenue bond issue of the State or other entity or



1 authority authorized by law to issue revenue bonds;
2 and

3 (2) Procure insurance, a guarantee, or a letter of credit
4 for either a single loan, debenture, or lease or for
5 any combination of loans, debentures, or leases, or a
6 single revenue bond issue or for all or a part of any
7 combination of revenue bond issues.

8 **§206M-V Purposes and priorities required in the procuring**
9 **of insurance, loan guarantees, or letters of credit. (a)**

10 Insurance, guarantees, or letters of credit procured pursuant to
11 section 206M-U shall be procured only for economic development
12 projects within the State that are consistent with the purposes
13 and objectives of this chapter.

14 (b) The corporation shall give paramount priority in
15 procuring insurance, guarantees, and letters of credit to
16 economic development projects that have the greatest potential
17 for creating new jobs or retaining current jobs within the
18 State.

19 **§206M-W Conditions for procuring of insurance, loan**
20 **guarantees, or letters of credit. (a) Insurance, guarantees,**
21 **or letters of credit shall not be procured pursuant to section**



1 206M-U unless the corporation is assured that the loans,
2 debentures, or leases insured, or guaranteed, or for which
3 letters of credit are issued, shall be used to assist economic
4 development projects that also have significant private sector
5 financial support.

6 (b) Insurance, guarantees, or letters of credit may be
7 procured on such terms and conditions as the corporation, in its
8 sole discretion, shall determine to be reasonable, appropriate,
9 and consistent with the purposes and objectives of this chapter.

10 (c) The corporation shall charge the lender or the
11 borrower, or both, a fee or premium for procuring loan,
12 debenture, or lease insurance, guarantee, or a letter of credit.
13 Rules for premiums or fees shall be established by the
14 corporation.

15 **§206M-X Program for capital access participation**
16 **agreements.** The corporation shall enter into agreements with
17 lenders for participation in the program for capital access that
18 shall include but not be limited to:

19 (1) Authorization for the lender to determine, collect,
20 and transmit to the corporation a fee or premium



- 1 charge within a specified range established consistent
2 with the purposes and objectives of the corporation;
- 3 (2) Specification of whether the premium charge shall be
4 paid by the lender, the borrower, the corporation, or
5 by a combination thereof in specified proportions;
- 6 (3) The procedure by which a lender may make a claim upon
7 the corporation upon default by the borrower, and the
8 conditions under which a claim may be made; and
- 9 (4) The maximum amount of claims a lender may make upon
10 the corporation, which amount may be equal to or less
11 than the proportion of the total premiums contributed
12 by the corporation.

13 **§206M-Y Establishment of special funds to secure loan**
14 **insurance obligations; source of funds.** The corporation may
15 establish a special fund or funds for capital access into which
16 fees or premiums collected by the corporation are deposited.

17 E. Hawaii Technology Investment Program

18 **§206M-Z Definitions.** As used in this subpart:

19 "Biotechnology" means fundamental knowledge regarding the
20 function of biological systems from the macro level to the
21 molecular subatomic levels that has application to development



1 including the development of novel products, services,
2 technologies, and subtechnologies from insights gained from
3 research advances that add to that body of fundamental
4 knowledge.

5 "Computer data" means any representation of information,
6 knowledge, facts, concepts, or instructions that is being
7 prepared or has been prepared and is intended to be processed,
8 is being processed, or has been processed in a computer or
9 computer network.

10 "Computer program" means an ordered set of computer data
11 representing coded instructions or statements, that, when
12 executed by a computer, causes the computer to perform one or
13 more computer operations.

14 "Computer software" means computer data, a computer
15 program, or a set of computer programs, procedures, or
16 associated documentation concerned with the operation and
17 function of a computer system, and includes both systems and
18 application programs and subdivisions, such as assemblers,
19 compilers, routines, generators, and utility programs.

20 "Financial organization" means an organization authorized
21 to do business in Hawaii that is:



- 1 (1) Certified as an insurer by the insurance commissioner;
- 2 (2) Licensed or chartered as a financial institution by
- 3 the commissioner of financial institutions;
- 4 (3) Chartered by an agency of the federal government;
- 5 (4) Subject to the jurisdiction and regulation of the
- 6 federal Securities and Exchange Commission; or
- 7 (5) Any other entity otherwise authorized to do business
- 8 in the State that meets the requirements of this
- 9 subpart.

10 "Program" means the Hawaii technology investment program.

11 "Program manager" means a financial organization selected
12 by the corporation to manage the program.

13 "Qualified high technology business":

- 14 (1) Means a business, employing or owning capital or
- 15 property, or maintaining an office, in this State
- 16 that:

- 17 (A) Conducts more than fifty per cent of its
- 18 activities in performing qualified research in
- 19 this State; or



- 1 (B) Receives more than fifty per cent of its gross
2 income derived from qualified research; provided
3 that the income is received from:
- 4 (i) Products sold from, manufactured in, or
5 produced in the State; or
- 6 (ii) Services performed in this State; and
- 7 (2) Does not include:
- 8 (A) Any trade or business involving the performance
9 of services in the field of law, architecture,
10 accounting, actuarial science, consulting,
11 athletics, financial services, or brokerage
12 services;
- 13 (B) Any banking, insurance, financing, leasing,
14 rental, investing, or similar business; any
15 business involving the production or extraction
16 of products of a character with respect to which
17 a deduction is allowable under section 611 (with
18 respect to allowance of deduction for depletion),
19 613 (with respect to basis for percentage
20 depletion), or 613A (with respect to limitation



1 on percentage depleting in cases of oil and gas
2 wells) of the Internal Revenue Code;
3 (C) Any business operating a hotel, motel,
4 restaurant, or similar business; and
5 (D) Any trade or business involving a hospital, a
6 private office of a licensed health care
7 professional, a group practice of licensed health
8 care professionals, or a nursing home.

9 "Qualified research" means:

- 10 (1) The same as in section 41(d) of the Internal Revenue
11 Code;
- 12 (2) The development and design of computer software using
13 fourth generation or higher software development tools
14 or native programming languages to design and
15 construct unique and specific code to create
16 applications and design databases for sale or license;
17 or
- 18 (3) Biotechnology,
19 provided that more than fifty per cent of the business'
20 activities are qualified research.



1 **§206M-AA Formation of Hawaii technology investment**
2 **program.** (a) The corporation shall establish the Hawaii
3 technology investment program for the purpose of allowing
4 individual investors to contribute to the program to invest
5 venture capital in businesses in Hawaii.

6 (b) The corporation may implement the Hawaii technology
7 investment program through a regulated investment company under
8 the terms and conditions established by this section. The
9 corporation may make changes to the program as required for
10 participants to obtain the federal and state income tax benefits
11 or treatment provided by sections 851 to 855 of the federal
12 Internal Revenue Code of 1986, as amended.

13 The corporation may establish a program in which the
14 dividends distributed by the regulated investment company are
15 exempt from income taxation under chapter 235. If the
16 corporation establishes a program that is proposed to be exempt
17 from income taxation under chapter 235, it shall furnish
18 sufficient information and notify the department of taxation and
19 investors of the tax exempt status of that program.

20 (c) The corporation may implement the program through the
21 use of financial organizations as program managers. Under the



1 program, individuals may establish accounts directly with a
2 program manager.

3 (d) The corporation may solicit proposals from one or more
4 financial organizations to act as a program manager. Financial
5 organizations submitting proposals shall describe the investment
6 instrument. The corporation shall select as program managers
7 the financial organizations from among the bidding financial
8 organizations that demonstrate the most advantageous
9 combination, both to potential program participants and this
10 State, based on the following factors:

11 (1) The financial stability and integrity of the financial
12 organization;

13 (2) The ability of the financial organization to establish
14 or act as a regulated investment company for the
15 purposes of this subpart;

16 (3) The ability of the financial organization to satisfy
17 recordkeeping and reporting requirements for the
18 purposes of a program that allows a program that is
19 exempt from taxation under chapter 235;



- 1 (4) The financial organization's plan for promoting the
2 program and the resources it is willing to allocate to
3 promote the program;
- 4 (5) The fees, if any, proposed to be charged to persons
5 for opening accounts;
- 6 (6) The minimum initial deposit and minimum contributions,
7 subject to this section that the financial
8 organization will require; and
- 9 (7) Other benefits to the State or its residents included
10 in the proposal, including fees payable to the State
11 to cover expenses to operate the program.
- 12 (e) The corporation may enter into a management contract
13 of up to ten years with a financial organization. The financial
14 organization shall provide investment instruments meeting the
15 requirements of this section. The management contract shall
16 include, at a minimum, terms requiring the financial
17 organization to:
- 18 (1) Take any action required to keep the program in
19 compliance with requirements of this section and to
20 manage the program to meet the requirements of



- 1 sections 851 to 855 of the federal Internal Revenue
2 Code of 1986, as amended;
- 3 (2) Keep adequate records of each account, keep each
4 account segregated from each other's account, and
5 provide the corporation with the information necessary
6 to prepare any necessary statements;
- 7 (3) Provide the corporation with the information necessary
8 to determine compliance with this section;
- 9 (4) Provide the corporation access to the books and
10 records of the financial organization to the extent
11 needed to determine compliance with the contract;
- 12 (5) Hold all accounts for the benefit of the account
13 owner;
- 14 (6) Be audited at least annually by a firm of independent
15 certified public accountants selected by the financial
16 organization, and provide the results of the audit to
17 the corporation; and
- 18 (7) Provide the corporation with copies of all regulatory
19 filings and reports related to the program made by the
20 financial organization during the term of the
21 management contract or while it is holding any



1 accounts, other than confidential filings or reports
2 that will not become part of the program. The
3 financial organization shall make available for review
4 by the corporation, the results of any periodic
5 examination of the financial organization by any state
6 or federal banking, insurance, or securities
7 commission, except to the extent that the report or
8 reports may not be disclosed under applicable law or
9 the rules of the examining agency.

10 (f) The corporation may require an audit to be conducted
11 of the operations and financial position of the program manager
12 at any time if the corporation has any reason to be concerned
13 about the financial position, the recordkeeping practices, or
14 the status of accounts of the program manager.

15 (g) During the term of any contract with a program
16 manager, the corporation shall conduct an examination of the
17 program manager and its handling of accounts. The examination
18 shall be conducted at least biennially if the program manager is
19 not otherwise subject to periodic examination by the
20 commissioner of financial institutions, the Federal Deposit
21 Insurance Corporation, or other similar entity.



1 (h) If selection of a financial organization as a program
2 manager is not renewed, after the end of the term:

3 (1) Accounts previously established and held in investment
4 instruments at the financial organization may be
5 terminated;

6 (2) Additional contributions may be made to the accounts;

7 (3) No new accounts may be placed with the financial
8 organization; and

9 (4) Existing accounts held by the financial organization
10 shall remain subject to all oversight and reporting
11 requirements established by the corporation.

12 If the corporation terminates a financial organization as a
13 program manager, the corporation shall take custody of accounts
14 held by the financial organization and shall seek to promptly
15 transfer the accounts to another financial organization that is
16 selected as a program manager and into investment instruments as
17 similar to the original instruments as possible.

18 (i) The corporation may enter into contracts for the
19 services of consultants for rendering professional and technical
20 assistance and advice and any other contracts that are necessary
21 and proper for the implementation of the program.



1 (j) The program shall only allow contributions from
2 individual investors in amounts ranging from a minimum of \$1,000
3 to a maximum of \$100,000 per investor.

4 (k) The program manager shall invest all contributions
5 received from investors in securities not limited to legal
6 investments under state laws relating to the investment of trust
7 fund assets by trust companies, including those authorized by
8 article 8 of chapter 412. Contributions shall be used for
9 venture capital investment. Investment may be made in any
10 manner the program deems correct. If no venture capital
11 investment is available at the time a contribution is made to
12 the program, the program manager may invest the contribution in
13 any manner allowed a regulated investment company until a
14 venture capital investment opportunity occurs. While the
15 program manager should make a best effort to make venture
16 capital investments as defined in section 206M-1, if no such
17 venture capital investment is available in Hawaii, then the
18 program manager may make venture capital investments outside
19 Hawaii.

20 **§206M-BB Limitation of liability.** In no case shall the
21 corporation, officers or employees of the corporation, or the



1 State be liable for the monetary losses of individuals
2 contributing to the program. In all cases, the program manager
3 shall inform individual contributors of the risk involved in
4 contributing to the program."

5 SECTION 3. Chapter 206M, Hawaii Revised Statutes, is
6 amended by amending its title to read as follows:

7 "HAWAII INNOVATION AND TECHNOLOGY [~~DEVELOPMENT~~] CORPORATION"

8 SECTION 4. Chapter 206M, Hawaii Revised Statutes, is
9 amended by amending the title of part I to read as follows:

10 "PART I. [~~HAWAII TECHNOLOGY DEVELOPMENT CORPORATION~~] GENERAL
11 PROVISIONS"

12 SECTION 5. Section 206M-1, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By adding eight new definitions to be appropriately
15 inserted and to read:

16 ""Corporation" means the Hawaii innovation and technology
17 corporation established by section 206M-2.

18 ""Economic development project" means an endeavor related to
19 industrial, commercial, or advanced technology-based
20 agricultural enterprise. "Economic development project" shall



1 not include that portion of an endeavor devoted to the
2 construction of housing.

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

8 "Minority-owned businesses" means businesses at least fifty
9 per cent owned, controlled, and managed by socially or
10 economically disadvantaged persons.

11 "Person" means a sole proprietorship, partnership, joint
12 venture, corporation, or other association of persons organized
13 for commercial or industrial purposes.

14 "Professional investor" means any bank, bank holding
15 company, savings institution, trust company, insurance company,
16 investment company registered under the federal Investment
17 Company Act of 1940, financial services loan company, pension or
18 profit-sharing trust or other financial institution or
19 institutional buyer, licensee under the federal Small Business
20 Investment Act of 1958, or any person, partnership, or other
21 entity of whose resources a substantial amount is dedicated to



1 investing in securities or debt instruments and whose net worth
2 exceeds \$250,000.

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

8 "Venture capital investment" means any of the following
9 investments in a business:

- 10 (1) Common or preferred stock and equity securities
11 without a repurchase requirement for at least five
12 years;
- 13 (2) A right to purchase stock or equity securities;
- 14 (3) Any debenture or loan, whether or not convertible or
15 having stock purchase rights, which are subordinated,
16 together with security interests against the assets of
17 the borrower, by their terms to all borrowings of the
18 borrower from other institutional lenders, and that is
19 for a term of not less than three years, and that has
20 no part amortized during the first three years; and
- 21 (4) General or limited partnership interests."



1 2. By amending the definition of "board" to read:

2 "Board" means the board of directors of the [~~development~~]
3 corporation established in section 206M-2, and any successor
4 thereto."

5 3. By deleting the definition of "development
6 corporation".

7 [~~"Development corporation" means the Hawaii technology
8 development corporation established by section 206M-2."~~]

9 SECTION 6. Section 206M-2, Hawaii Revised Statutes, is
10 amended by amending its title and subsections (a) and (b) to
11 read as follows:

12 "§206M-2 Establishment of the Hawaii innovation and
13 technology [~~development~~] corporation; purpose. (a) There is
14 established the Hawaii innovation and technology [~~development~~]
15 corporation, which shall be a public body corporate and politic
16 and an instrumentality and agency of the State. The
17 [~~development~~] corporation shall be placed within the department
18 of business, economic development, and tourism for
19 administrative purposes, pursuant to section 26-35. The purpose
20 of the [~~development~~] corporation shall be to facilitate the



1 growth and development of the commercial technology industry in
2 Hawaii. Its duties shall include [7] but not be limited to:

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

5 ~~[-1-]~~ (2) Developing and encouraging industrial parks as
6 technology innovation centers and other technology
7 infrastructure projects and developing or assisting
8 with the development of projects within or outside of
9 industrial parks, including participating with the
10 private sector in such development;

11 ~~[-2-] Providing financial and other support and services to~~
12 ~~Hawaii-based technology companies;~~

13 ~~[-3-] Collecting and analyzing information on the state of~~
14 ~~commercial technology activity in Hawaii;~~

15 ~~[-4-] Promoting and marketing Hawaii as a site for~~
16 ~~commercial technology activity; and~~

17 ~~[-5-] Providing advice on policy and planning for~~
18 ~~technology based economic development.]~~

19 (3) Encouraging, initiating, and aiding in the development
20 and commercialization of local innovation and
21 technology;



- 1 (4) Furnishing the financial and other support and
2 services to institute and grow local innovation and
3 technology;
- 4 (5) Developing policy and resource allocations to enable
5 and support start-up companies, sustain existing
6 companies, and attract companies to relocate or
7 establish offices in Hawaii;
- 8 (6) Attracting resources from public and private sector
9 organizations and agencies to develop a local
10 qualified innovation research and technology
11 workforce;
- 12 (7) Coordinating with other state agencies and entities to
13 support the innovation and technology industry;
- 14 (8) Collecting and analyzing information on the state of
15 local and global technology activity; and
- 16 (9) Taking any and all other actions reasonably designed
17 to promote the purposes of the corporation in the
18 interest of promoting the general welfare of the
19 people of the State.
- 20 (b) The governing body of the [~~development~~] corporation
21 shall consist of a board of directors having [~~eleven~~] nine



1 voting members. [~~Seven of the members shall be appointed by the~~
2 ~~governor for staggered terms pursuant to section 26-34. Six of~~
3 ~~the appointed members shall be from the general public and~~
4 ~~selected on the basis of their knowledge, interest, and proven~~
5 ~~expertise in, but not limited to, one or more of the following~~
6 ~~fields: finance, commerce and trade, corporate management,~~
7 ~~marketing, economics, engineering, and telecommunications, and~~
8 ~~other technology fields. The other appointed member shall be~~
9 ~~selected from the faculty of the University of Hawaii.] The
10 director of business, economic development, and tourism, and an
11 appointed member from the University of Hawaii, or their
12 designated representatives, shall serve as ex officio voting
13 members of the board. All members shall have knowledge,
14 interest, and proven expertise in, but not limited to, one or
15 more of the following fields: finance, commerce and trade,
16 corporate management, marketing, economics, engineering,
17 telecommunications, and other technology fields. Seven of the
18 members shall be appointed by the governor pursuant to section
19 26-34 for staggered terms; provided that membership shall
20 include:~~



1 (1) Three members who shall be appointed by the governor
2 from a list of four nominees submitted by the
3 president of the senate, and three members who shall
4 be appointed by the governor from a list of four
5 nominees submitted by the speaker of the house of
6 representatives; provided that if fewer than four
7 nominees are submitted for each appointment, the
8 governor may disregard the list; and

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

12 The governor shall make board member appointments to ensure the
13 fulfillment of all requirements of paragraphs (1) and (2);
14 provided that upon the occurrence of a vacancy subject to
15 paragraph (1), the governor shall notify the president of the
16 senate and the speaker of the house of representatives of any
17 unfulfilled requirements pursuant to paragraphs (1) and (2), and
18 the president of the senate or the speaker of the house of
19 representatives, as appropriate, shall submit nominees who
20 fulfill the requirements pursuant to paragraphs (1) and (2).
21 All appointed members of the board shall continue in office



1 until their respective successors have been appointed. [The
2 ~~director of business, economic development, and tourism, the~~
3 ~~director of finance, an appointed member from the board of the~~
4 ~~Hawaii strategic development corporation, and an appointed~~
5 ~~member from the board of the natural energy laboratory of Hawaii~~
6 ~~authority, or their designated representatives, shall serve as~~
7 ~~ex officio[,] voting members of the board.] The director of
8 business, economic development, and tourism shall serve as the
9 chairperson until such time as a chairperson is elected by the
10 board from the membership. The board shall elect [such] other
11 officers as it deems necessary."~~

12 SECTION 7. Section 206M-3, Hawaii Revised Statutes, is
13 amended by amending subsection (a) to read as follows:

14 "(a) The [development] corporation shall have all the
15 powers necessary to carry out its purposes, including the powers
16 to:

- 17 (1) Sue and be sued;
- 18 (2) Have a seal and alter the same at its pleasure;
- 19 (3) Make and execute, enter into, amend, supplement, and
20 carry out contracts and all other instruments
21 necessary or convenient for the exercise of its powers



1 and functions under this chapter, including, with the
2 approval of the governor, a project agreement, or an
3 amendment or supplement to an existing project
4 agreement, with a qualified person, and to enter into
5 and carry out any agreement whereby the obligations of
6 a qualified person under a project agreement shall be
7 unconditionally guaranteed or insured by, or the
8 performance thereof assigned to, or guaranteed or
9 insured by, a person or persons other than the
10 qualified person; and extend or renew any project
11 agreement or any other agreement related thereto;
12 provided that any such renewal or extension shall be
13 subject to the approval of the governor unless made in
14 accordance with provisions for the extension or
15 renewal contained in a project agreement or related
16 agreement theretofore approved by the governor;

17 (4) Make and alter bylaws for its organization and
18 internal management;

19 (5) Adopt rules under chapter 91 necessary to effectuate
20 this chapter in connection with industrial parks,



- 1 projects, multi-project programs, and the operations,
2 properties, and facilities of the corporation;
- 3 (6) Through its chief executive officer, appoint officers,
4 agents, consultants, advisors, and employees,
5 prescribe their duties and qualifications, and fix
6 their salaries, without regard to chapter 76;
- 7 (7) Prepare or cause to be prepared development plans for
8 industrial parks;
- 9 (8) Acquire, own, lease, hold, clear, improve, and
10 rehabilitate real, personal, or mixed property and
11 assign, exchange, transfer, convey, lease, sublease,
12 or encumber any project, including by way of
13 easements;
- 14 (9) Acquire, construct, improve, install, equip, or
15 develop or provide for the acquisition, construction,
16 improvement, installation, equipping, or development
17 of any project and designate a qualified person as its
18 agent for such purpose;
- 19 (10) Own, hold, assign, transfer, convey, exchange, lease,
20 sublease, or encumber any project;



- 1 (11) Arrange or initiate appropriate action for the
2 planning, replanning, opening, grading, or closing of
3 streets, roads, roadways, alleys, easements, or other
4 places, the furnishing of improvements, the
5 acquisition of property or property rights, or the
6 furnishing of property or services in connection with
7 an industrial park or project;
- 8 (12) Prepare, or cause to be prepared, plans,
9 specifications, designs, and estimates of cost for the
10 acquisition, construction, reconstruction,
11 improvement, installation, equipping, development, or
12 maintenance of any project or industrial park, and
13 from time to time modify the plans, specifications,
14 designs, or estimates;
- 15 (13) Engage the services of consultants on a contractual
16 basis for rendering professional and technical
17 assistance and advice;
- 18 (14) Procure insurance against any loss in connection with
19 its property and other assets and operations in
20 amounts and from insurers as it deems desirable;



- 1 (15) Accept and expend gifts or grants in any form from any
2 public agency or from any other source;
- 3 (16) Issue special purpose revenue bonds and refunding
4 special purpose revenue bonds pursuant to and in
5 accordance with this chapter in principal amounts as
6 may be authorized from time to time by law to finance
7 or refinance the cost of a project, singly or as part
8 of a multi-project program, or an industrial park as
9 authorized by law and provide for the security thereof
10 as permitted by this chapter;
- 11 (17) Lend or otherwise apply the proceeds of the bonds
12 issued for a project or an industrial park either
13 directly or through a trustee to a qualified person
14 for use and application by the qualified person in the
15 acquisition, construction, improvement, installation,
16 equipping, or development of a project or industrial
17 park, or agree with the qualified person whereby any
18 of these activities shall be undertaken or supervised
19 by that qualified person or by a person designated by
20 the qualified person;



- 1 (18) As security for the payment of the principal of,
2 premium, if any, and interest of the special purpose
3 revenue bonds issued for a project to:
- 4 (A) Pledge, assign, hypothecate, or otherwise
5 encumber all or any part of the revenues and
6 receipts derived or to be derived by the
7 [development] corporation under the project
8 agreement for the project for which the bonds are
9 issued;
- 10 (B) Pledge and assign the interest and rights of the
11 [development] corporation under the project
12 agreement or other agreement with respect to the
13 project or the special purpose revenue bonds;
- 14 (C) Pledge and assign any bond, debenture, note, or
15 other evidence of indebtedness received by the
16 [development] corporation with respect to the
17 project; or
- 18 (D) Any combination of the foregoing;
- 19 (19) With or without terminating a project agreement,
20 exercise any and all rights provided by law for entry
21 and reentry upon or take possession of a project at



1 any time or from time to time upon breach or default
2 by a qualified person under a project agreement,
3 including any action at law or in equity for the
4 purpose of effecting its rights of entry or reentry or
5 obtaining possession of the project or for the
6 payments of rentals, user taxes, or charges, or any
7 other sum due and payable by the qualified person to
8 the [~~development~~] corporation pursuant to the project
9 agreement;

10 (20) Enter into arrangements with qualified county
11 development entities whereby the board would provide
12 financial support to qualified projects proposed;

13 (21) Create an environment in which to support technology
14 economic development, including but not limited to:

15 (A) Supporting all aspects of technology-based
16 economic development;

17 (B) Developing instructive programs, identifying
18 issues and impediments to the growth of
19 technology industry in Hawaii; and



- 1 (C) Providing policy analysis and information
- 2 important to the development of technology
- 3 industries in Hawaii;
- 4 (22) Develop programs that support start-up and existing
- 5 technology companies in Hawaii and attract new
- 6 companies to relocate to or establish operations in
- 7 Hawaii by assessing the needs of these companies and
- 8 providing the physical and technical infrastructure to
- 9 support their operations;
- 10 (23) Coordinate its efforts with other public and private
- 11 agencies involved in stimulating technology-based
- 12 economic development in Hawaii, including but not
- 13 limited to:
- 14 (A) The department of business, economic development,
- 15 and tourism;
- 16 (B) The Pacific international center for high
- 17 technology research; and
- 18 (C) The office of technology transfer and economic
- 19 development of the University of Hawaii;
- 20 (24) Promote and market Hawaii as a site for commercial
- 21 technology activity, including the expenditure of



- 1 funds for protocol purposes at the discretion of the
2 board;
- 3 (25) Provide advice on policy and planning for technology-
4 based economic development;
- 5 (26) Finance, conduct, or cooperate in financing or
6 conducting technological, business, financial, or
7 other investigations that are related to or likely to
8 lead to business, technology, and economic development
9 by making and entering into contracts and other
10 appropriate arrangements, including the provision of
11 loans, start-up and expansion capital, loan guaranty,
12 loans convertible to equity, equity charged and
13 received by the corporation, and other forms of
14 assistance;
- 15 (27) Solicit, study, and assist in the preparation of
16 business plans and proposals of new or established
17 businesses;
- 18 (28) Provide advice, technical and marketing assistance,
19 support, and promotion to enterprises in which
20 investments have been made;
- 21 (29) Acquire, hold, and sell qualified securities;



- 1 (30) Consent, subject to the provisions of any contract
2 with noteholders or bondholders, whenever the
3 corporation deems it necessary or desirable in the
4 fulfillment of the purposes of this chapter, to the
5 modification, with respect to rate of interest, time
6 of payment of any installment of principal or
7 interest, or any other terms, of any contract or
8 agreement of any kind to which the corporation is a
9 party;
- 10 (31) Invest any funds held in reserves or sinking funds, or
11 any funds not required for immediate disbursement, in
12 such investments as may be lawful for fiduciaries in
13 the State; [and]
- 14 (32) Coordinate the corporation's programs with any
15 education and training program;
- 16 (33) Carry out specialized programs designed to encourage
17 the development of new products, businesses, and
18 markets;
- 19 (34) Prepare, publish, and distribute such technical
20 studies, reports, bulletins, and other materials as it
21 deems appropriate, subject only to the maintenance and



1 respect for confidentiality of client proprietary
2 information;
3 (35) Organize, conduct, sponsor, or cooperate in and assist
4 in the conduct of conferences, demonstrations, and
5 studies relating to the stimulation and formation of
6 businesses;
7 (36) Provide and pay for such advisory services and
8 technical, managerial, and marketing assistance,
9 support, and promotion as may be necessary or
10 desirable to carry out the purposes of this chapter;
11 (37) Accept donations, grants, bequests, and devises of
12 money, property, service, or other things of value
13 that may be received from the United States or any
14 agency thereof, any governmental agency, or any public
15 or private institution, person, firm, or corporation,
16 to be held, used, or applied for any or all of the
17 purposes specified in this chapter. Receipt of each
18 donation or grant shall be detailed in the annual
19 report of the corporation. The report shall include
20 the identity of the donor or lender, the nature of the
21 transaction, and any conditions attaching thereto;



1 term "corporation", unless amended or otherwise specified in
2 this Act.

3 SECTION 9. Sections 26-18(b), 171-2, 171-64.7(a), and
4 304A-3101(b), Hawaii Revised Statutes, are amended by
5 substituting the term "Hawaii innovation and technology
6 corporation" wherever the term "Hawaii technology development
7 corporation" appears.

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

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

19 SECTION 11. Section 227D-2, Hawaii Revised Statutes, is
20 amended by amending subsection (b) to read as follows:



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



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

11 SECTION 12. Section 304A-1959, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§304A-1959 Biennial report.** No later than twenty days
14 prior to the convening of the regular session of each odd-
15 numbered year, the University of Hawaii shall submit a report to
16 the legislature concerning:

- 17 (1) All funds deposited into the university innovation and
18 commercialization initiative special fund and a
19 detailed description of the use of those funds; and
20 (2) Coordinated efforts between the innovation and
21 commercialization initiative program and other state



1 agencies, including the Hawaii innovation and
2 technology [~~development~~] corporation [~~, the Hawaii~~
3 ~~strategic development corporation,~~] and the Hawaii
4 state energy office, to move the State's innovation
5 goals forward, and to more efficiently and effectively
6 utilize resources to achieve these outcomes."

7 SECTION 13. Section 394-8, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) The department shall utilize the resources of the
10 University of Hawaii, including the community college system,
11 the Hawaii innovation and technology [~~development~~] corporation,
12 and other educational and training resources in the public and
13 private sectors throughout the State as may be appropriate to be
14 used to provide preemployment or employment training or on-the-
15 job training for local residents hired by businesses relocating
16 to Hawaii or expanding their local operations. Training may
17 include but not be limited to training in entrepreneurship,
18 capital formation, start-up, and business plans. The department
19 may contract for these training needs from public agencies
20 including the various University of Hawaii campuses, private



1 educational institutions, nonprofit corporations, or private
2 entities in order to provide the required training."

3 **PART IV**

4 SECTION 14. Chapter 211F, Hawaii Revised Statutes, is
5 repealed.

6 SECTION 15. On July 1, 2020, the terms of the board
7 members of the Hawaii strategic development corporation shall
8 expire.

9 SECTION 16. All rights, powers, functions, and duties of
10 the Hawaii technology development corporation and Hawaii
11 strategic development corporation are transferred to the Hawaii
12 innovation and technology corporation.

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



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

6 Any employee who, prior to this Act, is exempt from civil
7 service and is transferred as a consequence of this Act may
8 retain the employee's exempt status, but shall not be appointed
9 to a civil service position as a consequence of this Act. An
10 exempt employee who is transferred by this Act shall not suffer
11 any loss of prior service credit, vacation or sick leave credits
12 previously earned, or other employee benefits or privileges as a
13 consequence of this Act; provided that the employees possess
14 legal and public employment requirements for the position to
15 which transferred or appointed, as applicable; provided further
16 that subsequent changes in status may be made pursuant to
17 applicable employment and compensation laws. The chief
18 executive officer may prescribe the duties and qualifications of
19 these employees and fix their salaries without regard to chapter
20 76, Hawaii Revised Statutes.



1 SECTION 17. All appropriations, records, equipment,
2 machines, files, supplies, contracts, books, papers, documents,
3 maps, and other personal property heretofore made, used,
4 acquired, or held by the Hawaii technology development
5 corporation and Hawaii strategic development corporation
6 relating to the functions transferred to the Hawaii innovation
7 and technology corporation shall be transferred with the
8 functions to which they relate.

9 SECTION 18. All rules, policies, procedures, guidelines,
10 and other materials adopted or developed by the Hawaii
11 technology development corporation and Hawaii strategic
12 development corporation to implement provisions of the Hawaii
13 Revised Statutes, which are made applicable to the Hawaii
14 innovation and technology corporation by this Act, shall remain
15 in 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 technology development
19 corporation or Hawaii strategic development corporation in those
20 rules, policies, procedures, guidelines, and other material is



1 amended to refer to the Hawaii innovation and technology
2 corporation as appropriate.

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

15 **PART V**

16 SECTION 20. Any unencumbered balances remaining in the
17 technology special fund as of July 1, 2019, shall lapse to the
18 credit of the general fund.

19 SECTION 21. There is established in the Hawaii innovation
20 and technology corporation 1.50 full-time equivalent (1.50 FTE)



1 permanent positions and 6.25 full-time equivalent (6.25 FTE)
2 temporary positions.

3 SECTION 22. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2019-2020 for
6 personal services to convert 1.50 full-time equivalent permanent
7 positions and 6.25 full-time equivalent temporary positions in
8 the Hawaii technology development corporation (BED143/TE) to the
9 Hawaii innovation and technology corporation and to convert the
10 means of financing from special funds to general funds.

11 The sum appropriated shall be expended by the Hawaii
12 innovation and technology corporation for the purposes of this
13 Act.

14 SECTION 23. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so
16 much thereof as may be necessary for fiscal year 2019-2020 and
17 the same sum or so much thereof as may be necessary for fiscal
18 year 2020-2021 for the staffing of strategic development and
19 technology investment programs, including the establishment of
20 two full-time equivalent (2.00 FTE) positions that are exempt
21 from chapter 76, Hawaii Revised Statutes.



1 The sums appropriated shall be expended by the Hawaii
2 innovation and technology corporation for the purposes of this
3 Act.

4 PART VI

5 SECTION 24. The Hawaii Revised Statutes is amended by
6 adding a new chapter to be appropriately designated and to read
7 as follows:

8 "CHAPTER

9 HAWAII BROADBAND OFFICE

10 § -1 Definitions. As used in this chapter:

11 "Broadband" means high-speed internet access that is always
12 on, including mobile and fixed technologies.

13 "Corporation" means the Hawaii innovation and technology
14 corporation.

15 "Office" means the Hawaii broadband office.

16 § -2 Hawaii broadband office; establishment; state
17 broadband strategy officer; staff. (a) There is established
18 the Hawaii broadband office within the Hawaii innovation and
19 technology corporation.

20 (b) The chief executive officer of the Hawaii innovation
21 and technology corporation shall appoint, exempt from chapter



1 76, a state broadband strategy officer to head the office. The
2 corporation shall employ any staff as may be necessary for the
3 purposes of this chapter; provided that any staff employed
4 pursuant to this section shall be exempt from chapter 76.

5 **§ -3 Hawaii broadband office; duties.** In furtherance of
6 the State's objectives and policies for the economy pursuant to
7 section 226-10.5, the office shall:

- 8 (1) Develop and implement specific strategies and plans to
9 aggressively increase broadband affordability,
10 penetration, and competitive availability in the
11 State;
- 12 (2) Support the efforts of both public and private
13 entities in Hawaii to enhance or facilitate the
14 deployment of and access to competitively priced,
15 advanced electronic communications services, including
16 broadband and its products and services and internet
17 access services of general application throughout
18 Hawaii;
- 19 (3) Promote the landing of trans-Pacific submarine cable,
20 including the development of a shared access cable



- 1 station and associated terrestrial connectivity to
2 reduce barriers to fiber landing in Hawaii;
- 3 (4) Promote, advocate, and facilitate the implementation
4 of the findings and recommendations of the Hawaii
5 broadband task force established by Act 2, First
6 Special Session Laws of Hawaii 2007; and
- 7 (5) Actively seek out funding from private and public
8 sources in furtherance of the office's duties pursuant
9 to this chapter.

10 **§ -4 Broadband planning and coordination; cooperation.**

11 (a) The office shall:

- 12 (1) Seek input and the widest possible cooperation from
13 public and private agencies and individuals to achieve
14 the purposes of this chapter;
- 15 (2) Promote coordinated broadband planning; and
- 16 (3) To the extent feasible, incorporate the ideas and
17 suggestions of broadband stakeholders in the office's
18 planning directives.

19 (b) Nothing in this chapter shall be construed to delegate
20 or detract in any way from the functions, powers, and duties



1 conferred by law or rule on any department or agency of the
2 State or county."

3 SECTION 25. Act 199, Session Laws of Hawaii 2010, as
4 amended by section 5, Act 151, Session Laws of Hawaii 2011, as
5 amended by section 2, Act 23, Session Laws of Hawaii 2016, is
6 amended by amending section 3 to read as follows:

7 "SECTION 3. [~~Telework promotion; broadband assistance~~]
8 Broadband advisory council; establishment; purpose. (a) The
9 [~~director of commerce and consumer affairs~~] chief executive
10 officer of the Hawaii innovation and technology corporation, or
11 the officer's designee, shall convene and chair the broadband
12 [~~assistance~~] advisory council to advise the [~~director of~~
13 ~~commerce and consumer affairs~~] chief executive officer of the
14 Hawaii innovation and technology corporation on policy [~~and~~
15 ~~funding priorities~~] to promote [~~and encourage use of telework~~
16 ~~alternatives for public and private employees,~~] and expedite
17 deployment of affordable and accessible broadband services in
18 Hawaii.

19 (b) The council shall be composed of [~~the director of~~
20 ~~commerce and consumer affairs, or the director's designee, the~~
21 ~~director of business, economic development, and tourism, or the~~



1 ~~director's designee;~~ the chief executive officer of the Hawaii
2 innovation and technology corporation, or the officer's
3 designee, and the following twelve members who shall be equally
4 appointed by the president of the senate and by the speaker of
5 the house of representatives as follows:

- 6 (1) [~~Two members~~] One member of the senate, appointed by
7 the president of the senate;
- 8 (2) [~~Two members~~] One member of the house of
9 representatives, appointed by the speaker of the house
10 of representatives;
- 11 (3) [~~Four~~] Six representatives of federal, state, and
12 county government entities having a role in
13 infrastructure deployment [~~management of public~~
14 ~~rights-of-way, regulation, and franchising;~~],
15 information technology [~~;~~], and economic development;
16 and
- 17 (4) Four representatives of Hawaii's private sector
18 technology, telecommunications, and investment
19 industries.

20 In making the appointments pursuant to subsection (b) (1) through
21 (b) (3), the president of the senate and the speaker of the house



1 of representatives shall ensure representation of each of the
2 counties of Hawaii, Maui, and Kauai, and the city and county of
3 Honolulu by one or more appointed members. Except for the
4 ~~[director of commerce and consumer affairs and the director of~~
5 ~~business, economic development, and tourism,]~~ chief executive
6 officer of the Hawaii innovation and technology corporation, all
7 members shall serve for a term of four years. Notwithstanding
8 any law to the contrary, the terms of all members as of July 1,
9 2016, shall expire on June 30, 2019; and, each subsequent four-
10 year term shall commence on July 1, and expire on June 30 every
11 four years thereafter. Any member of the council whose term has
12 expired may continue to serve as a holdover member until
13 reappointment or until a successor is appointed. Any vacancies
14 occurring in the membership of the advisory council shall be
15 filled for the remainder of the unexpired term in the same
16 manner as the original appointments.

17 (c) The ~~[director of commerce and consumer affairs]~~ chief
18 executive officer of the Hawaii innovation and technology
19 corporation, or the officer's designee, shall serve as
20 chairperson of the council. The chairperson may designate
21 representatives of other interested public or private sector



1 organizations to serve as members of the council, or as members
2 of the work groups of the council to address specified issues on
3 an ad hoc basis, as the chairperson deems necessary. The
4 council shall meet at times as may be called by the chairperson.
5 Members and ad hoc members shall be reimbursed for reasonable
6 expenses, including travel expenses, necessary for the
7 performance of their duties. Administrative support to the
8 council shall be provided by the [~~department of commerce and~~
9 ~~consumer affairs.~~] Hawaii innovation and technology corporation.

10 (d) The council shall:

11 (1) Monitor the broadband-based development efforts of
12 other states and nations in areas such as business [~~7~~
13 ~~education, and health,~~] and economic development;

14 (2) Advise the [~~department~~] Hawaii innovation and
15 technology corporation on other states' best practices
16 [~~involving telework promotion and policies~~] and
17 strategies related to making affordable broadband
18 services available to every Hawaii [~~home and~~]
19 business;

20 (3) Monitor broadband-related activities at the federal
21 level;



1 (4) Monitor [~~regulatory and~~] policy changes for potential
2 impact on broadband deployment and sustainability in
3 Hawaii; [~~and~~]

4 (5) Encourage public-private partnerships and
5 collaborations to increase the deployment and adoption
6 of broadband services and applications[-]; and

7 (6) Advise the chief executive officer of the Hawaii
8 innovation and technology corporation on broadband
9 deployment."

10 SECTION 26. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2019-2020 and
13 the same sum or so much thereof as may be necessary for fiscal
14 year 2020-2021 for the creation and staffing of the Hawaii
15 broadband office, including the establishment of two full-time
16 equivalent (2.00 FTE) positions that are exempt from chapter 76,
17 Hawaii Revised Statutes.

18 The sums appropriated shall be expended by the Hawaii
19 innovation and technology corporation for the purposes of this
20 Act.

21 PART VII



1 SECTION 27. If any provision of this Act, or the
2 application thereof to any person or circumstance, is held
3 invalid, the invalidity does not affect other provisions or
4 applications of the Act that can be given effect without the
5 invalid provision or application, and to this end the provisions
6 of this Act are severable.

7 SECTION 28. In codifying the new sections added by section
8 2 of this Act, the revisor of statutes shall substitute
9 appropriate section numbers for the letters used in designating
10 the new sections in this Act.

11 SECTION 29. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 30. This Act shall take effect on July 1, 2021;
14 provided that part V and part VI shall take effect on July 1,
15 2019.



Report Title:

DBEDT; Technology-based Economic Development Strategy;
Appropriation

Description:

Part I: Purpose section. Part II: Establishes the Hawaii innovation and technology corporation (HITC) and consolidates powers, duties, and programs of HTDC and HSDC under HITC. Part III: Makes conforming amendments. Part IV: Repeals HSDC and transfers all duties, employees, rules, records, and equipment from HTDC and HSDC to HITC. Part V: Appropriates funds for staffing for HITC. Part VI: Establishes the Hawaii broadband office and appropriates funds. Effective 7/1/2021; parts V and VI effective 7/1/2019. (Proposed SD2)

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

