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# A BILL FOR AN ACT

RELATING TO RESEARCH AND TECHNOLOGY GRANTS.

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

1           SECTION 1. The legislature recognizes the importance of  
2 fostering science, technology, engineering, and mathematics  
3 education in the public education system from grade school  
4 through university level and beyond. Each year, the legislature  
5 appropriates significant moneys to fund initiatives that further  
6 science, technology, engineering, and mathematics education at  
7 all levels of education. This type of education, and a culture  
8 of innovation, are essential to help grow and diversify Hawaii's  
9 economic sectors with new products, services, and processes.

10           The legislature finds, however, that each year many  
11 residents leave Hawaii for careers in science, technology,  
12 engineering, and mathematics across the United States and the  
13 globe. Many residents do not want to leave, but have no choice  
14 because there are not enough local career opportunities in these  
15 fields.

16           The legislature finds that funding science, technology,  
17 engineering, and mathematics educational initiatives alone does



1 not ensure jobs for Hawaii's residents in these fields.  
2 Educational efforts must be matched with initiatives that help  
3 foster jobs in research and technology because research and  
4 technology are the core of innovation and the critical first  
5 step in a product development cycle.

6 The legislature further finds that innovation is essential  
7 for creating new jobs in the high technology sector. In recent  
8 years, innovation has led to new jobs in sectors as diverse as  
9 defense or dual-use, software and information technology, life  
10 sciences and biotechnology, and clean energy. At the same time,  
11 innovations ripple through the economy, creating jobs for  
12 workers building advanced infrastructure such as clean energy  
13 solutions, installing broadband networks, and utilizing new  
14 devices and products in service industries such as health care  
15 and tourism. Innovation is critical for sustaining the vitality  
16 and resilience of Hawaii's economy.

17 The legislature recognizes that, while future challenges  
18 are impossible to predict, the State's economy will be able to  
19 respond to challenges by adopting innovative solutions and re-  
20 deploying old activities and jobs, thereby making the State's  
21 industries less susceptible to adversity. Innovation is the key



1 to remaining competitive globally, creating new and better  
2 science, technology, engineering, and mathematics jobs for  
3 Hawaii's residents, and creating a resilient economy. Likewise,  
4 support for research and development stimulates the growth of  
5 jobs in science, technology, engineering, and mathematics.

6 Therefore, the purpose of this Act is to support research  
7 and development by establishing a research and technology grant  
8 program to be administered by the high technology development  
9 corporation.

10 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is  
11 amended by adding a new section to part I to be appropriately  
12 designated and to read as follows:

13 "§206M- Research and technology grant program;  
14 established. (a) There is established the research and  
15 technology grant program, through which the development  
16 corporation shall provide grants to qualified research and  
17 technology companies in Hawaii for eligible projects. The  
18 program shall be developed and administered by the development  
19 corporation.

20 (b) The development corporation shall award program grants  
21 only to research and technology companies that:



- 1        (1) Have applied for and received United States and
- 2                foreign patents on their technology;
- 3        (2) Have applied for and received federal research
- 4                contracts;
- 5        (3) Comply with all applicable federal, state, and local
- 6                laws, rules, ordinances, and policies;
- 7        (4) Agree not to use state funds for entertainment or
- 8                lobbying activities;
- 9        (5) Allow the development corporation, legislative
- 10                committees and their staff, and the auditor full
- 11                access to their records, files, and other related
- 12                documents and information for purposes of monitoring,
- 13                measuring the effectiveness of, and ensuring the
- 14                proper expenditure of the grant;
- 15        (6) Are incorporated under the laws of the State;
- 16        (7) Have been in operation for at least five years; and
- 17        (8) Submit a grant application requesting funding for an
- 18                eligible project.
- 19        (c) Eligible projects that may receive grants from the
- 20 research and technology grant program shall:



1       (1) Foster science, technology, engineering, and  
2       mathematics education at the K-12 or university  
3       levels;

4       (2) Be based on the principles of robotics, engineering,  
5       science, or mathematics; and

6       (3) Involve the direct participation or input of students  
7       at the K-12 or university levels.

8       (d) Preference for award of a grant shall be given to  
9       projects that bring in resources and federal or private funding  
10      into the State.

11      (e) Each grant shall be equal to fifty per cent of the  
12      eligible project's costs that were paid in the State during the  
13      previous calendar year, or project costs paid in the state after  
14      January 1, 2019.

15      (f) No research and technology company shall receive a  
16      grant exceeding \$                    in any given year and shall not  
17      receive more than one grant in any given year.

18      (g) The development corporation shall submit a report to  
19      the legislature no later than twenty days prior to the convening  
20      of each regular session held in an even-numbered year. The  
21      report shall include the following items:



- 1        (1) The total number of grant applications received;
- 2        (2) The total number of grants awarded;
- 3        (3) The actual economic and workforce development benefits  
4            realized as a result of each grant provided;
- 5        (4) The total amount of money awarded for each grant; and
- 6        (5) Any other information about the research and  
7            technology grant program that the development  
8            corporation deems necessary.

9        (h) The development corporation shall adopt rules pursuant  
10 to chapter 91 necessary for the purposes of this section.

11        (i) Grants awarded pursuant to this section shall not be  
12 subject to chapters 42F, 103D, and 103F. All grants shall be  
13 made in accordance with the standards and conditions specified  
14 in this section.

15        (j) Moneys appropriated for the research and technology  
16 grant program may be used to pay for the cost of administering,  
17 operating, and marketing the grant program, as determined by the  
18 board of directors.

19        (k) For the purposes of this section "research and  
20 technology company" means a for-profit company in Hawaii that is  
21 primarily engaged in research, science, technology, engineering,



1 or mathematics activities as evidenced by the receipt of patents  
2 or federal research contracts performed in the State."

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2020-2021 for the  
6 awarding of grants under the research and technology grant  
7 program established pursuant to this Act.

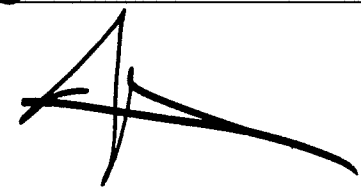
8 The sum appropriated shall be expended by the high  
9 technology development corporation for the purposes of this Act.

10 SECTION 4. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 2020.

12

INTRODUCED BY:



JAN 23 2020



# H.B. NO. 2715

**Report Title:**

Research and Technology Grant Program; High Technology Development Corporation; Appropriation

**Description:**

Establishes the research and technology grant program within the high technology development corporation to provide grants to qualified research and technology companies in Hawaii for eligible projects. Establishes program guidelines and eligibility criteria for research and technology companies. Requires eligible projects to foster science, technology, engineering, or mathematics education at the K-12 or university levels. Appropriates funds to the program.

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

