

STAND. COM. REP. NO.

2067

Honolulu, Hawaii

, 2019

APR 04

RE: S.B. No. 995

S.D. 2

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 995, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Require the Hawaii Technology Development Corporation (HTDC) to adopt rules to require businesses that receive technology research and development grant awards to reimburse the general fund if the business relocates its principal place of business out of state within five years of receiving the grant award;
- (2) Appropriate funds for the Research and Development Program, Small Business Innovation Research Program, and Manufacturing Assistance Program;
- (3) Disallow HTDC alternative energy research grants to businesses that were awarded a competitive Department of Defense contract to research hydrodynamics or demand response;



- (4) Appropriate funds to HTDC through the Alternative Energy Research and Development Revolving Fund to provide alternative energy research grants;
- (5) Repeal Act 67, Session Laws of Hawaii 2018, which established the Alternative Energy Research and Development Program and corresponding revolving fund to provide matching grants to qualified businesses from HTDC;
- (6) Repeal Act 141, Session Laws of Hawaii 2018, which established the Research and Development Program and a corresponding special fund in HTDC to help Hawaii-based small businesses optimize research and development performed in Hawaii;
- (7) Exempt from the general excise tax, grants from the University of Hawaii (UH) to businesses that receive federal small business innovation or small business technology transfer awards or contracts; and
- (8) Transfer the rights, powers, functions, and duties of HTDC and the Hawaii Strategic Development Corporation (HSDC) both currently under the Department of Business, Economic Development & Tourism (DBEDT), to UH, and appropriate funds to UH to implement the transfer.

The Chamber of Commerce Hawaii; Makai Ocean Engineering, Inc.; Oceanit; and two individuals testified in support of this measure. DBEDT, Department of the Attorney General, HTDC, and HSDC provided comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 995, S.D. 2, H.D. 1, and recommends that it pass Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



