
A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

1 PART I

2 SECTION 1. The legislature finds that, in light of the
3 State's ongoing economic recovery from the outbreak of the
4 coronavirus disease 2019 (COVID-19), the State must accelerate
5 its economic diversification efforts through substantial,
6 strategic, coordinated investments.

7 This Act establishes a policy framework for Hawaii
8 technology development corporation projects that will ensure
9 economic success. The legislature finds that the implementation
10 of this framework will not require a significant additional
11 investment in overhead resources but will require funds for
12 specific projects that are identified collaboratively by the
13 legislature and the Hawaii technology development corporation.
14 The implementation will also require the establishment of
15 specific goals that these projects will address and reports to
16 the legislature that assess the effectiveness of the projects in
17 meeting those goals.



1 The legislature further finds that through this Act, the
2 Hawaii technology development corporation will serve as a
3 facilitative catalyst for innovation in the State and will help
4 to align the State with the emerging knowledge-based,
5 zero-emission, and digital global economy while putting Hawaii
6 on the path toward economic prosperity.

7 Accordingly, the purpose of this Act is to promote economic
8 recovery and diversification by:

- 9 (1) Establishing state goals for economic growth fueled by
10 innovation and technology;
- 11 (2) Appropriating funds to the Hawaii technology
12 development corporation to implement specific projects
13 that address those goals;
- 14 (3) Requiring the Hawaii technology development
15 corporation to submit annual reports over three years
16 to the legislature;
- 17 (4) Re-establishing the three-year Hawaii office of naval
18 research grant program; and
- 19 (5) Appropriating funds to establish within the Hawaii
20 technology development corporation one full-time
21 equivalent (1.0 FTE) asset manager and one full-time



1 equivalent (1.0 FTE) aerospace development
2 coordinator.

3 PART II

4 SECTION 2. (a) The projects for which funds are
5 appropriated pursuant to sections 4 and 5 of this Act shall
6 align with one or more of the following goals that address
7 economic diversification:

8 (1) Economic diversification through participation in the
9 digital economy: projects shall address economic
10 diversification by strengthening Hawaii's
11 participation in the digital economy, including:

- 12 (A) Accessing new markets and market opportunities;
- 13 (B) Strengthening business capacity and readiness to
14 participate in the digital economy;
- 15 (C) Retaining and strengthening businesses that are
16 increasing revenues through the digital economy;
- 17 (D) Strengthening digital economy infrastructure,
18 including broadband affordability and coworking
19 facilities; and
- 20 (E) Increasing the number of businesses, revenue, and
21 employees dedicated to the digital economy;



- 1 (2) Economic diversification through strengthened trade
2 activities: projects shall address economic
3 diversification by strengthening traded activities
4 that redistribute Hawaii's gross domestic product,
5 including:
- 6 (A) Increasing the export of goods manufactured in
7 the State;
 - 8 (B) Increasing the export of knowledge-based
9 professional services;
 - 10 (C) Increasing the value of knowledge-based
11 professional services through research,
12 development, and intellectual property;
 - 13 (D) Strengthening the post-production capacity for
14 value-added agriculture and manufacturing; and
 - 15 (E) Increasing the amount of revenue and number of
16 businesses and employees in trade sectors; and
- 17 (3) Economic diversification through increase in activity
18 to reduce and mitigate climate change: projects shall
19 address economic diversification by focusing on
20 activities at the intersection of technology
21 development and climate change mitigation, including:



- 1 (A) Making renewable energy more affordable;
- 2 (B) Retaining and strengthening businesses that are
- 3 increasing revenues through solutions to reduce
- 4 climate change;
- 5 (C) Increasing the export of knowledge-based
- 6 professional services related to climate change
- 7 mitigation; and
- 8 (D) Increasing the number of businesses, revenue, and
- 9 employees in renewable energy sectors.

10 (b) The Hawaii technology development corporation shall
11 implement the projects for which funds are appropriated in
12 sections 4 and 5 of this Act for the purpose of meeting the
13 goals described in subsection (a); provided that the Hawaii
14 technology development corporation may work with any other state
15 or county agency for the implementation of the assigned
16 projects.

17 (c) No later than twenty days prior to the convening of
18 the regular sessions of 2024, 2025, and 2026, the Hawaii
19 technology development corporation shall submit a report to the
20 legislature that includes:



1 (1) A summary of the progress of the projects assigned to
2 the Hawaii technology development corporation by this
3 part;

4 (2) The outcomes of the projects assigned to the Hawaii
5 technology development corporation by this part,
6 including an assessment of each project's
7 effectiveness in achieving the goals described in
8 subsection (a); and

9 (3) Any findings and recommendations, including any
10 proposed legislation.

11 SECTION 3. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2023-2024 to be
14 deposited into the strategic development programs revolving
15 fund.

16 SECTION 4. There is appropriated out of the strategic
17 development programs revolving fund the sum of \$ or so
18 much thereof as may be necessary for fiscal year 2023-2024 for
19 the purpose of stimulating private capital investments into
20 small businesses in Hawaii.



1 The sum appropriated shall be expended by the Hawaii
2 technology development corporation for the purposes of this
3 section.

4 SECTION 5. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2023-2024 for
7 the purpose of economic diversification, as described in
8 section 2(a) of this Act, as follows:

9 (1) \$2,000,000 to accelerate economic diversification by
10 supporting, enhancing, and encouraging new accelerator
11 programs;

12 (2) \$2,000,000 to support economic development
13 opportunities with the trade sector, especially
14 products manufactured in Hawaii, by working with
15 strategic partners to build awareness of Hawaii-made
16 products outside of the State;

17 (3) \$2,000,000 for operations, administration, and award
18 of grants by the Hawaii small business innovation
19 research program;

20 (4) \$2,000,000 to support economic development
21 opportunities with the defense sector, including



1 aerospace, and to support companies conducting small
2 business innovation research to transition past grants
3 into large contracts;

4 (5) \$1,500,000 for operations, administration, and award
5 of grants by the manufacturing assistance program; and

6 (6) \$1,500,000 to reduce and mitigate climate change
7 through renewable energy technology demonstration
8 projects such as hydrogen, geothermal, or clean
9 ground, air, and sea transportation in support of
10 Hawaii's hydrogen hub proposal to the United States
11 Department of Energy.

12 The sum appropriated shall be expended by the Hawaii
13 technology development corporation for the purposes of this
14 section.

15 SECTION 6. The appropriation made for projects authorized
16 by section 5 of this Act shall not lapse at the end of the
17 fiscal biennium for which the appropriation is made; provided
18 that all moneys from the appropriation unencumbered as of
19 June 30, 2026, shall lapse as of that date.



1 PART III

2 SECTION 7. (a) There is established within the department
3 of business, economic development, and tourism, a three-year
4 Hawaii office of naval research grant program to provide grants
5 to qualified businesses conducting research and development in
6 alternative energy. The purpose of the program shall be to
7 promote the research and development of alternative energy in
8 Hawaii by authorizing the Hawaii technology development
9 corporation to provide matching grants to businesses that meet
10 criteria established in subsection (b).

11 (b) Subject to the availability of funds, the Hawaii
12 technology development corporation may provide a grant to any
13 business that:

14 (1) Has been awarded a competitive contract from the
15 Department of Defense Office of Naval Research that is
16 related to research on alternative energy and energy
17 efficiency technologies in the fields of geothermal,
18 solar, wind, ocean power, hydrodynamics, bioenergy,
19 biomass, solid waste, smart grids, transportation, or
20 demand response;



- 1 (2) Is sixty per cent or more resident-owned; provided
2 that for purposes of this paragraph, "resident" shall
3 have the same meaning as defined in section 235-1,
4 Hawaii Revised Statutes;
- 5 (3) Is a for-profit entity organized under the laws of the
6 State;
- 7 (4) Has been doing business in the State for not less than
8 one year;
- 9 (5) Agrees to expend within the State all grant funds
10 awarded pursuant to this part; and
- 11 (6) Conducts research in alternative energy that has a
12 high technology readiness level or high potential for
13 implementation as evidenced by a contract, funded by
14 moneys designated by the United States Congress as
15 funding for alternative energy and a national defense
16 budget funding directive, with the Department of
17 Defense Office of Naval Research that is existing and
18 active or was granted within three years prior to the
19 effective date of this Act;
- 20 provided that the amount of any grant awarded pursuant to this
21 part shall not exceed fifty per cent of the amount of the grant



1 awarded to the business by the Department of Defense Office of
2 Naval Research; provided further that the business shall not be
3 eligible for a grant pursuant to this section if the business
4 has obtained any other state grant for the same research, other
5 than the grant awarded to the business by the Department of
6 Defense Office of Naval Research, at the time of or during the
7 duration of the grant from the Hawaii office of naval research
8 grant program.

9 (c) The Hawaii office of naval research grant program
10 shall cease to exist on June 30, 2027.

11 (d) The department of business, economic development, and
12 tourism shall adopt rules, pursuant to chapter 91, Hawaii
13 Revised Statutes, necessary for the purposes of implementing the
14 Hawaii office of naval research grant program.

15 SECTION 8. There is established the alternative energy
16 research and development revolving fund for the purpose of
17 promoting alternative energy research and development in Hawaii.

18 The alternative energy research and development revolving
19 fund shall be abolished on June 30, 2027, and all unencumbered
20 balances shall lapse to the credit of the general fund.



1 SECTION 9. There is appropriated out of the general
 2 revenues of the State of Hawaii the sum of \$ or so
 3 much thereof as may be necessary for fiscal year 2023-2024 and
 4 the same sum or so much thereof as may be necessary for fiscal
 5 year 2024-2025 to be deposited into the alternative energy
 6 research and development revolving fund.

7 SECTION 10. There is appropriated out of the alternative
 8 energy research and development revolving fund the sum of
 9 \$ or so much thereof as may be necessary for fiscal
 10 year 2023-2024 and the same sum or so much thereof as may be
 11 necessary for fiscal year 2024-2025 for the purpose of the
 12 Hawaii office of naval research grant program; provided that the
 13 moneys appropriated shall not lapse at the end of the 2024-2025
 14 fiscal year; provided further that any moneys that remain
 15 unencumbered on June 30, 2026, shall lapse on that date.

16 The sums appropriated shall be expended by the Hawaii
 17 technology development corporation for the purposes of this
 18 section.

19 PART IV

20 SECTION 11. There is appropriated out of the general
 21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2023-2024 and
2 the same sum or so much thereof as may be necessary for fiscal
3 year 2024-2025 to establish one full-time equivalent (1.0 FTE)
4 asset manager position for the Hawaii technology development
5 corporation.

6 The sums appropriated shall be expended by the Hawaii
7 technology development corporation for the purposes of this
8 section.

9 SECTION 12. There is appropriated out of the general
10 revenues of the State of Hawaii the sum of \$ or so
11 much thereof as may be necessary for fiscal year 2023-2024 and
12 the same sum or so much thereof as may be necessary for fiscal
13 year 2024-2025 to establish one full-time equivalent (1.0 FTE)
14 aerospace development coordinator position for the Hawaii
15 technology development corporation.

16 The sums appropriated shall be expended by the Hawaii
17 technology development corporation for the purposes of this
18 section.

19 PART V

20 SECTION 13. This Act shall take effect on June 30, 3000.



Report Title:

HTDC; Economic Diversification; Hawaii Office of Naval Research Grant Program; Revolving Fund; Positions; Appropriation

Description:

Establishes a public policy framework that addresses state goals in the area of economic diversification. Appropriates funds to the Hawaii Technology Development Corporation to implement specific projects that address those goals. Requires the Hawaii Technology Development Corporation to submit annual reports over 3 years to the Legislature. Authorizes the Hawaii Technology Development Corporation to temporarily re-establish the Hawaii Office of Naval Research Grant Program to provide 50% matching grants to Hawaii awardees of alternative energy research grants from the Department of Defense Office of Naval Research. Establishes the Alternative Energy Research and Development Revolving Fund. Appropriates moneys into and out of the revolving fund. Appropriates moneys to establish 1.0 full-time equivalent (1.0 FTE) asset position and 1.0 full-time equivalent (1.0 FTE) aerospace development coordinator. Effective 6/30/3000. (SD2)

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

