

S.B. NO. 1297

JAN 25 2023

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

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

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

17 The legislature finds that through this Act, the Hawaii
18 technology development corporation will serve as a facilitative
19 catalyst for innovation in the State and will help to align the

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1 State with the emerging knowledge-based, zero-emission, and
2 digital global economy while putting Hawaii on the path toward
3 economic prosperity.

4 The purpose of this Act is to promote economic recovery and
5 diversification by:

6 (1) Establishing state goals for economic growth fueled by
7 innovation and technology;

8 (2) Appropriating funds to the Hawaii technology
9 development corporation to implement specific projects
10 that address those goals; and

11 (3) Requiring the Hawaii technology development
12 corporation to submit annual reports to the
13 legislature that summarize:

14 (A) The progress of projects assigned to the Hawaii
15 technology development corporation by this Act;

16 (B) The outcomes of the projects assigned to the
17 Hawaii technology development corporation,
18 including an assessment of each project's
19 effectiveness in achieving state goals; and

20 (C) Any other findings and recommendations, including
21 any proposed legislation.

22 SECTION 2. (a) The legislature declares that the projects
23 for which funds are appropriated pursuant to sections 4 and 5 of
24 this Act align with one or more of the following goals that
25 address economic diversification:

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- 1 (1) Economic diversification through participation in the
2 digital economy: projects shall address economic
3 diversification by strengthening Hawaii's
4 participation in the digital economy, including:
 - 5 (A) Accessing new markets and market opportunities;
 - 6 (B) Strengthening business capacity and readiness to
7 participate in the digital economy;
 - 8 (C) Retaining and strengthening businesses that are
9 increasing revenues through the digital economy;
 - 10 (D) Strengthening digital economy infrastructure
11 including broadband affordability and coworking
12 facilities; and
 - 13 (E) Increasing the number of businesses, revenue, and
14 employees dedicated to the digital economy.
- 15 (2) Economic diversification through strengthened trade
16 activities: projects shall address economic
17 diversification by strengthening traded activities
18 that redistribute Hawaii's gross domestic product,
19 including:
 - 20 (A) Increasing the export of goods manufactured in
21 the State of Hawaii;
 - 22 (B) Increasing the export of knowledge-based
23 professional services;

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- 1 (C) Increasing the value of knowledge-based
2 professional services through research and
3 development and intellectual property;
4 (D) Strengthening the post-production capacity for
5 value-added agriculture and manufacturing; and
6 (E) Increasing the number of businesses, revenue, and
7 employees in traded sectors.

8 (3) Economic diversification through increase in activity
9 to reduce and mitigate climate change: projects shall
10 address economic diversification by focusing on
11 activities at the intersection of technology
12 development and climate change mitigation, including:

- 13 (A) Making renewable energy more affordable;
14 (B) Retaining and strengthening businesses that are
15 increasing revenues through solutions to reduce
16 climate change;
17 (C) Increasing the export of knowledge-based
18 professional services related to climate change
19 mitigation; and
20 (D) Increasing the number of businesses, revenue, and
21 employees in renewable energy sectors.

22 (b) The Hawaii technology development corporation shall
23 implement the projects for which funds are appropriated in
24 sections 4 and 5 of this Act for the purpose of meeting the
25 goals described in subsection (a); provided that the Hawaii

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1 technology development corporation may work with any other state
2 or county agency for the implementation of the assigned
3 projects.

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

8 (1) A summary of the progress of the projects assigned to
9 the Hawaii technology development corporation by this
10 Act;

11 (2) The outcomes of the projects assigned to the Hawaii
12 technology development corporation by this Act,
13 including an assessment of each project's
14 effectiveness in achieving the goals described in
15 subsection (a); and

16 (3) Any findings and recommendations, including any
17 proposed legislation.

18 SECTION 3. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$5,000,000 or so much
20 thereof as may be necessary for fiscal year 2023-2024 to be
21 deposited into the strategic development programs revolving
22 fund.

23 SECTION 4. There is appropriated out of the strategic
24 development programs revolving fund the sum of \$5,000,000 or so
25 much thereof as may be necessary for fiscal year 2023-2024 for

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1 the purposes of stimulating private capital investments into
2 small businesses in Hawaii.

3 The sum appropriated shall be expended by the Hawaii
4 technology development corporation for the purposes of this Act.

5 SECTION 5. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$10,000,000 or so
7 much thereof as may be necessary for fiscal year 2023-2024 for
8 the purpose of economic diversification, as described in section
9 2(a) of this Act as follows:

- 10 (1) \$2,000,000 to accelerate economic diversification by
11 supporting, enhancing, and encouraging new accelerator
12 programs;
- 13 (2) \$2,000,000 to support economic development
14 opportunities with the trade sector especially
15 products manufactured in Hawaii;
- 16 (3) \$2,000,000 to support economic development
17 opportunities with the defense sector including
18 aerospace and supporting companies conducting small
19 business innovation research through matching grants;
20 and
- 21 (4) \$4,000,000 to reduce and mitigate climate change
22 through renewable energy technology demonstration
23 projects such as hydrogen, geothermal, or clean
24 ground, air, and sea transportation.

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

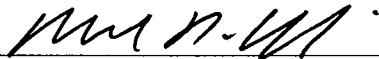
3 SECTION 6. The appropriation made for projects authorized
4 by section 5 of this Act shall not lapse at the end of the
5 fiscal biennium for which the appropriation is made; provided
6 that all moneys from the appropriation unencumbered as of
7 June 30, 2025, shall lapse as of that date.

8 SECTION 7. This Act, upon its approval, shall take effect
9 on July 1, 2023.

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INTRODUCED BY:



12

BY REQUEST

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Report Title:

Hawaii Technology Development Corporation; Economic Diversification; 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 to the legislature. Effective on July 1, 2023.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

PURPOSE: To assist in the State's economic recovery by establishing a public policy framework to implement and fund Hawaii Technology Development Corporation projects that address goals in the area of economic diversification.

MEANS: Enact a session law.

JUSTIFICATION: This bill funds projects and outlines goals that promote economic diversification in light of the State's ongoing economic recovery from the outbreak of the coronavirus disease 2019. The intent of the bill is to pave a path for the Legislature and the Hawaii Technology Development Corporation to be a model for a future public policy framework to better collaborate and coordinate in identifying funding for, executing, and reporting on projects that address those goals.

Impact on the public: Gives an opportunity to the public to comment and provide support for projects that benefit the community as opposed to the budget process, which rarely gives the public the opportunity to comment on individual projects that are just line items in the budget.

Impact on the department and other agencies: Will allow the agency to discuss and collaborate with the Legislature on funding for identified priority projects statewide.

GENERAL FUND: \$15,000,000.

OTHER FUNDS: None.

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PPBS PROGRAM
DESIGNATION: BED-143.

OTHER AFFECTED
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2023.