

ACT 8

H.B. NO. 8

A Bill for an Act Relating to the Establishment of the Venture Capital Information Center.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that there exists in the State a serious shortage of venture capital to promote the development and exploitation of inventions and new products; that this shortage hampers the development of new and diverse business enterprises and job opportunities; and that if venture capital could be attracted and infused into the development of new products, innovations, and inventions, such support would result in increased employment and a stronger, more diverse economy.

The legislature further finds that one means of generating and attracting venture capital to support the development of inventions and new products is by the establishment of an information center. Such a center would facilitate the bringing together of prospective investors with venture capital with inventors and developers of new products.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

**“CHAPTER
HAWAII INVENTION DEVELOPMENT PROGRAM**

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

“Financing” means furnishing risk capital to persons for use in the development or exploitation of specific inventions or products.

“Invention” means any new process or technique for which a patent has been granted; or which in the opinion of the advisory committee, the chance of obtaining a patent thereon is favorable.

“Product” means any product, device, technique, or process, which is or may be exploitable commercially. This term shall not refer to pure research but shall be construed to apply to such products, devices, techniques, or processes which have advanced beyond the theoretical stage and are readily capable of being, or have been reduced to practice.

“Venture” means, without limitation, any contractual arrangement with any person whereby the investor with risk capital obtain rights from or in an invention or product or proceeds therefrom in exchange for financing such persons.

§ -2 **Hawaii invention development fund; establishment.** (a) There is established a revolving fund to be known as the Hawaii invention development fund to be administered by the department of planning and economic development for the purpose of promoting the development of new products or inventions that have direct economic benefits for Hawaii. The department shall provide low interest loans pursuant to subsection (b) to inventors for the development of their new product or invention. All moneys received as repayment of loans and interest payment shall be deposited in the fund.

(b) The department shall adopt rules pursuant to chapter 91 to carry out the purposes of this chapter including the following:

- (1) Prescribe the qualification for eligibility of loan applicants;
- (2) Establish preferences and priorities in determining eligibility for loans

and loan repayments;

- (3) Determine the necessity for and the extent of security required in any loan; and
- (4) Establish the interest rates chargeable by the State; provided that each loan granted under this section shall bear a simple interest which shall not exceed seven and one-half per cent.

§ -3 **Venture capital information center; establishment; duties.** (a) The department of planning and economic development shall establish a venture capital information center to promote the development and exploitation of inventions and new products that have direct economic benefits for Hawaii and to facilitate the bringing together of investors desiring to invest money in new products and inventions with inventors and developers of new products seeking financing.

(b) Among other services, the center shall:

- (1) Develop a promotional program to generate and attract venture capital to Hawaii;
- (2) Provide interested investors with information on prospective inventors, new products, innovations, and inventions;
- (3) Maintain a listing of prospective investors, inventors, and developers of new products; and
- (4) Provide a referral service to bring together investors with venture capital and inventors or developers seeking financing.

§ -4 **Advisory committee.** The director of planning and economic development may appoint an advisory committee of not more than seven members to advise the director on applications for loans from the Hawaii invention development fund. The members shall serve without pay but may be compensated for travel and per diem."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the following sums:

Fiscal Year 1981-1982: \$50,000

Fiscal Year 1982-1983: \$100,000

The sums appropriated shall be expended by the department of planning and economic development for the purposes of this Act in the following manner: \$5,000 in each fiscal year shall be used for operating expenses; the sum of \$45,000 in fiscal year 1981-1982 and the sum of \$95,000 in fiscal year 1982-1983 shall be deposited in the Hawaii invention development fund created by this Act.

SECTION 4. This Act shall take effect July 1, 1981.

(Approved June 29, 1981.)