

A Bill for an Act Relating to High Technology Development.

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

SECTION 1. The legislature finds that new industry development is essential to the economic growth of Hawaii. Existing industries are unable to absorb Hawaii's growing work force, and more opportunities are needed for skilled, technical, and scientific personnel who must leave the State if they cannot find employment in their fields.

The legislature further finds that high technology is a viable and desirable industry for development in Hawaii. High technology is the fastest growing industry in the nation. Sales of high technology products in the United States are expected to reach between \$300 and \$400 billion by 1991. Rapid technological advancements have accelerated the growth and expansion of the industry, and expectations are that high technology can be a stable source of employment and income in the future. In addition, high technology is environmentally and aesthetically compatible with the interests of the State.

The legislature believes that Hawaii is an attractive and ideal setting for high technology research, development, and manufacturing. The natural beauty, temperate climate, and clean water and air make Hawaii one of the most desirable places to live and work. The University of Hawaii provides scientific and technological training, and represents an established scientific community conducive to the development of a high technology industry. Strategically located in the Pacific, Hawaii is the ideal setting for expanding companies and corporations of nations from both the East and the West. Hawaii could serve, as United States Senator Spark M. Matsunaga first proposed, as the site of a Pacific International Center for High Technology Research, where scientists, engineers, and technicians from the United States and other nations can have the opportunity to share their knowledge and expertise and jointly pursue high technology research and development.

The legislature finds that it is desirable and in the public interest to establish an instrumentality and agency of the State and to grant to such agency the power to develop industrial parks for the location of such high technology enterprises, to assist such high technology enterprises in the construction and equipping of facilities to be used for such enterprises and related facilities, and to issue special purpose revenue bonds to finance the cost of such development, construction, and equipping. Further, the legislature hereby finds that the establishment of the high technology development corporation and the vesting of the powers granted it pursuant to this Act are a proper public purpose.

The purpose of this Act is to demonstrate Hawaii's commitment to the development of high technology enterprise by (1) creating a high technology development corporation which shall have the authority to develop industrial parks for the location of high technology enterprises and to assist in the construction of facilities for such enterprises through the issuance of special purpose revenue bonds, and which shall have a governing board composed of public officials and members of the general public who have proven expertise in fields that can assist in the development of high technology enterprise in Hawaii; and (2) establishing a Pacific

International Center for High Technology Research, which shall assist the corporation in its efforts, provide support for the high technology industry in the State, and offer scientists, engineers, and technicians from the United States and other nations an opportunity to share their knowledge of and expertise in high technology.

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

“CHAPTER HIGH TECHNOLOGY DEVELOPMENT CORPORATION

§ -1 **Definitions.** As used in this chapter, unless the context clearly requires otherwise:

- (1) “Board” means the board of directors of the development corporation established in section -2, and any successor thereto.
- (2) “Bonds” means special purpose revenue bonds issued under this chapter and shall include notes, other instruments of indebtedness, and refunding bonds.
- (3) “Cost” means the total cost in carrying out all undertakings that the development corporation deems reasonable and necessary for the development of a project or industrial park, including but not limited to the cost of studies, surveys, plans, and specifications, architectural, design, engineering, or any other special related services; the cost of site preparation and development, demolition, construction, reconstruction, rehabilitation, and improvement; the cost of financing such project or industrial park, including interest on bonds issued to finance such project or industrial park from the date thereof to the estimated date of completion of such project or industrial park as determined by the board; the cost of an allocable portion of the administrative and operating expenses of the development corporation related to the development of such project or industrial park; and the cost of indemnity and surety bonds, premiums on policies of insurance, legal fees, and fees and expenses of trustees, depositories, and paying agents for the bonds, and for the issuance of letters of credit or other banking arrangements whether for the development corporation or a qualified person; all as the development corporation shall deem necessary.
- (4) “Development corporation” means the high technology development corporation established by section -2.
- (5) “High technology” means emerging industries which are technology-intensive, including but not limited to electronics and biotechnology.
- (6) “Industrial park” means a tract of real property determined by the board as being suitable for use as building sites for projects by a group of enterprises engaged in industrial, processing, or manufacturing enterprises for high technology, including research, training, technical analyses, software development, and pilot plant or prototype product development, and may include the installation of improvements to such tract incidental to the use of real property as an industrial park, such as

water, sewer, sewage and waste disposal, and drainage facilities, sufficient to adequately service projects in the industrial park, and provision of incidental transportation facilities, power distribution facilities, and communication facilities. Industrial parks shall not include any buildings or structures of any kind except for buildings or structures incidental to improvements to the industrial park.

- (7) "Project" means any combination of land and buildings and other improvements thereon for use in industrial, processing, or manufacturing enterprises for high technology which are located in an industrial park and acquired, constructed, reconstructed, rehabilitated, improved, altered, or repaired by or on behalf of the development corporation.
- (8) "Project agreement" means any lease, sublease, loan agreement, conditional sale agreement, or other similar financing contract or agreement, or any combination thereof entered into under this chapter by the development corporation, including the financing from the proceeds of bonds of a project or an industrial park.
- (9) "Public agency" means any office, department, board, commission, bureau, division, public corporation, agency, or instrumentality of the federal, state, or county government.
- (10) "Qualified person" means any individual, partnership, public agency, or any combination or association of the foregoing, possessing the competence, expertise, experience, and resources, including financial, personnel, and tangible resources, required for the purposes of a project and such other qualifications as may be deemed desirable by the development corporation in administering this chapter and which enters into a project agreement with the development corporation.
- (11) "Real property" means lands, structures, and interests therein, and natural resources including water, minerals, and all such things connected with land, including lands under water and riparian rights, space rights, air rights, and any and all other things and rights usually included within the term. Real property also means any and all interests in such property less than fee title, such as leasehold interests, easements, incorporeal hereditaments, and every estate, interest, or right, legal or equitable, including terms for years and liens thereon by way of judgments, mortgages, or otherwise.

§ -2 High technology development corporation; established. (a) There is established the high technology development corporation, which shall be a public body corporate and politic and an instrumentality and agency of the State. The development corporation shall be placed within the department of planning and economic development for administrative purposes, pursuant to section 26-35.

(b) The governing body of the development corporation shall consist of a board of directors having nine voting members. Seven of the members shall be appointed by the governor for staggered terms pursuant to section 26-34. Six of the appointed members shall be from the general public and selected on the basis of their knowledge, interest, and proven expertise in, but not limited to, one or more of

the following fields: finance, commerce and trade, corporate management, marketing, economics, engineering, and telecommunications, and other high technology fields; provided that no public member of the board shall be an officer or employee of the State or its political subdivisions. The other appointed member shall be selected from the faculty of the college of engineering of the University of Hawaii. All appointed members of the board shall continue in office until their respective successors have been appointed. The director of planning and economic development and the director of finance, or their designated representatives, shall serve as ex-officio voting members of the board. The director of planning and economic development shall serve as the chairperson until such time as a chairperson is elected by the board from the membership. The board shall elect such other officers as it deems necessary.

(c) The members of the board appointed under subsection (b) shall serve without compensation, but may be reimbursed for expenses, including travel expenses, incurred in the performance of their duties.

(d) The board shall appoint a chief executive officer, who shall serve at the pleasure of the board and shall be exempt from chapters 76 and 77. The board shall set the salary and duties of the executive officer.

§ -3 Powers, generally. (a) The development corporation shall have all the powers necessary to carry out its purposes, including the following powers:

- (1) To sue and be sued;
- (2) To have a seal and alter the same at its pleasure;
- (3) To make and execute, enter into, amend, supplement, and carry out contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter including, subject to approval of the governor, a project agreement with a qualified person, and any other agreement whereby the obligations of a qualified person under a project agreement shall be unconditionally guaranteed or insured by, or the performance thereof assigned to, or guaranteed or insured by, a person or persons other than the qualified person; and to grant options or renew any project agreement entered into by it in connection with any project or industrial park, on terms and conditions as it deems advisable;
- (4) To make and alter bylaws for its organization and internal management;
- (5) To adopt rules under chapter 91 necessary to effectuate this chapter in connection with industrial parks, projects, and the operations, properties, and facilities of the development corporation;
- (6) Through its chief executive officer, to appoint officers, agents, and employees, prescribe their duties and qualifications, and fix their salaries, without regard to chapters 76 and 77;
- (7) To prepare or cause to be prepared development plans for industrial parks;
- (8) To own, lease, hold, clear, improve, and rehabilitate real, personal, or mixed property and to assign, exchange, transfer, convey, lease, sub-lease, or encumber any project including by way of easements;

- (9) To construct, reconstruct, rehabilitate, improve, alter, or repair, or provide for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any project and to designate a qualified person as its agent for such purpose, and to own, hold, assign, transfer, convey, exchange, lease, sublease, or encumber any project;
- (10) To arrange or initiate appropriate action for the planning, replanning, opening, grading, or closing of streets, roads, roadways, alleys, easements, or other places, the furnishing of improvements, the acquisition of property or property rights, or the furnishing of property or services in connection with an industrial park;
- (11) To prepare or cause to be prepared plans, specifications, designs, and estimates of cost for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any project or industrial park, and from time to time to modify such plans, specifications, designs, or estimates;
- (12) To engage the services of consultants on a contractual basis for rendering professional and technical assistance and advice;
- (13) To procure insurance against any loss in connection with its property and other assets and operations in such amounts and from such insurers as it deems desirable;
- (14) To accept and expend gifts or grants in any form from any public agency or from any other source;
- (15) To issue bonds pursuant to this chapter in such principal amounts as may be authorized from time to time by law to finance the cost of a project or an industrial park as authorized by law and to provide for the security thereof as permitted by this chapter;
- (16) To lend or otherwise apply the proceeds of the bonds issued for a project or an industrial park either directly or through a trustee or a qualified person for use and application in the acquisition, construction, installation, or modification of a project or industrial park, or agree with the qualified person whereby any of these activities shall be undertaken or supervised by that qualified person or by a person designated by the qualified person;
- (17) With or without terminating a project agreement, to exercise any and all rights provided by law for entry and re-entry upon or to take possession of a project at any time or from time to time upon breach or default by a qualified person under a project agreement, including any action at law or in equity for the purpose of effecting its rights of entry or re-entry or obtaining possession of the project or for the payments of rentals, user taxes, or charges, or any other sum due and payable by the qualified person to the development corporation pursuant to the project agreement;
- (18) To enter into arrangements with qualified county development entities whereby the board would provide financial support to qualified projects proposed; and

- (19) To do all things necessary or proper to carry out the purposes of this chapter.

§ -4 **Compliance with state and local law.** The issuance of bonds with respect to any project or industrial park under this chapter shall not relieve any qualified person or other user of such project or industrial park from the laws, ordinances, and rules of the State or any political subdivision thereof, or any department or board thereof with respect to the construction, operation, and maintenance of any project or industrial park, or zoning laws or regulations, obtaining of building permits, compliance with building and health codes and other laws, ordinances, or rules and regulations of similar nature pertaining to the project or industrial park, and such laws shall be applicable to such qualified person or such other user to the same extent they would be if the costs of the project or industrial park were directly financed by the qualified person.

§ -5 **Development rules.** The control and administration of any industrial park, the cost of which is financed from the proceeds of bonds shall be in the development corporation. The board shall adopt rules under chapter 91 to be followed during the course of the development of any industrial park, which are to be known as development rules in connection with health, safety, building, planning, zoning, and land use. The rules, upon final adoption of a development plan for an industrial park, shall supersede all other inconsistent ordinances and rules relating to the use, zoning, planning, and development of land and construction thereon within the industrial park. Rules adopted under this section shall follow existing law, rules, ordinances, and regulations as closely as is consistent with standards meeting minimum requirements of good design, pleasant amenities, health, safety, and coordinated development.

§ -6 **Use of public lands.** The governor may set aside available public lands to the development corporation for the purposes specified in this chapter; provided that such setting aside would not impair any covenant between the State or any department or board thereof and holders of revenue bonds issued by the State or such department or board thereof. The development corporation also may lease available state lands from the department of land and natural resources.

§ -7 **Conditions precedent to negotiating and entering into a project agreement.** (a) The development corporation prior to entering into negotiations with respect to a project agreement or at any time during such negotiations shall require that as a condition to such negotiations or the continuation thereof the State shall be reimbursed for any and all costs and expenses incurred by it even though a project agreement may not be entered into and may further require the deposit of moneys with the development corporation as security for such reimbursement. Any amount of such deposit in excess of the amount required to reimburse the State shall be returned by the development corporation to the party which has made such deposit.

(b) The development corporation shall not enter into any project agreement with respect to any project or industrial park unless the legislature shall have first authorized the issuance of bonds to finance such project or industrial park pursuant to section -9, and the development corporation has thereafter found and determined either that:

- (1) The qualified person is a responsible party, whether by reason of economic assets or experience in the type of enterprise to be undertaken through such project, or otherwise; or
- (2) The obligations of the qualified person under the project agreement will be unconditionally guaranteed by a person who is a responsible party, whether by reason of economic assets or experience in the type of enterprise to be undertaken through such project or otherwise.

§ -8 **Project agreement.** (a) No bonds shall be issued unless at the time of issuance the development corporation shall have entered into a project agreement with respect to the project or industrial park for the financing of which such bonds are to be issued. Any project agreement entered into by the development corporation with a qualified person shall contain provisions unconditionally obligating such qualified person to pay the development corporation during the period or term of the project agreement, exclusive of any renewal or extension thereof and whether or not the project or industrial park to which such project agreement relates is used or occupied by the qualified person, at such time or times and in such amount or amounts that will be at least sufficient:

- (1) To pay the principal of, and premium, if any, and interest on all bonds issued to finance the cost of the project, or an allocable portion of the bonds issued to finance the industrial park, as the case may be, as and when the bonds become due, including upon any required redemption thereof;
- (2) To establish or maintain such reserves, if any, as may be required by the instrument authorizing or securing the bonds, or an allocable portion of such reserves, if less than all of the proceeds of the bonds are utilized for such qualified person;
- (3) To pay the fees and expenses of the paying agents and trustees for the bonds, or an allocable portion of such fees and expenses, if less than all of the proceeds of the bonds are utilized for such qualified person; and
- (4) To pay the expenses incurred by the development corporation in administering the bonds or in carrying out the project agreement, or an allocable portion of such expenses, if less than all of the proceeds of such bonds are utilized for such qualified person.

(b) Any project agreement entered into by the development corporation may contain such provisions as the development corporation deems necessary or desirable to obtain or permit the participation of the state and federal government in the project or industrial park or in the financing of the cost thereof.

(c) A project agreement also shall provide that the development corporation shall have all rights and remedies generally available at law or in equity to re-enter and take possession of a project upon the breach or default by a qualified person of any term, condition, or provision of a project agreement.

Moneys received by the development corporation pursuant to subsection (a) (4) shall not be, nor be deemed to be, revenues or receipts derived under the project agreement which may be pledge as security for bonds and shall be paid to the development corporation free and clear of any lien.

A qualified person may comply with the unconditional obligation to make payments required by subsection (a), if such obligations are unconditionally guaranteed or insured by, or the performance thereof assigned to, or guaranteed or insured by, a person or persons other than the qualified person which is satisfactory to the development corporation.

§ -9 Bonds; bond anticipation notes. (a) The development corporation, with the approval of the governor, may issue bonds for each single project or industrial park or multi-project program which has been authorized by the legislature by an affirmative vote of two-thirds of the members to which each house is entitled; provided that the legislature shall find that the issuance of such bonds is in the public interest. Bonds shall be issued in such principal amounts as may be authorized from time to time by law and at such time or times as the development corporation deems necessary and advisable to finance the cost of a project or industrial park as authorized by law. The principal of, premium, if any, and interest on such bonds shall be payable:

- (1) Exclusively from the revenues and receipts derived or to be derived by the development corporation under project agreements or from such revenues and receipts together with any grant from the government in aid of the project or industrial park financed from the proceeds of such bonds;
- (2) Exclusively from the revenues and receipts derived or to be derived by the development corporation from a particular project agreement, whether or not the project or industrial park to which it relates is financed in whole or in part with the proceeds of the bonds; or
- (3) From revenues and receipts derived or to be derived by the development corporation generally.

Neither the board members nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof.

(b) Bonds issued pursuant to this chapter may be in one or more issues and in one or more series within an issue and shall be further authorized pursuant to resolution of the board. The bonds shall be dated, shall bear interest at such rate or rates, shall mature at such time or times not exceeding forty years from their date or dates, shall have such rank or priority, and may be made redeemable before maturity at the option of the development corporation, at such price or prices and under such terms and conditions, all as may be determined by the development corporation.

The development corporation shall determine the form of the bonds, including interest coupons to be attached thereto, and the manner of execution of the bonds, and shall fix the denomination or denominations of the bonds and, subject to the approval of the state director of finance the place or places of payment of principal and interest, which may be at any bank or trust company approved by the state director of finance within or without the State.

The bonds may be issued in coupon or in registered form, or both, as the development corporation may determine, and provisions may be made for the registration of coupon bonds as to principal alone and also as to both principal and interest, and for the reconversion into coupon bonds of bonds registered as to both

principal and interest. Subject to the approval of the state director of finance the development corporation may sell bonds in such manner, either at public or private sale, and for such price as it may determine.

(c) Prior to the preparation of definitive bonds, the development corporation may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

(d) Should any bond issued under this chapter or any coupon appertaining thereto become mutilated, lost, stolen, or destroyed, the development corporation may cause a new bond or coupon of like date, number, and tenor to be executed and delivered in exchange and substitution for, and upon the cancellation of such mutilated bond or coupon, or in lieu of and in substitution for such lost, stolen, or destroyed bond or coupon. Such new bond or coupon shall not be executed or delivered until the holder of the mutilated, lost, stolen, or destroyed bond or coupon (1) has paid the reasonable expenses and charges in connection therewith, (2) in the case of a lost, stolen, or destroyed bond or coupon, has filed with the development corporation or its fiduciary evidence satisfactory to the development corporation or its fiduciary that such bond or coupon was lost, stolen, or destroyed and that the holder was the owner thereof, and (3) has furnished indemnity satisfactory to the development corporation.

(e) The development corporation in its discretion may provide that CUSIP identification numbers shall be printed on such bonds. If such numbers are imprinted on such bonds (1) no such number shall constitute a part of the contract evidenced by the particular bond upon which it is imprinted, and (2) no liability shall attach to the development corporation or any officer or agent thereof, including any fiscal agent, paying agent, or registrar for such bonds by reason of such numbers or any use made thereof, including any use thereof made by the development corporation, any such officer, or any such agent, or by reason of any inaccuracy, error, or omission with respect thereto or in such use. The development corporation in its discretion may require that all costs of obtaining and imprinting such numbers shall be paid by the purchaser of such bonds. For the purposes of this subsection, the term "CUSIP identification numbers" means the numbering system adopted by the Committee for Uniform Security Identification Procedures formed by the Securities Industry Association.

(f) Whenever the development corporation has authorized the issuance of bonds under this chapter, bond anticipation notes of the development corporation may be issued in anticipation of the issuance of such bonds and of the receipt of the proceeds of sale thereof, for the purposes for which such bonds have been authorized. All bond anticipation notes shall be authorized by the development corporation, and the maximum principal amount of such notes shall not exceed the authorized principal amount of such bonds. The notes shall be payable solely from and secured solely by the proceeds of sale of the bonds in anticipation of which the notes are issued and the moneys, rates, charges, and other revenues from which would be payable and by which would be secured such bonds; provided that to the extent that the principal of the notes shall be paid from moneys other than the proceeds of sale of such bonds, the maximum amount of bonds that has been

authorized in anticipation of which the notes are issued shall be reduced by the amount of notes paid in such manner. The authorization, issuance, and the details of such notes shall be governed by this chapter with respect to bonds insofar as the same may be applicable; provided that each note, together with all renewals and extensions thereof, or refundings thereof by other notes issued under this subsection, shall mature within five years from the date of the original note.

(g) In order to secure the payment of any of the bonds issued pursuant to this chapter, and interest thereon, or in connection with such bonds, the development corporation shall have the power as to such bonds:

- (1) To pledge all or any part of the revenues and receipts derived or to be derived by the development corporation as provided in this chapter to the punctual payment of bonds and interest thereon, and to covenant against thereafter pledging such revenues and receipts to other bonds or other obligations of the development corporation for any other purpose, except as otherwise stated in the proceedings providing for the issuance of bonds permitting the issuance of additional bonds to be equally and ratably secured by a lien upon such moneys, rates, charges, and other revenues.
- (2) To pledge and assign the interest of the development corporation under any project agreement and other agreements related to a project or industrial park, and the rights, duties, and obligations of the development corporation thereunder, including the right to receive revenues and receipts thereunder.
- (3) To pledge or assign all or any part of the proceeds derived by the development corporation from proceeds of insurance or condemnation awards.
- (4) To covenant as to the use and disposition of the proceeds from the sale of such bonds.
- (5) To covenant to set aside or pay over reserves and sinking funds for such bonds and as to the disposition thereof.
- (6) To covenant and prescribe as to what happenings or occurrences shall constitute "events of default", the terms and conditions upon which any or all of such bonds shall become or may be declared due before maturity, and as to the terms and conditions upon which such declaration and its consequences may be waived.
- (7) To covenant as to the rights, liabilities, powers, and duties arising upon the breach by it of any covenant, condition, or obligation.
- (8) Subject to the approval of the state director of finance to designate a national or state bank or trust company within or without the State incorporated in the United States, to serve as trustee for the holders of the bonds and to enter into a trust indenture, trust agreement, or indenture of mortgage with such trustee. The trustee may be authorized by the development corporation to receive and receipt for, hold, and administer the proceeds of such bonds and to apply the proceeds to the purposes for which such bonds are issued, or to receive and receipt for, hold, and administer the revenues and receipts derived or to be

derived by the development corporation under a project agreement or other agreement related to a project or industrial park, and to apply such revenues and receipts to the payment of the principal of and interest on such bonds, or both, and excess revenues and receipts to the payment of expenses incurred by the development corporation in administering such bonds or in carrying out such project agreement or other agreement. If the trustee shall be appointed, any trust indenture, trust agreement, or indenture of mortgage entered into by the development corporation with the trustee may contain whatever covenants and provisions as may be necessary, convenient, or desirable in order to secure such bonds. The development corporation may pledge and assign to the trustee a project agreement and other agreements related thereto and the rights of the development corporation thereunder, including the right to receive revenues and receipts thereunder. The development corporation may appoint the trustee to serve as fiscal agent for the payment of the principal and interest, and for the purchase, registration, transfer, exchange, and redemption of the bonds, and may authorize and empower the trustee to perform such functions with respect to such payment, purchase, registration, transfer, exchange, and redemption, as the development corporation may deem necessary, advisable, or expedient, including without limitation the holding of the bonds and coupons which have been paid and the supervision of the destruction thereof in accordance with law.

- (9) To execute all instruments necessary or convenient in the exercise of the powers herein granted or in the performance of its covenants and duties.
- (10) To invest or provide for the investment of the proceeds of bonds and revenues and receipts derived by the development corporation in such securities and in such manner as it deems proper.
- (11) To make such covenants and do any and all acts and things as may be necessary, convenient, or desirable in order to secure such bonds, notwithstanding that such covenants, acts, or things may not be enumerated in this chapter.

No holder or holders of bonds issued under this chapter shall ever have the right to compel any exercise of the taxing power of the State or any political subdivision of the State to pay such bonds or the interest thereon and no moneys other than the revenues pledged to such bonds shall be applied to the payment thereof.

(h) Bonds bearing the signature or facsimile signature of officers in office on the date of the signing thereof shall be valid and sufficient for all purposes, notwithstanding that before the delivery thereof and payment therefor any or all the persons whose signatures appear thereon shall have ceased to be officers of the development corporation. The bonds shall contain a recital that they are issued pursuant to this chapter which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

(i) Subject to authorization by an act enacted by the legislature by an affirmative vote of two-thirds of the members to which each house is entitled, the development corporation may issue bonds for the purpose of refunding bonds then outstanding and issued under this chapter whether or not such outstanding bonds have matured or are then subject to redemption. The development corporation may issue bonds for the combined purposes of (1) financing or refinancing the cost of a project or industrial park, or the improvement or expansion thereof, and (2) refunding bonds which shall theretofore have been issued under this chapter and then shall be outstanding, whether or not such outstanding bonds have matured or then are subject to redemption.

Nothing in this subsection shall require or be deemed to require the development corporation to elect to redeem or prepay bonds being refunded, or to redeem or prepay bonds being refunded which were issued, in the form customarily known as term bonds in accordance with any sinking fund installment schedule specified in any proceeding authorizing the issuance thereof, or,¹ the development corporation elects to redeem or prepay such bonds, to redeem or prepay as of any particular date or dates. The issuance of such bonds, the maturities and other details thereof, the rights and remedies of the holders thereof, and the rights, powers, privileges, duties, and obligations of the development corporation with respect to the bonds, shall be governed by the foregoing provisions of this chapter insofar as the same may be applicable.

§ -10 Authorization for loans; loan terms and conditions; loan procedure. (a) Notwithstanding any law to the contrary, the state director of finance is authorized, with the approval of the governor, to make loans up to the aggregate sum of \$500,000, or so much thereof as may be necessary, to the development corporation. The loans shall be made from the state general fund moneys which are in excess of the amounts necessary for immediate state requirements, and shall be used for the purpose of paying administrative and other predevelopment costs associated with the development of industrial parks.

(b) The development corporation, to the extent moneys become available from bond proceeds or otherwise, shall repay the general fund the principal amount of any loan made by the state director of finance. No interest shall be required for any such loan.

(c) Loans authorized by this section shall be drawn upon by the development corporation from time to time upon at least five days notice to the state director of finance and upon the filing with the state director of finance of a certificate of the chairperson of the board setting forth the amount being borrowed, the names of the persons, firms, or corporations to which moneys will be paid from the proceeds of such borrowing and the amount to be paid to each. In addition, the chairperson of the board shall file with the state director of finance a copy of the resolution or resolutions of the board approving contracts for services which will be paid from the proceeds of the borrowing.

§ -11 Bonds not a general or moral obligation of State. No holder or holders of bonds issued under this chapter shall ever have the right to compel any exercise of the taxing power of the State to pay such bonds or the interest thereon and no moneys other than the revenues pledged to such bonds shall be applied to the

payment thereof. Each bond issued under this chapter shall recite in substance that such bond, including interest thereon, is not a general or moral obligation of the State and is payable solely from the revenues pledged to the payment thereof, and that such bond is not secured, directly or indirectly, by the full faith and credit or the general credit of the State or by revenues or taxes of the State other than the revenues specifically pledged thereto.

§ -12 **Bonds exempt from taxation.** Bonds and the income therefrom issued pursuant to this chapter shall be exempt from all state taxation, except inheritance, transfer, and estate taxes.

§ -13 **Bonds as legal investments and lawful security.** Bonds issued pursuant to this chapter shall be and are declared to be legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees, guardians, and for all public funds of the State or other political corporations or subdivisions of the State. Such bonds shall be eligible to secure the deposit of any and all public funds of the State or political corporations or subdivisions of the State, and such bonds shall be lawful and sufficient security for such deposits to the extent of their value when accompanied by unmatured coupons appertaining thereto.

§ -14 **Status of bonds under Uniform Commercial Code.** Notwithstanding any of the provisions of this chapter or any recital in any bond issued under this chapter, all such bonds shall be deemed to be investment securities under the Uniform Commercial Code, chapter 490, subject only to the provisions of the bonds pertaining to registration.

§ -15 **High technology research and development fund.** There is established the high technology research and development fund into which shall be deposited all moneys as may be appropriated by the legislature or as may be contributed to the development corporation to fund high technology research and development projects, and from which the development corporation may fund high technology research and development projects under agreements with any State or county agency or other organizations. In making any expenditure under this section, the development corporation shall analyze each funding request to determine whether the project to be undertaken will be economically viable and beneficial to the State.

§ -16 **Exemption of development corporation from taxation and competitive bidding.** (a) All revenues and receipts derived by the development corporation from any project or industrial park or under a project agreement or other agreement pertaining thereto shall be exempt from all state taxation. Any right, title, and interest of the development corporation in any project or industrial park shall also be exempt from all state taxation. Except as otherwise provided by law, the interest of a qualified person or other user of a project or industrial park under a project agreement or other agreements related to a project or industrial park shall not be exempt from taxation to a greater extent than it would be if the costs of the project or industrial park were directly financed by the qualified person or user.

(b) The development corporation shall not be subject to any requirement of law for competitive bidding for project agreements, construction contracts, or other

contracts unless a project agreement with respect to a project or industrial park otherwise shall require.

§ -17 **Development fund.** The development corporation shall establish a separate development fund with respect to each issue of bonds issued under this chapter, shall provide an appropriate designation therefor, and shall direct all revenues and receipts pledged to the payment of such issue of bonds to be deposited into such fund and, as permitted by section -9(g) (8), designate a trustee to receive and receipt for, hold, and administer the moneys in such fund. The development corporation may establish such other funds and accounts as it may deem appropriate. Unless a trustee is designated as provided in this chapter, all funds and accounts of the development corporation shall be held and administered by the state director of finance as provided in section 37-54. The moneys on deposit in the funds shall be used for the purposes of this chapter.

§ -18 **Assistance by state and county agencies.** Every state or county agency may render services to the development corporation upon request of the development corporation.

§ -19 **Court proceedings; preferences.** Any action or proceeding to which the development corporation, the State, or a county may be party, in which any question arises as to the validity of this chapter, shall be preferred over all other civil causes, except election cases, without respect to position on the calendar. The same preference shall be given upon application of counsel for the development corporation in any action or proceeding questioning the validity of this chapter in which the development corporation has duly intervened.

§ -20 **Construction of this chapter.** The powers conferred by this chapter shall be in addition and supplemental to other powers conferred by any other law. This chapter shall constitute and be enabling legislation for the development corporation, as an agency and instrumentality of the State, to issue special purpose revenue bonds in accordance with the provisions of the Constitution of the State of Hawaii and this chapter. Insofar as the provisions of this chapter are inconsistent with the provisions of any other law, this chapter shall be controlling."

SECTION 3. Chapter 304, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§304- Pacific international center for high technology research; established. (a) There is established as an educational and research institution, the "Pacific International Center for High Technology Research", hereinafter referred to as the center. The center shall be placed within the University of Hawaii for administrative purposes as provided for in section 26-35, but the center may later incorporate as a nonprofit corporation if this proves desirable to further its objectives.

(b) The center shall assist the State's high technology development corporation in its efforts, shall promote educational, scientific, technological, and literary pursuits in the area of high technology, and shall provide support for the high technology industry in Hawaii in the following manner:

- (1) By fostering scientific and technological interchange between students and scholars of the United States and other nations;

- (2) By encouraging, initiating, aiding, developing, and conducting scientific investigations and research in high technology;
 - (3) By encouraging and aiding in the education and training of persons from the United States and other nations for the conduct of such investigations, research, and study;
 - (4) By assisting in the dissemination of knowledge by establishing, aiding, and maintaining professorships or other staff positions, fellowships, scholarships, publications, and lectures;
 - (5) By other means to make the benefits of investigations, research, and study available to the public; and
 - (6) By any and all other acts reasonably designed to further the above purposes in the interest of promoting the general welfare of the people of the State and the mutual understanding between the United States and other nations.
- (c) The center shall seek, receive, and accept from public and private sources, whether located within or without the United States, grants, gifts, devises, bequests, or otherwise money and property, real, personal, or mixed, tangible or intangible, absolutely or in trust, to be used in carrying out the purposes of the center."

SECTION 4. Annual report. The development corporation and the Pacific International Center for High Technology Research shall submit to the governor and the legislature, at least twenty days prior to the convening of each regular session, a complete and detailed report of their activities.

SECTION 5. Appropriations. (a) There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000, or so much thereof as may be necessary for fiscal year 1983-1984, to staff and operate the High Technology Development Corporation established by this Act. The sum appropriated shall be expended by the High Technology Development Corporation.

(b) There is appropriated out of the general revenues of the State of Hawaii the sum of \$50,000, or so much thereof as may be necessary for fiscal year 1983-1984, to carry out the purposes of Section 3 of this Act. The sum appropriated shall be expended by the University of Hawaii, and may be used to hire necessary staff without regard to Chapters 76 and 77, Hawaii Revised Statutes.

(c) Any unexpended or unencumbered balance of any appropriation made by this Act as of the close of business on June 30, 1984, shall lapse into the general fund.

SECTION 6. Severability. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 7. New statutory material is underscored.²

SECTION 8. This Act shall take effect on July 1, 1983.

(Approved May 31, 1983.)

Notes

1. The word "if" is missing.
2. Edited pursuant to HRS §23G-16.5.