

ACT 196

S.B. NO. 2004

A Bill for an Act Relating to Encouraging Small Business Innovation and Research.

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

SECTION 1. The legislature finds that the federal small business innovation research (SBIR) program provides awards of up to \$50,000 for research, and that a recipient of a first phase award may compete for a second phase award of up to \$500,000 to develop a concept further and to demonstrate the commercial viability of the innovation. Other states, such as Ohio, Michigan, and Pennsylvania have

established complementary grants for first phase awardees to enhance their competitiveness and increase their prospects for winning second phase awards.

The legislature finds that complementary grants will increase the competitiveness of small businesses in Hawaii and enhance their prospects for bringing second phase awards of federal funds into the State.

SECTION 2. Chapter 206M, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§206M- Annual reports. The development corporation shall report annually to the legislature twenty days prior to the convening of the session on the impact of the program on:

- (1) Increasing the awareness of the federal small business innovation research program and the number of companies submitting proposals to federal agencies;
- (2) Increasing the number of phase I awards received by Hawaii businesses under the small business innovation research program; and
- (3) Increasing the number of phase I to phase II conversions by Hawaii businesses."

SECTION 3. Section 206M-15, Hawaii Revised Statutes, is amended to read as follows:

"[§206M-15] High technology research and development fund. (a) 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 or accrued 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] state or county agency or other organizations[.], including high technology companies. 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.

(b) The development corporation may provide grants of 50 per cent of the federal grant up to \$25,000 to each business in Hawaii that receives a federal small business innovation research phase I grant or contract from any participating federal agency during calendar year 1989 or subsequent years subject to the availability of funds.

(c) The development corporation shall adopt rules pursuant to chapter 91 that will:

- (1) Specify the qualifications for eligibility of grant applicants;
- (2) Establish priorities in determining eligibility in the event that insufficient funds are available to fund otherwise qualified applicants; and
- (3) Give preference to all qualified businesses that received a single award in one calendar year over multiple award grantees.

The development corporation may adopt any other rules pursuant to chapter 91 necessary for the purposes of this section."

SECTION 4. In accordance with Section 9 of Article VII of the Constitution of the State of Hawaii and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriation contained in this Act will cause the state general fund expenditure ceiling for fiscal year 1989-1990 to be exceeded by \$250,000, or 0.011 per cent. The reasons for exceeding the general fund expenditure ceiling are that the appropriation made in this Act is necessary to serve the public interest and to meet the need provided for by this Act.

ACT 196

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000, or so much thereof as may be necessary for fiscal year 1989-1990, for the high technology research and development fund.

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

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 7. This Act shall take effect on July 1, 1989.

(Approved June 7, 1989.)

Note

1. Edited pursuant to HRS §23G-16.5.