

**ACT 274**

H.B. NO. 858

A Bill for an Act Relating to the HI Growth Initiative.

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

SECTION 1. The legislature finds that the State has a public interest in diversifying our economy and promoting the development of high-growth, entrepreneurial businesses. Job creation is at the top of every state's policy agenda. Recent reports from the National Governors Association have highlighted the importance of focusing on fostering an entrepreneurial environment and supporting high-growth businesses as a proven approach to creating high-wage jobs.

Successful economic development outcomes in other states have demonstrated the effectiveness of a comprehensive state-level program that can engage an entrepreneurial ecosystem to support the continuum of entrepreneurial-

ism, commercialization, and business formation capabilities needed to foster high-growth businesses. This comprehensive program must have the input and support from the key stakeholders in the entrepreneurial ecosystem: private industry, investors, the universities, and government. Finally, this comprehensive program must have sufficient resources to provide the pace and scale of investment needed to make the program transformative.

This Act provides a \$6,000,000 appropriation to the Hawaii strategic development corporation to implement an investment program, the HI growth initiative, that will be used to catalyze and leverage key entrepreneurial initiatives that private industry and the University of Hawaii are pursuing independently.

This program builds on the Hawaii strategic development corporation's previous experience managing the State's venture capital investment program, the follow-on funding program, the venture accelerator funding program funded by the legislature in the previous fiscal year (Act 170, Session Laws of Hawaii 2012) and the venture fund of funds investment program funded by the United States Department of the Treasury's State Small Business Credit Initiative.

The financing resources provided by this Act will allow the Hawaii strategic development corporation to implement initiatives structured to mobilize and attract entrepreneurial talent and private capital to Hawaii's high-growth business opportunities. This will allow the State to leverage and benefit from the resources and business acumen of the private sector.

There are three important objectives of the HI growth initiative:

- (1) Support the establishment of an entrepreneurial ecosystem that will provide mentoring, collaboration, and funding opportunities for Hawaii entrepreneurs to establish and scale their business ventures;
- (2) Actively partner research commercialization activities with state and private-industry programs to establish high-growth businesses; and
- (3) Network Hawaii's high-growth businesses into the broader universe of mainland and international investment funds active in the sectors important to Hawaii.

In this way, Hawaii entrepreneurs will be able to commercialize their intellectual property, access business mentors and customers to start their businesses, network with global investors to benefit from the domain expertise of experienced investors, and gain access to follow-on capital for expansion.

The purpose of this Act is to provide the funding and coordination necessary to implement the recommendations of the governor's New Day Plan to reinvigorate state efforts to fuel an innovation economy and advance research innovation and commercialization. These recommendations are supported by the final report from the University of Hawaii's innovation council and by an overview of Hawaii's innovation economy by the high technology development corporation.

SECTION 2. Chapter 211F, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§211F- HI growth initiative; report to legislature.** The corporation shall submit a report to the legislature no later than twenty days prior to the convening of the regular session of 2014 and annually thereafter on the specific annual outcome achieved through the activities and expenditures of the HI growth initiative."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$6,000,000 or so much thereof as may be necessary for

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fiscal year 2013-2014 for an investment program to develop and strengthen the core capabilities of entrepreneurialism, commercialization, and business formation in order for Hawaii to develop globally competitive high-growth companies.

The sum appropriated shall be paid into the Hawaii strategic development corporation revolving fund created under section 211F-5, Hawaii Revised Statutes.

SECTION 4. New statutory material is underscored.<sup>1</sup>

SECTION 5. This Act, upon its approval, shall take effect on July 1, 2013.

(Approved July 9, 2013.)

**Note**

1. Edited pursuant to HRS §23G-16.5.