

ACT 67

H.B. NO. 2075

A Bill for an Act Relating to Energy.

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

SECTION 1. The legislature finds that imported oil supplies over ninety per cent of Hawaii's energy. This dependence on oil threatens Hawaii's land, air, and water, places the economy's security at risk, and is not sustainable. As a result, the State adopted the clean energy initiative to achieve seventy per cent clean energy by the year 2030. This clean energy initiative is rooted in the principle of maximizing cost effective investments in clean energy production and management to promote Hawaii's energy security. Along with reducing the dependency on fossil fuels and increasing efficiency measures, the clean energy plan contributes to the State's economic growth.

The legislature further finds that there are growing numbers of local Hawaii-based companies conducting research and development in clean energy technologies. Utilizing Hawaii's diverse renewable energy sources of solar, wind, hydroelectricity, bioenergy, and geothermal, these companies are demonstrating to the world with proven results that Hawaii is an ideal laboratory for the development of clean energy technologies. Many of these local research and development companies have also obtained federal funding to develop clean and alternative energy research and have created high-paying jobs that employ highly skilled workers.

The legislature also finds that it is important to Hawaii's future to support and strengthen these local companies to ensure continued research and develop-

ment and support Hawaii's economy. For economic growth and diversification, it is in Hawaii's best interest to take important steps to encourage high-impact, clean energy solutions that encourage innovative economic development.

Act 159, Session Laws of Hawaii 2015, established a matching grant pilot program, similar to the small business innovation research grant program administered by the Hawaii technology development corporation, to further strengthen and support Hawaii's local companies that are conducting renewable energy research and development through existing contracts with the principal research division of the United States Department of Defense, Office of Naval Research. Although the pilot program expired on June 30, 2017, the legislature believes that the program should be reestablished.

Accordingly, the purpose of this Act is to reestablish the matching grant program originally created under Act 159, Session Laws of Hawaii 2015.

SECTION 2. (a) There is established within the department of business, economic development, and tourism, a two-year alternative energy research and development program to provide grants to qualified businesses conducting research and development in alternative energy. The purpose of the program shall be to promote the research and development of alternative energy in Hawaii by authorizing the Hawaii technology development corporation to provide matching grants to businesses that meet the criteria established in subsection (b).

(b) Subject to the availability of funds, the Hawaii technology development corporation may provide a grant to any business that:

- (1) Has been awarded a competitive contract from the Department of Defense Office of Naval Research related to the research of alternative energy and energy efficiency technologies in the fields of geothermal, solar, wind, ocean power, hydrodynamics, bioenergy, biomass, solid waste, smart grids, transportation, or demand response;
- (2) Is sixty per cent or more resident-owned. For purposes of this paragraph, "resident" shall have the same meaning as defined in section 235-1, Hawaii Revised Statutes;
- (3) Is a for-profit entity organized under the laws of the State;
- (4) Has been doing business in the State for a minimum of one year;
- (5) Agrees to expend all grant funds, awarded pursuant to this Act, in the State; and
- (6) Conducts research in alternative energy that has a high technology readiness level or high potential for implementation as evidenced by a contract, funded by moneys designated by the United States Congress as funding for alternative energy and a national defense budget funding directive, with the Department of Defense Office of Naval Research that is existing and active or was granted within three years prior to the effective date of this Act;

provided that the amount of any grant awarded pursuant to this Act shall not exceed fifty per cent of the amount of the grant awarded to the business by the Department of Defense Office of Naval Research; provided further that the business shall not be eligible for a grant pursuant to this section if the business has obtained any other state grant for the same research, other than the grant awarded to the business by the Department of Defense Office of Naval Research, at the time of or during the duration of the alternative energy research and development program grant.

(c) The alternative energy research and development program shall cease to exist on June 30, 2020.

(d) The department of business, economic development, and tourism shall adopt rules, pursuant to chapter 91, Hawaii Revised Statutes, necessary for

the purposes of implementing the alternative energy research and development program.

SECTION 3. There is established the alternative energy research and development revolving fund, to be expended by the department of business, economic development, and tourism for the purpose of promoting alternative energy research and development in Hawaii through the awarding of grants under the alternative energy research and development program.

The alternative energy research and development revolving fund shall be abolished on June 30, 2020, and all unencumbered balances shall lapse to the credit of the general fund.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2018-2019 to be deposited into the alternative energy research and development revolving fund.

SECTION 5. There is appropriated out of the alternative energy research and development revolving fund the sum of \$1,000,000 or so much thereof as may be necessary for fiscal year 2018-2019 for the purpose of providing grants pursuant to this Act.

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

SECTION 6. This Act shall take effect on July 1, 2018.

(Approved June 29, 2018.)