

JAN 19 2024

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# A BILL FOR AN ACT

RELATING TO ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Act 159, Session  
2 Laws of Hawaii 2015 (Act 159), authorized the high technology  
3 development corporation to provide fifty per cent matching  
4 grants of up to \$500,000 to Hawaii businesses that were awarded  
5 alternative energy research grants by the United States  
6 Department of Defense Office of Naval Research between 2015 and  
7 2017. The Hawaii Office of Naval Research grant program was  
8 established to implement Act 159.

9           In the program's final year, the legislature passed Act 69,  
10 Session Laws of Hawaii 2017, which, in part, changed the name of  
11 the high technology development corporation to the Hawaii  
12 technology development corporation. In its 2017 annual report,  
13 the Hawaii technology development corporation noted that it had  
14 awarded a total of \$950,000 to three local companies, which were  
15 then matched with a total of \$10,200,000 in federal funds. The  
16 legislature also finds that re-establishing this program would  
17 align with the State's goal to achieve one hundred per cent



1 clean energy by the year 2045, while encouraging economic growth  
2 and diversification.

3 Accordingly, the purpose of this Act is to:

- 4 (1) Re-establish the two-year Hawaii Office of Naval  
5 Research grant program; and  
6 (2) Establish the Alternative Energy Research and  
7 Development Revolving Fund.

8 SECTION 2. (a) There is established within the department  
9 of business, economic development, and tourism, a two-year  
10 Hawaii Office of Naval Research grant program to provide grants  
11 to qualified businesses conducting research and development in  
12 alternative energy. The purpose of the program shall be to  
13 promote the research and development of alternative energy in  
14 the State by authorizing the Hawaii technology development  
15 corporation to provide matching grants to businesses that meet  
16 criteria established pursuant to subsection (b).

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

- 20 (1) Has been awarded a competitive contract from the  
21 United States Department of Defense Office of Naval



1           Research that is related to research on alternative  
2           energy and energy efficiency technologies in the  
3           fields of geothermal, solar, wind, ocean power,  
4           hydrodynamics, bioenergy, biomass, solid waste, smart  
5           grids, transportation, or demand response;  
6           (2) Is sixty per cent or more resident-owned; provided  
7           that for purposes of this paragraph, "resident" shall  
8           have the same meaning as defined in section 235-1,  
9           Hawaii Revised Statutes;  
10          (3) Is a for-profit entity organized under the laws of the  
11          State;  
12          (4) Has been doing business in the State for not less than  
13          one year;  
14          (5) Agrees to expend all grant funds awarded pursuant to  
15          this Act in the State; and  
16          (6) Conducts research in alternative energy that has a  
17          high technology readiness level or high potential for  
18          implementation as evidenced by a contract with the  
19          United States Department of Defense Office of Naval  
20          Research, that is funded by moneys designated by the  
21          United States Congress as funding for alternative



1 energy and a national defense budget funding  
2 directive, and is existing and active or was granted  
3 within three years before the effective date of this  
4 Act;  
5 provided that the amount of any grant awarded pursuant to this  
6 Act shall not exceed fifty per cent of the amount of the grant  
7 awarded to the business by the United States Department of  
8 Defense Office of Naval Research; provided further that the  
9 business shall not be eligible for a grant pursuant to this  
10 section if the business has obtained any other state grant for  
11 the same research, other than the grant awarded to the business  
12 by the United States Department of Defense Office of Naval  
13 Research, at the time of or during the duration of the grant  
14 from the Hawaii Office of Naval Research grant program.

15 (c) The Hawaii Office of Naval Research grant program  
16 shall cease to exist on June 30, 2026.

17 (d) The department of business, economic development, and  
18 tourism shall adopt rules pursuant to chapter 91, Hawaii Revised  
19 Statutes, necessary for the purposes of implementing the Hawaii  
20 Office of Naval Research grant program.



1 SECTION 3. There is established the alternative energy  
2 research and development revolving fund for the purpose of  
3 promoting alternative energy research and development in Hawaii.

4 The alternative energy research and development revolving  
5 fund shall be abolished on June 30, 2026, and all unencumbered  
6 balances shall lapse to the credit of the general fund.

7 SECTION 4. In accordance with section 9 of article VII of  
8 the Hawaii State Constitution and sections 37-91 and 37-93,  
9 Hawaii Revised Statutes, the legislature has determined that the  
10 appropriations contained in Act 164, Regular Session of 2023,  
11 and this Act will cause the state general fund expenditure  
12 ceiling for fiscal year 2024-2025 to be exceeded by  
13 \$ or per cent. This current declaration takes  
14 into account general fund appropriations authorized for fiscal  
15 year 2024-2025 in Act 164, Regular Session of 2023, and this Act  
16 only. The reasons for exceeding the general fund expenditure  
17 ceiling are that:

- 18 (1) The appropriation made in this Act is necessary to  
19 serve the public interest; and  
20 (2) The appropriation made in this Act meets the needs  
21 addressed by this Act.



1 SECTION 5. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so  
3 much thereof as may be necessary for fiscal year 2024-2025 to be  
4 deposited into the alternative energy research and development  
5 revolving fund.

6 SECTION 6. There is appropriated out of the alternative  
7 energy research and development revolving fund the sum of  
8 \$ or so much thereof as may be necessary for fiscal  
9 year 2024-2025 for the Hawaii Office of Naval Research grant  
10 program; provided that the moneys appropriated by this Act shall  
11 not lapse at the end of the 2024-2025 fiscal year; provided  
12 further that any moneys that remain unencumbered on June 30,  
13 2026, shall lapse on that date.

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

16 SECTION 7. This Act shall take effect on July 1, 2024.

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INTRODUCED BY Michelle A. Leland



# S.B. NO. 2674

**Report Title:**

DBEDT; HTDC; Alternative Energy Research; Matching Grants;  
Office of Naval Research; Expenditure Ceiling; Appropriation

**Description:**

Authorizes the Hawaii Technology Development Corporation to establish a two-year Hawaii Office of Naval Research Grant Program to provide 50% matching grants to Hawaii awardees of alternative energy research grants from the United States Department of Defense Office of Naval Research. Requires the Department of Business, Economic Development, and Tourism to adopt administrative rules to implement the Hawaii Office of Naval Research Grant Program. Establishes the Alternative Energy Research and Development Revolving Fund. Declares that the general fund expenditure ceiling is exceeded. Makes an appropriation.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

