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# A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY.

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

1           SECTION 1. The legislature finds that a four hundred  
2 thousand square foot class A life sciences research complex is  
3 being developed on 4.98 acres located in the Kakaako district of  
4 Oahu, makai of Ala Moana boulevard and adjacent to the  
5 University of Hawaii John A. Burns school of medicine. The  
6 complex will be positioned as a catalyst spawning new  
7 international life science collaborations in the Pacific Rim for  
8 both the public and private sectors, and the only facility with  
9 class A wet laboratory space available to the non-institutional  
10 market.

11           The high technology development corporation is currently in  
12 negotiations with the developer to commit to a five-year lease  
13 agreement secured with a state guaranty for approximately  
14 ninety-nine thousand square feet of laboratory and office space  
15 on three floors. The high technology development corporation  
16 will operate a technology incubator and innovation center, which  
17 will support the efforts of the University of Hawaii's school of



1 medicine, Cancer Research Center of Hawaii, and many related  
2 bioscience research institutions.

3 Many local fledgling start-up high technology companies are  
4 trying to attain financing. Once they achieve such financing,  
5 it is critical that they commit their core-capital to research  
6 rather than have it tied up in onerous credit enhancement tools,  
7 such as security deposits or letters of credit required by the  
8 lending community in order to finance complex and expensive wet  
9 laboratory infrastructure developments. A guaranty of the lease  
10 agreement by the State for the high technology development  
11 corporation leased portion of the new facility will reduce the  
12 risk and cost of this unique project for these start-up  
13 companies and thereby provide the necessary initial boost to  
14 Hawaii's life science industry.

15 The statutory purpose and mission of the high technology  
16 development corporation is to grow Hawaii's high technology  
17 industry and this includes its fledging life science industry.  
18 To meet this mandate, the corporation must be able to provide  
19 quality incubator and innovation facilities to qualified start-  
20 up companies. Hawaii needs suitable specialty commercial  
21 laboratory space as soon as possible since very little currently  
22 exists. Thirteen biotechnology companies did not select Hawaii



1 as a site in the past three years due to the lack of suitable  
2 space. The total square footage of these companies' needs was  
3 twice as much as the proposed project space and yet additional  
4 demand exists.

5 Other states and communities are also very aggressively  
6 recruiting technology companies and start-ups. Many offer  
7 grants, subsidies, and other incentives to attract high  
8 technology companies to develop and grow their businesses. They  
9 know that these companies hire the knowledge and concept workers  
10 that are attracted by high-paying jobs and the opportunity to  
11 collaborate with other scientists and technicians. These other  
12 communities know that the technology and life science industries  
13 produce quality jobs at all levels, from the beginning  
14 technician to the senior researcher, increase the jurisdiction's  
15 tax base and, most importantly, provide the critical mass and  
16 synergy for a sustainable industry. The most successful states  
17 and communities locate their technology companies adjacent to  
18 major research institutions, creating a cluster effect. In  
19 addition to new and meaningful career pathways for Hawaii's  
20 youth and residents, an estimated one thousand new living wage  
21 jobs will be created within the facility.



1 Hawaii is well positioned to compete in this market. The  
2 recently completed University of Hawaii school of medicine  
3 complex will soon be joined by the Cancer Research Center of  
4 Hawaii and a Regional Biosafety Laboratory adjacent to the  
5 school of medicine. The life sciences research complex is  
6 intended to be the catalyst for the development of the life  
7 science industry in Hawaii, and a place where the private  
8 research sector joins with the public research sector for  
9 innovation and entrepreneurship in the Kakaako core.

10 The project allows the State to take the initiative in  
11 growing incubation and innovation space without bearing the cost  
12 or burden of construction alone. Many other jurisdictions have  
13 undertaken similar efforts to create a life sciences industry in  
14 their communities such as San Diego, San Francisco, Boston, and  
15 North Carolina. New York uses a \$2,000,000,000 initiative fund  
16 to lure top tier biotechnology and pharmaceutical companies.  
17 The Kobe city government has paid for two-thirds of the  
18 development of the Kobe Bio Science Park in Kobe, Japan. The  
19 competition to attract high technology companies is intense and  
20 governments have had to lend financial support to be a contender  
21 in this market.



1           The life sciences research complex will more than double  
2 innovation space in Kakaako for future cluster growth,  
3 ultimately resulting in a total of four hundred thousand square  
4 feet of laboratory and office space dedicated to the high  
5 technology industry. The ninety-nine thousand square feet  
6 designated for the high technology development corporation  
7 represents less than twenty-five per cent of the additional  
8 space.

9           The purpose of this Act is to support the operations and  
10 programs of a state-operated technology incubator and innovation  
11 center in the Kakaako district of downtown Honolulu.

12           SECTION 2. The high technology development corporation,  
13 with assistance from the department of business, economic  
14 development, and tourism, shall negotiate with the developers,  
15 on terms acceptable and satisfactory to the corporation's board  
16 of directors and the director of finance, a lease agreement and  
17 lease guaranty for a period of five years for approximately  
18 ninety-nine thousand square feet of laboratory and office space  
19 in a life sciences research complex in Kakaako.

20           SECTION 3. The high technology development corporation may  
21 enter into contracts to support the planning and development of



1 a state-operated high technology incubator and innovation center  
2 in the Kakaako district near downtown Honolulu.

3 SECTION 4. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2007-2008 to  
6 carry out the purposes of this Act.

7 The sum appropriated shall be expended by the high  
8 technology development corporation.

9 SECTION 5. The provisions of this Act are not intended to  
10 and shall not restrict or constrain the lease negotiations of  
11 the high technology development corporation, the department  
12 business, economic development, and tourism, and the department  
13 of budget and finance with the developers.

14 SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

High Technology; Incubation Center; Kakaako

**Description:**

Authorizes the high technology development corporation to negotiate a lease agreement and lease guaranty for a period of five years for approximately ninety-nine thousand square feet of laboratory and office space in a life sciences research complex in Kakaako. (SD1)

