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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. In 1989, the legislature created the Hawaii  
2 small business innovation research grant program. Prior to  
3 1989, there were two Hawaii small business innovation research  
4 grant program-awarded companies, but since 1989, sixty-three  
5 Hawaii companies have won two hundred sixty-two small business  
6 innovation research grant program awards. These grant awards  
7 brought approximately \$60,000,000 in federal small business  
8 innovation research grant program phase I and phase II funds to  
9 Hawaii. In addition to these grants, more than \$58,000,000 in  
10 phase III small business innovation research grant program  
11 commercialization contracts has been awarded to Hawaii  
12 companies.

13           The legislature finds that for every \$1 invested by the  
14 State in the program, Hawaii companies attracted nearly \$15 in  
15 federal small business innovation research grant funds, or  
16 nearly \$30 for every \$1 invested by the State when phase III  
17 funds are included.



1           The legislature further finds that, currently, the federal  
2 small business innovation research grant program is a  
3 \$2,000,000,000 program that encourages small businesses to  
4 develop commercially viable technologies and innovations.  
5 Organized as a competition, the federal small business  
6 innovation research grant program allows small companies the  
7 opportunity to test high-risk theories and develop innovative  
8 technologies and solutions.

9           To compete for small business innovation research grant  
10 program dollars, ten participating federal agencies issue  
11 scheduled program solicitations seeking research and development  
12 in their respective areas of interests, disciplines, and  
13 missions. Federal departments and agencies, such as the  
14 Departments of Agriculture, Commerce, Defense, Education,  
15 Energy, Health and Human Services, Transportation, and Homeland  
16 Security, the Environmental Protection Agency, the National  
17 Aeronautics and Space Administration, and the National Science  
18 Foundation, are required to reserve a portion of their annual  
19 research and development funds for small business innovation  
20 research grant programs.

21           In 2006, the legislature expanded the Hawaii small business  
22 innovation research grant program by adding the small business



1 technology transfer program to encourage small companies and  
2 researchers at nonprofit research institutions, including  
3 research universities and colleges, to collaborate and work  
4 together to move laboratory-developed technologies to the  
5 marketplace and to foster technology-based economic development.  
6 According to federal program requirements, forty per cent of  
7 each small business technology transfer program project must be  
8 carried out by the small business and a minimum of thirty per  
9 cent of the effort must be performed by the research  
10 institution. The following five federal departments and  
11 agencies are required to reserve a portion of their research and  
12 development funds for the small business technology transfer  
13 program: the Departments of Defense, Energy, and Health and  
14 Human Services, the National Aeronautics and Space  
15 Administration, and the National Science Foundation.

16 Furthermore, in 2006, the legislature increased the funding  
17 for the under-funded small business innovation research grant  
18 program and provided funds for the new small business technology  
19 transfer program.

20 The purpose of this Act is to support the operations of the  
21 high technology development corporation and the high technology  
22 innovation corporation by:



- 1 (1) Continuing current funding levels for the Hawaii small  
2 business innovation research grant program and the  
3 Hawaii small business technology transfer program;
- 4 (2) Clarifying that the high technology innovation  
5 corporation is authorized to operate bank accounts  
6 that are necessary for the conduct of its business at  
7 both in-state and out-of-state account locations,  
8 without approval from the director of budget and  
9 finance or the comptroller;
- 10 (3) Specifying that the high technology special fund shall  
11 not be used to fund the high technology development  
12 corporation' general administrative and fiscal  
13 positions, which were originally and previously funded  
14 through the general revenues of the State and not from  
15 the high technology special fund, which the  
16 legislature intended to be used for the operations of  
17 the innovation centers and technology incubation  
18 programs;
- 19 (4) Changing the \$3,000,000 ceiling on moneys in the high  
20 technology special fund to an unspecified amount; and



1 (5) Appropriating general funds to pay for the general  
2 administrative and fiscal positions of the high  
3 technology development corporation.

4 SECTION 2. Section 206M-15.5, Hawaii Revised Statutes, is  
5 amended to read as follows:

6 "**§206M-15.5 High technology special fund.** There is  
7 established in the state treasury a fund to be known as the high  
8 technology special fund, into which shall be deposited, except  
9 as otherwise provided by section 206M-17, all moneys, fees, and  
10 equity from tenants, qualified persons, or other users of the  
11 development corporation's industrial parks, projects, other  
12 leased facilities, and other services and publications; provided  
13 that the total amount of moneys in the fund shall not exceed  
14 [~~\$3,000,000~~] \$ \_\_\_\_\_ at the end of any fiscal year. All  
15 moneys in the fund are appropriated for the purposes of and  
16 shall be expended by the development corporation for the  
17 operation, maintenance, and management of its industrial parks,  
18 projects, facilities, services, and publications, and to pay the  
19 expenses in administering the special purpose revenue bonds of  
20 the development corporation or in carrying out its project  
21 agreements[+]; provided that all general administrative and  
22 fiscal positions of the development corporation, whether



1 permanent or temporary, shall not be funded from the high  
2 technology special fund."

3 SECTION 3. Section 206M-53, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§206M-53 Powers of the board.** The high technology  
6 innovation corporation, under the direction of its board of  
7 directors, shall have the following general powers:

- 8 (1) To adopt, amend, and repeal bylaws governing the  
9 conduct of its business and the exercise of the powers  
10 and performance of duties granted to or imposed upon  
11 it by law;
- 12 (2) To sell, lease, rent, hold, maintain, use, and operate  
13 any property, real, personal, or mixed, tangible or  
14 intangible, in accordance with the conditions under  
15 which it was received;
- 16 (3) To enter into and perform contracts, leases,  
17 cooperative agreements, or other transactions with the  
18 high technology development corporation or any other  
19 agency or political subdivision of the State, any  
20 private person, firm, partnership, association,  
21 company, or corporation, only as it may be necessary  
22 in the conduct of its business and on terms as it may



1           deem appropriate; provided that the high technology  
2           innovation corporation shall not obligate any funds of  
3           the State except funds that have been appropriated to  
4           it by the legislature or transferred or contracted to  
5           it by the high technology development corporation or  
6           other agency or department of the state government.  
7           Notwithstanding the foregoing, the high technology  
8           innovation corporation may enter into and perform  
9           contracts, leases, cooperative agreements, or other  
10          transactions with any agency or instrumentality of the  
11          United States, a foreign nation, a state, a territory  
12          or a possession, or with any political subdivision  
13          thereof, whenever the donating or granting agency or  
14          instrumentality determines that the high technology  
15          development corporation or any other agency of the  
16          State cannot as effectively and efficiently accomplish  
17          the purposes for which the contracts, leases,  
18          cooperative agreements, or other transactions are  
19          being entered into; provided that the high technology  
20          innovation corporation shall not obligate any funds of  
21          the State except funds that have been appropriated or  
22          transferred to it or contracted for it;



1           (4) To receive by gifts, grants, devises, bequests, or  
2           otherwise, from private sources only, any property,  
3           real, personal, or mixed, intangible or tangible,  
4           absolutely or in trust, to be used and disposed of,  
5           either the principal or the income therefrom, in  
6           accordance with the conditions under which it was  
7           received; provided that no gift to the high technology  
8           innovation corporation shall be accepted unless  
9           approved or confirmed by its board of directors.  
10          Notwithstanding the foregoing, the high technology  
11          innovation corporation may receive gifts, grants, or  
12          awards from any agency or instrumentality of the  
13          United States, a foreign nation, a state, a territory  
14          or a possession, or from any political subdivision  
15          thereof, whenever the donating or granting agency or  
16          instrumentality determines that the high technology  
17          development corporation or any other agency of the  
18          State cannot as effectively and efficiently accomplish  
19          the purposes for which the gifts, grants, or awards  
20          are being made; provided that no gift to the high  
21          technology innovation corporation shall be accepted



- 1 unless approved or confirmed by its board of  
2 directors;
- 3 (5) To have a corporate seal;
- 4 (6) To sue and be sued in its own name;
- 5 (7) To serve as trustee or beneficiary under terms of any  
6 gift, indenture, or will;
- 7 (8) To apply for, take out, receive by purchase or gift,  
8 hold, administer, and dispose of copyrights, patent  
9 rights, licenses, assignments of inventions,  
10 discoveries, processes, and other property, rights or  
11 interests therein, and the income thereof, absolutely  
12 or subject to conditions or trusts as may be attached  
13 thereto or be imposed thereon, and to obligate itself  
14 to perform and execute any and all conditions or  
15 trusts;
- 16 (9) To conduct programs, projects, research, studies,  
17 experiments, investigations, and tests in all fields  
18 of knowledge; to promote and develop the scientific  
19 and commercial value of inventions, discoveries, and  
20 processes; and to make, publish, and distribute the  
21 results thereof;



- 1           (10) To coordinate and correlate activities and projects of  
2           the high technology innovation corporation with the  
3           work of state agencies for the purpose of relating  
4           research work to the economic development of the State  
5           whenever practical or desirable;
- 6           (11) To stimulate and promote cooperative research projects  
7           and activities;
- 8           (12) To establish and maintain, or to assist in  
9           establishing and maintaining staff positions for the  
10          purpose of aiding in technology-based economic  
11          development, and to enter into agreements or contracts  
12          with other corporations, organizations, institutions,  
13          or persons for this purpose and to pay the necessary  
14          and appropriate expenses therefor;
- 15          (13) To prepare, print, or publish any manuscript, research  
16          article, report, study, discussion, reference,  
17          collection, or any pictorial or schematic  
18          representation or group or collection thereof, whether  
19          the same belongs to or is the work of any state agency  
20          or its employees, or the high technology innovation  
21          corporation or its employees or a contractor of the  
22          high technology innovation corporation. The printing



1 or publication may be accomplished through whatever  
2 person, company, or agency is deemed most appropriate  
3 by the board of directors;

4 (14) To establish operational bank accounts as may be  
5 necessary in the conduct of its business [~~at~~] and its  
6 out-of-state offices, including accounts in in-state  
7 and out-of-state locations and accounts of foreign  
8 denomination in out-of-state locations, without the  
9 approval of the director of budget and finance or the  
10 comptroller of accounting and general services; and

11 (15) To do any or all other acts reasonably necessary to  
12 carry out the objects and purposes of the high  
13 technology innovation corporation."

14 SECTION 4. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$235,000, or so much  
16 thereof as may be necessary for fiscal year 2007-2008, and the  
17 same sum or so much thereof as may be necessary for fiscal year  
18 2008-2009, to fund general administrative and fiscal positions  
19 of the high technology development corporation.

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



1 SECTION 5. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$240,000, or so much  
3 thereof as may be necessary for fiscal year 2007-2008, and the  
4 same sum or so much thereof as may be necessary for fiscal year  
5 2008-2009, to fund the Hawaii small business innovation research  
6 grant program and the Hawaii small business technology transfer  
7 grant program.

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

10 SECTION 6. Statutory material to be repealed is bracketed  
11 and stricken. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 2034.



**Report Title:**

High Technology Development Corporation

**Description:**

Appropriation to high technology development corporation (HTDC) for positions & programs. Changes the \$3,000,000 ceiling on the high technology special fund to blank amount. Prohibits funding of HTDC positions from the special fund. Clarifies use of bank accounts for the high technology innovation corporation.

