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## A BILL FOR AN ACT

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RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

1       SECTION 1. The legislature finds that the Hawaii small  
2 business innovation research program is the longest-running  
3 federal small business innovation research matching grant  
4 program in the United States. The Hawaii small business  
5 innovation research program of the Hawaii technology development  
6 corporation has increased the competitiveness of small  
7 businesses in Hawaii, attracted additional federal dollars into  
8 the State, and helped Hawaii businesses to transform their  
9 research into innovative commercial products and services.

10       The legislature further finds that in 2017, the Hawaii  
11 small business innovation research program awarded approximately  
12 \$1,900,000 in matching grants to businesses that had received a  
13 federal small business innovation research phase II or III award  
14 or contract. These matching grants helped to create an  
15 anticipated one hundred thirty-one new high-paying jobs in the  
16 State.



1       The legislature believes that continued funding for the  
2       Hawaii small business innovation research program will further  
3       help to develop Hawaii's technology sector. Additionally, in  
4       light of the amendments made by Act 216, Session Laws of Hawaii  
5       2015, that authorized the corporation to match phase II and III  
6       awards or contracts, the Hawaii technology development  
7       corporation should also be allowed to issue awards in the form  
8       of convertible debt loans, which will help to maximize the  
9       efficiency of the appropriated funds.

10       The purpose of this Act is to appropriate moneys to  
11       continue the small business innovation research program and to  
12       authorize the Hawaii technology development corporation to issue  
13       awards in the form of convertible note loans.

14       SECTION 2. Section 206M-15, Hawaii Revised Statutes, is  
15       amended by amending subsection (c) to read as follows:

16       "(c) The development corporation shall adopt rules  
17       pursuant to chapter 91 that:

- 18           (1) Specify the qualifications for eligibility of grant  
19               applicants;



- 1           (2) Establish priorities in determining eligibility in the  
2           event that insufficient funds are available to fund  
3           otherwise qualified applicants; [and]
- 4           (3) Give preference to all qualified businesses receiving  
5           their first award in one fiscal year over multiple  
6           award grantees[-];
- 7           (4) Authorize the development corporation to award  
8           convertible note loans instead of grants to businesses  
9           in the State that:
- 10           (A) Receive a federal small business innovation  
11           research phase II or III award or contract from a  
12           participating federal agency; or
- 13           (B) Receive a federal small business technology  
14           transfer program phase II or III award or  
15           contract from any participating federal agency,  
16           in amounts no larger than fifty per cent of the amount  
17           of the federal award or contract;
- 18           (5) Establish criteria for the board to consider in  
19           deciding whether to award a convertible note loan  
20           instead of a grant; and



1       (6) Establish appropriate terms for convertible note  
 2           loans.

3       The development corporation may adopt any other rules pursuant  
 4       to chapter 91 necessary for the purposes of this section."

5           SECTION 3. There is appropriated out of the general  
 6       revenues of the State of Hawaii the sum of \$               or so much  
 7       thereof as may be necessary for fiscal year 2018-2019 for the  
 8       small business innovation research program.

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

11          SECTION 4. Statutory material to be repealed is bracketed  
 12       and stricken. New statutory material is underscored.

13          SECTION 5. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

*Cindy Evans*  
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# H.B. NO. 1958

**Report Title:**

Hawaii Technology Development Corporation; Small Business  
Research Grants; Appropriation

**Description:**

Authorizes HTDC to issue phase II and III awards in the form of  
convertible note loans. Appropriates moneys.

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not legislation or evidence of legislative intent.*

