

JAN 24 2018

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# A BILL FOR AN ACT

RELATING TO INNOVATION BUSINESS.

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

1           SECTION 1. The legislature finds that in order to keep our  
2 community vibrant and our economy expanding, Hawaii will need to  
3 focus on sectors that will bring new dollars to Hawaii's  
4 economy. A research innovation sector that fosters a research  
5 environment to fuel innovative ideas and promote  
6 entrepreneurship will better position Hawaii for future economic  
7 growth and expansion. There is no question that innovation as a  
8 result of research and development contributes greatly to  
9 economic growth. It is oftentimes the catalyst for change, job  
10 creation, and a higher standard of living. Hawaii's research  
11 and development industry will bring in new dollars to our  
12 State's economy and create a wide range of high-skilled, high-  
13 paying jobs for our young people so they may continue to live  
14 and work in Hawaii. The research and development sector is  
15 vital to Hawaii's future economic growth.

16           The purpose of this Act is to build on the successes of  
17 Hawaii's science and technology industries and establish a



1 research and development program and a research and development  
2 special fund with the intention of turning research and  
3 development into commercially viable products and services to  
4 expand and diversity Hawaii's economy.

5 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is  
6 amended by adding two new sections to be appropriately  
7 designated and to read as follows:

8 "§206M-A Research and development program established.

9 (a) There is established within the development corporation,  
10 the research and development program, to help Hawaii-based small  
11 businesses collaborate with commercial partners to further  
12 refine and optimize research and development performed in  
13 Hawaii.

14 (b) The purpose of the research and development program  
15 shall be to:

16 (1) Develop, implement, and operate the research and  
17 development special fund to support product  
18 development, technology transfer, and  
19 commercialization;



- 1        (2) Provide capital to support accelerated  
2            commercialization activities for small businesses in  
3            the State of Hawaii;
- 4        (3) Provide capital to sustain high-potential business  
5            infrastructure development to assist the enterprise  
6            towards commercial success;
- 7        (4) Reverse the loss of qualified workers to other states  
8            by providing jobs to retain existing Hawaii technology  
9            employees and enable highly qualified scientists and  
10           engineers to return to living-wage jobs in Hawaii;
- 11       (5) Keep technology companies in Hawaii by limiting the  
12           need to seek out-of-state venture capital, which  
13           dilutes local ownership and increases the probability  
14           of high-potential technology companies moving from  
15           Hawaii; and
- 16       (6) Provide grants of up to \$ \_\_\_\_\_ for critical  
17           product development that enables a business to achieve  
18           significant product development and technical  
19           milestones.
- 20       (c) To receive funding, a Hawaii-based business shall  
21       submit proof of the federal research and development tax credits



1 received to the development corporation. The business shall  
2 then receive an amount equal to the average of the federal tax  
3 credit for the past three tax years.

4 (d) The development corporation may adopt rules pursuant  
5 to chapter 91 necessary to carry out the purposes of this  
6 section.

7 §206M-B Research and development special fund;  
8 established. There is established in the treasury of the State  
9 of Hawaii the research and development special fund to be  
10 administered by the development corporation for the purposes set  
11 out in section 206M-A."

12 SECTION 3. There is appropriated out of the general  
13 revenues the sum of \$                    or so much thereof as may be  
14 necessary for fiscal year 2018-2019 to be deposited into the  
15 research and development special fund.

16 SECTION 4. There is appropriated out of the research and  
17 development special fund the sum of \$                    or so much  
18 thereof as may be necessary for fiscal year 2018-2019 for the  
19 purposes set out in section 206M-A, Hawaii Revised Statutes.

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



# S.B. NO. 3000

1 SECTION 5. In codifying the new sections added by  
 2 section 2 of this Act, the revisor of statutes shall substitute  
 3 appropriate section numbers for the letters used in designating  
 4 the new sections in this Act.

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2018.

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INTRODUCED BY:

John G. ...  
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Michelle A. ...  
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# S.B. NO. 3000

**Report Title:**

Hawaii Technology Development Corporation; Research and Development Program; Research and Development Special Fund; Appropriation

**Description:**

Establishes the research and development program in the Hawaii technology development corporation to help Hawaii-based small businesses collaborate with commercial partners to further refine and optimize research and development performed in Hawaii. Establishes the research and development special fund. Appropriates funds for the purposes of the research and development program.

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