
A BILL FOR AN ACT

RELATING TO TECHNOLOGY.

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

1 PART I

2 SECTION 1. The legislature finds that to be successful in
3 the twenty-first century global economy, Hawaii must position
4 itself as a leader in technology development, transfer, and
5 commercialization. Significant progress has been made in past
6 years through programs supported by federal and state
7 initiatives, such as programs administered by the Hawaii
8 technology development corporation, Hawaii strategic development
9 corporation, and the Hawaii technology development venture.
10 However, the legislature believes that additional efforts are
11 required to move Hawaii's technology industry to achieve local
12 technology commercialization. Innovation in science and
13 technology fields will not only enable the State to succeed in
14 the global marketplace, but will also support the State's
15 sustainable economic development goals to include a viable and
16 vibrant technology and manufacturing labor force.



1 The purpose of this Act is to establish the Hawaii
2 innovation and technology research corporation to:

3 (1) Promote, develop, and expand Hawaii's innovation and
4 technology industry;

5 (2) Promote a more diverse economy that offers high
6 quality, knowledge-based jobs; and

7 (3) Develop policy and resource allocations to enable and
8 support start-up companies, sustain existing
9 companies, and attract companies to relocate or
10 establish offices in Hawaii.

11 PART II

12 SECTION 2. The Hawaii Revised Statutes is amended by
13 adding a new chapter to be appropriately designated and to read
14 as follows:

15 "CHAPTER

16 HAWAII INNOVATION AND TECHNOLOGY RESEARCH CORPORATION

17 § -1 Hawaii innovation and technology research

18 corporation; establishment; purpose. (a) There is established,
19 as a body corporate, the Hawaii innovation and technology
20 research corporation. The Hawaii innovation and technology
21 research corporation shall be a public instrumentality of the



1 State and shall be placed within the department of business,
2 economic development, and tourism for administrative purposes
3 only pursuant to section 26-35.

4 (b) The purpose of the Hawaii innovation and technology
5 research corporation shall be to promote, develop, and expand
6 Hawaii's innovation and technology industry by:

- 7 (1) Encouraging, initiating, and aiding in the development
8 and commercialization of local innovation and
9 technology;
- 10 (2) Furnishing the means and methods to institute and grow
11 local innovation and technology;
- 12 (3) Developing policy and resource allocations to enable
13 and support start-up companies, sustain existing
14 companies, and attract companies to relocate or
15 establish offices in Hawaii;
- 16 (4) Attracting resources from public and private sector
17 organizations and agencies to develop a local
18 qualified innovation research and technology
19 workforce;
- 20 (5) Coordinating with other state agencies and entities to
21 support the innovation and technology industry;



1 (6) Collecting and analyzing information on the state of
2 local and global technology activity; and

3 (7) Taking any and all other actions reasonably designed
4 to promote the purposes of the research corporation in
5 the interest of promoting the general welfare of the
6 people of the State.

7 § -2 **Hawaii innovation and technology research**

8 **corporation; board; executive director.** (a) The Hawaii
9 innovation and technology research corporation shall be headed
10 by a policy-making board of directors.

11 All board members shall have knowledge, experience, and
12 expertise in the field of technology, innovation, information
13 systems, computer science, aerospace, agriculture, tourism,
14 environmental science, or sustainability. The governor shall
15 ensure the fulfillment of all requirements of this subsection.

16 If any nominee submitted pursuant to subsection (b) does not
17 fulfill the requirements of this subsection, the governor shall
18 notify the president of the senate, the speaker of the house of
19 representatives, or the president of the University of Hawaii,
20 as appropriate, of the unmet requirements.



1 Board members shall serve for four-year terms, and no board
2 member shall serve for longer than eight consecutive years;
3 provided that each member shall hold office until the member's
4 successor is appointed and qualified.

5 (b) The board of directors shall consist of the following
6 individuals:

- 7 (1) Four members shall be appointed by the governor;
- 8 (2) Two members shall be appointed by the governor from a
9 list of nominees from the president of the senate;
- 10 (3) Two members shall be appointed by the governor from a
11 list of nominees from the speaker of the house of
12 representatives; and
- 13 (4) One member shall be appointed by the governor from a
14 list of nominees from the president of the University
15 of Hawaii.

16 (c) The board shall elect a chairperson from among its
17 members.

18 (d) A majority of the board members shall constitute a
19 quorum and an affirmative vote by a majority of the quorum shall
20 be necessary for all actions by the Hawaii innovation and
21 technology research corporation. The members shall serve



1 without compensation, but shall be reimbursed for expenses,
2 including travel expenses, necessary for the performance of
3 their duties, by the department of business, economic
4 development, and tourism.

5 (e) The board shall appoint one person to serve as
6 executive director, who shall oversee the Hawaii innovation and
7 technology research corporation staff. The board shall set the
8 duties and responsibilities of the executive director. Salaries
9 for the executive director and staff shall be appropriated by
10 the legislature.

11 § -3 Hawaii innovation and technology research

12 corporation; powers. The Hawaii innovation and technology
13 research corporation, under the direction of the board of
14 directors, shall have the following general powers:

15 (1) To adopt, amend, and repeal bylaws governing the
16 conduct of its business and the exercise of the powers
17 and performance of duties granted to or imposed upon
18 it by law;

19 (2) To sell, lease, rent, hold, maintain, use, and operate
20 any real, personal, or mixed, tangible or intangible,



1 property in accordance with the conditions under which
2 it was received;

3 (3) To enter into and perform such contracts, leases,
4 cooperative agreements, or other transactions with any
5 other agency or political subdivision of the State; or
6 any private person, firm, partnership, association,
7 company, or corporation as it may be necessary in the
8 conduct of its business and on terms as it may deem
9 appropriate; provided that the research corporation
10 shall not obligate any funds of the State except those
11 that have been appropriated to it. Notwithstanding
12 the foregoing, the research corporation may enter into
13 and perform contracts, leases, cooperative agreements,
14 or other transactions with any agency or
15 instrumentality of the United States, a foreign
16 nation, a state, a territory, or a possession, or with
17 any political subdivision thereof on behalf of another
18 agency of the State, whenever the donating or granting
19 agency or instrumentality determines that the agency
20 of the State lacks the capacity to be effective and
21 efficient in accomplishing the purposes for which the



1 contracts, leases, cooperative agreements, or other
2 transactions are being entered into; provided that the
3 research corporation shall not obligate any funds of
4 the State except those that have been appropriated to
5 the research corporation;

6 (4) To receive by gifts, grants, devises, bequests, or
7 otherwise from private sources only, any property,
8 real, personal, or mixed, intangible or tangible,
9 absolutely or in trust, to be used and disposed of,
10 either the principal or the income therefrom, in
11 accordance with the conditions under which it was
12 received; provided that no gift to the research
13 corporation shall be accepted unless approved or
14 confirmed by the board of directors. Notwithstanding
15 the foregoing, the research corporation may receive
16 gifts, grants, or awards from any agency or
17 instrumentality of the United States, a foreign
18 nation, a state, a territory, or a possession, or from
19 any political subdivision thereof on behalf of another
20 agency of the State, whenever the donating or granting
21 agency or instrumentality determines that the agency



1 of the State lacks the capacity to be effective and
2 efficient in accomplishing the purposes for which the
3 gifts, grants, or awards are being made; provided that
4 no gift to the research corporation shall be accepted
5 unless approved or confirmed by the board of
6 directors;

7 (5) To serve as trustee or beneficiary under terms of any
8 gift, indenture, or will;

9 (6) To coordinate and correlate activities and projects of
10 the research corporation with the work of other state
11 agencies for the purpose of economic development of
12 the State whenever practical or desirable;

13 (7) To support industry-focused events in fields,
14 including but not limited to aerospace, energy,
15 healthcare, and consumer products, whereby
16 collaboration can be facilitated that enables Hawaii-
17 based technology companies to access national and
18 global markets. Support may include but is not
19 limited to travel and coordination, introductions and
20 follow-up communications, developing and maintaining a
21 database of companies, individuals, collaborators,



1 candidates, and graduates from science, technology,
2 engineering, and math fields with connections or ties
3 to Hawaii, including coordination with Hawaii high
4 schools and Hawaii universities; and

5 (8) To do any or all other acts reasonably necessary to
6 carry out the objectives and purposes of the research
7 corporation."

8 PART III

9 SECTION 3. Section 26-18, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) The following are placed in the department of
12 business, economic development, and tourism for administrative
13 purposes as defined by section 26-35: Hawaii community
14 development authority, Hawaii housing finance and development
15 corporation, Hawaii innovation and technology [~~development~~]
16 research corporation, land use commission, natural energy
17 laboratory of Hawaii authority, and any other boards and
18 commissions as shall be provided by law."

19 SECTION 4. Section 171-64.7, Hawaii Revised Statutes, is
20 amended by amending subsection (a) to read as follows:



1 "(a) This section applies to all lands or interest therein
2 owned or under the control of state departments and agencies
3 classed as government or crown lands previous to August 15,
4 1895, or acquired or reserved by the government upon or
5 subsequent to that date by purchase, exchange, escheat, or the
6 exercise of the right of eminent domain, or any other manner,
7 including accreted lands not otherwise awarded, submerged lands,
8 and lands beneath tidal waters that are suitable for
9 reclamation, together with reclaimed lands that have been given
10 the status of public lands under this chapter, including:

- 11 (1) Land set aside pursuant to law for the use of the
12 United States;
- 13 (2) Land to which the United States relinquished the
14 absolute fee and ownership under section 91 of the
15 Organic Act prior to the admission of Hawaii as a
16 state of the United States;
- 17 (3) Land to which the University of Hawaii holds title;
- 18 (4) Land to which the Hawaii housing finance and
19 development corporation in its corporate capacity
20 holds title;



1 (5) Land to which the department of agriculture holds
2 title by way of foreclosure, voluntary surrender, or
3 otherwise, to recover moneys loaned or to recover
4 debts otherwise owed the department under chapter 167;

5 (6) Land that is set aside by the governor to the Aloha
6 Tower development corporation; or land to which the
7 Aloha Tower development corporation holds title in its
8 corporate capacity;

9 (7) Land that is set aside by the governor to the
10 agribusiness development corporation; or land to which
11 the agribusiness development corporation in its
12 corporate capacity holds title; and

13 (8) Land to which the Hawaii innovation and technology
14 [~~development~~] research corporation in its corporate
15 capacity holds title."

16 SECTION 5. Section 210-7, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Subject to the availability of funds, a request from
19 the Hawaii innovation and technology [~~development~~] research
20 corporation for a transfer of funds to supplement appropriations
21 for small business innovation research grants shall be granted



1 expeditiously. If available funds are inadequate for a transfer
2 to the [~~development~~] research corporation, the director shall
3 advise the [~~development~~] research corporation that a transfer
4 will be made when sufficient funds are available in the Hawaii
5 capital loan revolving fund."

6 SECTION 6. Section 227D-2, Hawaii Revised Statutes, is
7 amended by amending subsection (b) to read as follows:

8 "(b) The governing body of the authority shall consist of
9 a board of directors having thirteen voting members. Three
10 members from the general public shall be appointed by the
11 governor for staggered terms pursuant to section 26-34, except
12 that one of these members shall be a resident of the county of
13 Hawaii. The members shall be selected on the basis of their
14 knowledge, interest, and proven expertise in, but not limited
15 to, one or more of the following fields: finance, commerce and
16 trade, corporate management, marketing, economics, engineering,
17 energy management, real estate development, property management,
18 aquaculture, and ocean science. The chairperson and secretary
19 of the research advisory committee shall serve on the board.
20 The director of business, economic development, and tourism, the
21 chairperson of the board of land and natural resources, the



1 president of the University of Hawaii, the mayor of the county
2 of Hawaii, [~~an appointed member from the board of the Hawaii~~
3 ~~technology development corporation,~~] and an appointed member
4 from the board of the Hawaii [~~strategic development~~] innovation
5 and research corporation, or their designated representatives,
6 shall serve as ex officio, voting members of the board. The
7 tenants of the authority shall elect two members to the board
8 from among the tenants of the authority, of which one member
9 shall serve a two-year term, and one member shall serve a four-
10 year term. In electing the tenant members, each tenant shall be
11 entitled to cast one vote for each member position. The tenant
12 members shall be recused from voting on setting lease rents,
13 water rates, or utility rates, but may participate in
14 discussions. The director of business, economic development,
15 and tourism shall serve as the chairperson until such time as a
16 chairperson is elected by the board from the membership. The
17 board shall elect other officers as it deems necessary."

18 SECTION 7. Section 304A-1959, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "[+]§304A-1959[+] **Biennial report.** No later than twenty
21 days prior to the convening of the regular session of each odd-



1 numbered year, the University of Hawaii shall submit a report to
2 the legislature concerning:

- 3 (1) All funds deposited into the university innovation and
4 commercialization initiative special fund and a
5 detailed description of the use of those funds; and
6 (2) Coordinated efforts between the innovation and
7 commercialization initiative program and other state
8 agencies, including the [Hawaii] innovation and
9 technology [development] research corporation[, ~~the~~
10 ~~Hawaii strategic development corporation,~~] and the
11 Hawaii state energy office, to move the State's
12 innovation goals forward, and to more efficiently and
13 effectively utilize resources to achieve these
14 outcomes.

15 SECTION 8. Section 304A-3101, Hawaii Revised Statutes, is
16 amended by amending subsection (b) to read as follows:

17 "(b) The center shall assist the State's Hawaii innovation
18 and technology [development] research corporation in its
19 efforts, shall promote educational, scientific, technological,
20 and literary pursuits in the area of high technology, and shall



1 provide support for the high technology industry in Hawaii in
2 the following manner:

3 (1) By fostering scientific and technological interchange
4 between students and scholars of the United States and
5 other nations;

6 (2) By encouraging, initiating, aiding, developing, and
7 conducting scientific investigations and research in
8 high technology;

9 (3) By encouraging and aiding in the education and
10 training of persons from the United States and other
11 nations for the conduct of such investigations,
12 research, and study;

13 (4) By assisting in the dissemination of knowledge by
14 establishing, aiding, and maintaining professorships
15 or other staff positions, fellowships, scholarships,
16 publications, and lectures;

17 (5) By other means to make the benefits of investigations,
18 research, and study available to the public; and

19 (6) By any and all other acts reasonably designed to
20 further the above purposes in the interest of
21 promoting the general welfare of the people of the



1 State and the mutual understanding between the United
2 States and other nations."

3 SECTION 9. Section 394-8, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) The department shall utilize the resources of the
6 University of Hawaii, including the community college system,
7 the Hawaii innovation and technology [~~development~~] research
8 corporation, and other educational and training resources in the
9 public and private sectors throughout the State as may be
10 appropriate to be used to provide preemployment or employment
11 training or on-the-job training for local residents hired by
12 businesses relocating to Hawaii or expanding their local
13 operations. Training may include, but not be limited to,
14 training in entrepreneurship, capital formation, start-up, and
15 business plans. The department may contract for these training
16 needs from public agencies including the various University of
17 Hawaii campuses, private educational institutions, nonprofit
18 corporations, or private entities in order to provide the
19 required training."

20 PART IV



1 SECTION 10. Chapter 206M, Hawaii Revised Statutes, is
2 repealed.

3 SECTION 11. All rights, powers, functions, and duties of
4 the Hawaii technology development corporation are transferred to
5 the Hawaii innovation and technology research corporation.

6 All employees who occupy civil service positions and whose
7 functions are transferred to the Hawaii innovation and
8 technology research corporation by this Act shall retain their
9 civil service status, whether permanent or temporary. Employees
10 shall be transferred without loss of salary, seniority (except
11 as prescribed by applicable collective bargaining agreements),
12 retention points, prior service credit, any vacation and sick
13 leave credits previously earned, and other rights, benefits, and
14 privileges, in accordance with state personnel laws and this
15 Act; provided that the employees possess the minimum
16 qualifications and public employment requirements for the class
17 or position to which transferred or appointed, as applicable;
18 provided further that subsequent changes in status may be made
19 pursuant to applicable civil service and compensation laws.

20 Any employee who, prior to this Act, is exempt from civil
21 service and is transferred as a consequence of this Act may



1 retain the employee's exempt status, but shall not be appointed
2 to a civil service position as a consequence of this Act. An
3 exempt employee who is transferred by this Act shall not suffer
4 any loss of prior service credit, vacation or sick leave credits
5 previously earned, or other employee benefits or privileges as a
6 consequence of this Act; provided that the employees possess
7 legal and public employment requirements for the position to
8 which transferred or appointed, as applicable; provided further
9 that subsequent changes in status may be made pursuant to
10 applicable employment and compensation laws. The president and
11 chief executive officer may prescribe the duties and
12 qualifications of these employees and fix their salaries without
13 regard to chapter 76, Hawaii Revised Statutes.

14 SECTION 12. All appropriations, records, equipment,
15 machines, files, supplies, contracts, books, papers, documents,
16 maps, and other personal property heretofore made, used,
17 acquired, or held by the Hawaii technology development
18 corporation relating to the functions transferred to the Hawaii
19 innovation and technology research corporation shall be
20 transferred with the functions to which they relate.



1 SECTION 13. All rules, policies, procedures, guidelines,
2 and other materials adopted or developed by the Hawaii
3 technology development corporation to implement provisions of
4 the Hawaii Revised Statutes which are made applicable to the
5 Hawaii innovation and technology research corporation by this
6 Act, shall remain in full force and effect until amended or
7 repealed by the department of business, economic development and
8 tourism pursuant to chapter 91, Hawaii Revised Statutes. In the
9 interim, every reference to Hawaii technology development
10 corporation in those rules, policies, procedures, guidelines,
11 and other material is amended to refer to the Hawaii innovation
12 and technology research corporation as appropriate.

13 SECTION 14. All deeds, leases, contracts, loans,
14 agreements, permits, or other documents executed or entered into
15 by or on behalf of the Hawaii technology development corporation
16 pursuant to the provisions of the Hawaii Revised Statutes, which
17 are made applicable to the Hawaii innovation and technology
18 research corporation by this Act, shall remain in full force and
19 effect. Upon the effective date of this Act, every reference to
20 the Hawaii technology development corporation therein shall be



1 construed as a reference to the Hawaii innovation and technology
2 research corporation as appropriate.

3 PART V

4 SECTION 15. Chapter 211F, Hawaii Revised Statutes, is
5 repealed.

6 SECTION 16. All rights, powers, functions, and duties of
7 the Hawaii strategic development corporation are transferred to
8 the Hawaii innovation and technology research corporation.

9 All employees who occupy civil service positions and whose
10 functions are transferred to the Hawaii innovation and
11 technology research corporation by this Act shall retain their
12 civil service status, whether permanent or temporary. Employees
13 shall be transferred without loss of salary, seniority (except
14 as prescribed by applicable collective bargaining agreements),
15 retention points, prior service credit, any vacation and sick
16 leave credits previously earned, and other rights, benefits, and
17 privileges, in accordance with state personnel laws and this
18 Act; provided that the employees possess the minimum
19 qualifications and public employment requirements for the class
20 or position to which transferred or appointed, as applicable;



1 provided further that subsequent changes in status may be made
2 pursuant to applicable civil service and compensation laws.

3 Any employee who, prior to this Act, is exempt from civil
4 service and is transferred as a consequence of this Act may
5 retain the employee's exempt status, but shall not be appointed
6 to a civil service position as a consequence of this Act. An
7 exempt employee who is transferred by this Act shall not suffer
8 any loss of prior service credit, vacation or sick leave credits
9 previously earned, or other employee benefits or privileges as a
10 consequence of this Act; provided that the employees possess
11 legal and public employment requirements for the position to
12 which transferred or appointed, as applicable; provided further
13 that subsequent changes in status may be made pursuant to
14 applicable employment and compensation laws. The president and
15 chief executive officer may prescribe the duties and
16 qualifications of these employees and fix their salaries without
17 regard to chapter 76, Hawaii Revised Statutes.

18 SECTION 17. All appropriations, records, equipment,
19 machines, files, supplies, contracts, books, papers, documents,
20 maps, and other personal property heretofore made, used,
21 acquired, or held by the Hawaii strategic development



1 corporation relating to the functions transferred to the Hawaii
2 innovation and technology research corporation shall be
3 transferred with the functions to which they relate.

4 SECTION 18. All rules, policies, procedures, guidelines,
5 and other materials adopted or developed by the Hawaii strategic
6 development corporation to implement provisions of the Hawaii
7 Revised Statutes which are made applicable to the Hawaii
8 innovation and technology research corporation by this Act,
9 shall remain in full force and effect until amended or repealed
10 by the department of business, economic development and tourism
11 pursuant to chapter 91, Hawaii Revised Statutes. In the
12 interim, every reference to Hawaii strategic development
13 corporation in those rules, policies, procedures, guidelines,
14 and other material is amended to refer to the Hawaii innovation
15 and technology research corporation as appropriate.

16 SECTION 19. All deeds, leases, contracts, loans,
17 agreements, permits, or other documents executed or entered into
18 by or on behalf of the Hawaii strategic development corporation
19 pursuant to the provisions of the Hawaii Revised Statutes, which
20 are made applicable to the Hawaii innovation and technology
21 research corporation by this Act, shall remain in full force and



1 effect. Upon the effective date of this Act, every reference to
2 the Hawaii strategic development corporation therein shall be
3 construed as a reference to the Hawaii innovation and technology
4 research corporation as appropriate.

5 PART VI

6 SECTION 20. Act 49, Session Laws of Hawaii 2017, is
7 amended by amending section 3, Item A-19 to read as follows:

8	"19. BED143 - [HIGH]	<u>HAWAII</u>	TECHNOLOGY DEVELOPMENT CORPORATION		
9				1.50*	1.50*
10				3.75#	3.75#
11	OPERATING		BED	4,085,439A	1,085,439A
12				1.50*	[1.50*]
13					0.0*
14				6.25#	[6.25#]
15					0.0#
16			BED	3,858,345B	[3,898,345B]
17					0B
18			BED	1,500,000W	1,500,000W
19				9.00#	9.00#
20			BED	964,713P	964,713P"

22 SECTION 21. There is appropriated out of the general
23 revenues of the State of Hawaii the sum of \$370,410 or so much
24 thereof as may be necessary for fiscal year 2018-2019 for
25 personal services to convert 1.50 permanent positions and 6.25
26 temporary positions in the Hawaii technology development
27 corporation (BED143/TE) from special funds to general funds.



1 SECTION 25. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 26. This Act shall take effect on July 1, 2020;
4 provided that part VI shall take effect on July 1, 2018.



Report Title:

Hawaii Innovation and Technology Research Corporation; DBEDT

Description:

Creates the Hawaii Innovation and Technology Research Corporation and transfers the rights, powers, functions, duties, and employees of the Hawaii Technology Development Corporation (HTDC) and the Hawaii Strategic Development Corporation to the Hawaii Innovation and Technology Research Corporation. Provides funding to HTDC to convert positions from special funds to general funds. (HD2 Proposed)

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

