

JAN 27 2021

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# A BILL FOR AN ACT

RELATING TO TECHNOLOGY.

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

1           SECTION 1. The legislature finds that the economic  
2 disruption caused by the global coronavirus disease 2019 (COVID-  
3 19) pandemic has illustrated a need to diversify Hawaii's  
4 economy beyond tourism. While the federal government continues  
5 to provide billions of dollars to individual states for the  
6 purpose of developing economic diversity, the State has failed  
7 to lobby sufficiently for such funds even with the current dire  
8 state of the economy.

9           The legislature also finds that the development of a Hawaii  
10 diversification and resilience in a vibrant economy program will  
11 help the State to recover from this pandemic by utilizing funds  
12 from the federal government for the purpose of developing  
13 economic diversity.

14           Significant progress has been made in the past years  
15 through programs supported by federal and state initiatives,  
16 administered by the Hawaii technology development corporation,  
17 but more is required to move Hawaii's technology industry to



1 achieve local technology commercialization and manufacturing.  
2 Innovation in science and technology fields will enable the  
3 State to recover from the COVID-19 pandemic and will also  
4 support the State's sustainable economic development goals to  
5 include a viable and vibrant technology and manufacturing labor  
6 force.

7       The legislature finds that the small business innovation  
8 research and small business technology transfer is a highly  
9 competitive program that encourages domestic small businesses to  
10 engage in federal research and development that has the  
11 potential for commercialization. The Hawaii small business  
12 innovation research program provides matching funds to Hawaii-  
13 based companies to enhance their project development, compete  
14 for the more lucrative awards to conduct prototype development  
15 and ultimately reach successful commercialization. These  
16 businesses are recognized for advancing technology to solve  
17 critical challenges for the nation. The Hawaii technology  
18 development corporation provides Hawaii small business  
19 innovation research funds in various phases and available  
20 funding for this grant program is approved on a yearly basis.  
21 Projects in phase 0 receive up to \$3,000 in reimbursement for



1 grant writing services. Funds granted in phase one receive up  
2 to a fifty per cent match or up to \$75,000 of the Federal Phase  
3 I award, and Phases II and III provide up to a \$500,000.

4 While successful, the limitation of the current Hawaii  
5 small business innovation research program should be expanded.  
6 The legislature further finds that the State has not requested  
7 and acquired federal funding for economic diversification,  
8 including technology commercialization and manufacturing,  
9 despite the State's dire economic condition.

10 The purpose of this Act is to:

11 (1) Create the Hawaii diversification and resilience in a  
12 vibrant economy (HI DRiVE) program and special fund,  
13 the purpose of which is to use funds acquired from the  
14 federal government to develop economic diversity in  
15 the State.

16 (2) Build on Hawaii's successful pursuit of small business  
17 innovation research phase II awards and use funds to  
18 support phase III efforts to commercialize technology,  
19 develop manufacturing infrastructure, acquire  
20 equipment or materials, and support training or  
21 quality systems; and



1 (3) Require the governor to apply for \$100,000,000 in  
2 economic diversification assistance from the federal  
3 government for the creation of the HI DRiVE program.

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

7 "§206M- Hawaii diversification and resilience in a  
8 vibrant economy program; established. (a) There is established  
9 within the development corporation, the diversification and  
10 resilience in a vibrant economy program, to provide a grant to  
11 any Hawaii-based business that is eligible for a grant pursuant  
12 to section 206M-15.

13 (b) The development corporation shall provide a grant to  
14 any Hawaii-based business that receives a federal small business  
15 innovation research phase II award or contract from any  
16 participating federal agency, as described in section 206M-15.  
17 The grant may be in an amount up to one hundred per cent of the  
18 amount of the federal award or contract; provided that the funds  
19 shall be used for commercialization or manufacturing.

20 (c) All moneys necessary to carry out the purposes of this  
21 section shall be appropriated by the legislature through



1 appropriations out of the Hawaii diversification and resilience  
2 in a vibrant economy program special fund.

3 (d) The development corporation shall submit a report to  
4 the legislature no later than twenty days prior to the convening  
5 of the regular session held in every even-numbered year. The  
6 report shall include the following items:

7 (1) The total number of grants provided pursuant to this  
8 section;

9 (2) The sectors provided with grants;

10 (3) The total projected economic and employment growth  
11 facilitated by the grants provided; and

12 (4) The actual economic and employment growth that  
13 occurred as a result of the grants provided.

14 §206M- Hawaii diversification and resilience in a  
15 vibrant economy special fund. There is established in the state  
16 treasury a fund to be known as the Hawaii diversification and  
17 resilience in a vibrant economy special fund special fund to be  
18 administered by the development corporation pursuant to section  
19 206M- , into which shall be deposited all moneys received in  
20 economic diversification assistance from the federal  
21 government."



1 SECTION 3. The governor shall apply for \$100,000,000 of  
2 federal funding for the further development of economic  
3 diversity in the creation of the Hawaii diversification and  
4 resilience in a vibrant economy program, which shall be  
5 deposited into the special fund established pursuant to  
6 section 2 of this Act. The program shall encourage Hawaii-based  
7 small businesses to engage in economic diversification,  
8 including technology commercialization and manufacturing.

9 SECTION 5. New statutory material is underscored.

10 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:





# S.B. NO. 1420

**Report Title:**

Economic Diversification; Hawaii Technology Development Corporation; Hawaii Diversification and Resilience in a Vibrant Economy Program; Special Fund; Federal Funds

**Description:**

Creates the Hawaii Diversification and Resilience in a Vibrant Economy Program (HI DRiVE) and special fund, which requires the Hawaii technology development corporation to build on small business innovation research phase II awards and use funds to support phase III efforts to commercialize technology, develop manufacturing infrastructure, acquire equipment or materials, and support training or quality systems. Requires the governor to apply for \$100,000,000 in economic diversification assistance from the federal government for the creation of the HI DRiVE program.

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