



GOV. MSG. NO. 1370

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

July 7, 2023

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Second State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki
Speaker, and Members of the
House of Representatives
Thirty-Second State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

I am transmitting herewith HB999, without my approval and with the statement of objections relating to the measure.

HB999

RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION.

Sincerely,

Josh Green, M.D.
Governor, State of Hawai'i

EXECUTIVE CHAMBERS

HONOLULU

July 7, 2023

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 999

Honorable Members
Thirty-Second Legislature
State of Hawai'i

Pursuant to Section 16 of Article III of the Constitution of the State of Hawai'i, I am returning herewith, without my approval, House Bill No. 999, entitled "A Bill for an Act Relating to the Hawaii Technology Development Corporation."

The purposes of this bill are to: (1) amend the composition of the Hawaii Technology Development Corporation (HTDC) Board of Directors; (2) establish a public policy framework that addresses state goals in the area of economic diversification; (3) appropriate \$6,000,000 to HTDC for economic diversification for fiscal year 2023-2024 and fiscal year 2024-2025, respectively; and (4) require HTDC to submit annual reports to the Legislature.

This bill is objectionable because, although it provides much needed funding that supports HTDC core programs, it also proposes a new composition of the HTDC Board of Directors that targets a current sitting member and removes this member from serving. The bill requires the University of Hawai'i (UH) to designate a UH Regent to serve on the HTDC Board and eliminates UH's ability to decide and designate the most appropriate representative within its organization. UH Regents devote a significant amount of time and effort to ensure the higher education needs of the State are met through their duties as Regents; adding further duties, unrelated to higher education, would detract from this.

For the foregoing reasons, I am returning House Bill No. 999 without my approval.

Respectfully,



JOSH GREEN, M.D.
Governor of Hawai'i

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

1

PART I

2 SECTION 1. Section 206M-2, Hawaii Revised Statutes, is
3 amended by amending subsection (b) to read as follows:

4 "(b) The governing body of the development corporation
5 shall consist of a board of directors having nine voting
6 members. The director of business, economic development, and
7 tourism, ~~[and an appointed member from the University of Hawaii,~~
8 ~~or their designated representatives,]~~ or the director's
9 designee, and the chairperson of the board of regents of the
10 University of Hawaii shall serve as ex officio[+], [+] voting
11 members of the board[-]; provided that the chairperson of the
12 board of regents, with the approval of the board of regents and
13 subject to quorum and majority requirements, may designate
14 another regent to serve. All members shall have knowledge,
15 interest, and proven expertise in, but not limited to, one or
16 more of the following fields: finance, commerce and trade,
17 corporate management, marketing, economics, engineering,



1 telecommunications, innovation, and other technology fields.

2 Seven of the members shall be appointed by the governor pursuant
3 to section 26-34 for staggered terms; provided that membership
4 shall include:

5 (1) Three members who shall be appointed by the governor
6 from a list of four nominees submitted by the
7 president of the senate, and three members who shall
8 be appointed by the governor from a list of four
9 nominees submitted by the speaker of the house of
10 representatives; provided that if fewer than four
11 nominees are submitted for each appointment, the
12 governor may disregard the list; and

13 (2) One member who shall be appointed by the governor from
14 the economic development board of Maui, Kauai, or
15 Hawaii county.

16 The governor shall make board member appointments to ensure the
17 fulfillment of all requirements of paragraphs (1) and (2);
18 provided that upon the occurrence of a vacancy subject to
19 paragraph (1), the governor shall notify the president of the
20 senate and the speaker of the house of representatives of any
21 unfulfilled requirements pursuant to paragraphs (1) and (2), and



1 the president of the senate or the speaker of the house of
2 representatives, as appropriate, shall submit nominees who
3 fulfill the requirements pursuant to paragraphs (1) and (2).
4 All appointed members of the board shall continue in office
5 until their respective successors have been appointed. The
6 director of business, economic development, and tourism shall
7 serve as the chairperson until such time as a chairperson is
8 elected by the board from the membership. The board shall elect
9 other officers as it deems necessary."

10 PART II.

11 SECTION 2. The legislature finds that, in light of the
12 State's ongoing economic recovery from the outbreak of the
13 coronavirus disease 2019 (COVID-19), the State must accelerate
14 its economic diversification efforts through substantial,
15 strategic, coordinated investments.

16 This part establishes a policy framework for Hawaii
17 technology development corporation projects that will ensure
18 economic success. The legislature finds that the implementation
19 of this framework will not require a significant additional
20 investment in overhead resources but will require funds for
21 specific projects that are identified collaboratively by the



1 legislature and the Hawaii technology development corporation.
2 The implementation will also require the establishment of
3 specific goals that these projects shall address and reports to
4 the legislature that assess the effectiveness of the projects in
5 meeting those goals.

6 The legislature further finds that through this part, the
7 Hawaii technology development corporation will serve as a
8 facilitative catalyst for innovation in the State and will help
9 to align the State with the emerging knowledge-based,
10 zero-emission, and digital global economy while putting Hawaii
11 on the path toward economic prosperity.

12 Accordingly, the purpose of this part is to promote
13 economic recovery and diversification by:

- 14 (1) Establishing state goals for economic growth fueled by
15 innovation and technology;
- 16 (2) Appropriating funds to the Hawaii technology
17 development corporation to implement specific projects
18 that address those goals; and
- 19 (3) Requiring the Hawaii technology development
20 corporation to submit annual reports to the
21 legislature that summarize:



1 (A) The progress of projects assigned to the Hawaii
2 technology development corporation by this part;

3 (B) The outcomes of the projects, including an
4 assessment of each project's effectiveness in
5 achieving the state goals for economic growth;
6 and

7 (C) Any other findings and recommendations, including
8 proposed legislation.

9 SECTION 3. (a) The legislature declares that the projects
10 for which funds are appropriated pursuant to section 4 of this
11 Act shall align with one or more of the following goals that
12 address economic diversification:

13 (1) Economic diversification through participation in the
14 digital economy: projects shall address economic
15 diversification by strengthening Hawaii's
16 participation in the digital economy, including:

17 (A) Accessing new markets and market opportunities;

18 (B) Strengthening business capacity and readiness to
19 participate in the digital economy;

20 (C) Retaining and strengthening businesses that are
21 increasing revenues through the digital economy;



- 1 (D) Strengthening digital economy infrastructure,
- 2 including broadband affordability and coworking
- 3 facilities; and
- 4 (E) Increasing the number of businesses, revenue, and
- 5 employees dedicated to the digital economy;
- 6 (2) Economic diversification through strengthened trade
- 7 activities: projects shall address economic
- 8 diversification by strengthening traded activities
- 9 that redistribute Hawaii's gross domestic product,
- 10 including:
- 11 (A) Increasing the export of goods manufactured in
- 12 the State;
- 13 (B) Increasing the export of knowledge-based
- 14 professional services;
- 15 (C) Increasing the value of knowledge-based
- 16 professional services through research and
- 17 development and intellectual property;
- 18 (D) Strengthening the post-production capacity for
- 19 value-added agriculture and manufacturing; and
- 20 (E) Increasing the number of businesses, revenue,
- 21 and employees in traded sectors; and



1 (3) Economic diversification through increase in activity
2 to reduce and mitigate climate change: projects shall
3 address economic diversification by focusing on
4 activities at the intersection of technology
5 development and climate change mitigation, including:
6 (A) Making renewable energy more affordable;
7 (B) Retaining and strengthening businesses that are
8 increasing revenues through solutions to reduce
9 climate change;
10 (C) Increasing the export of knowledge-based
11 professional services related to climate change
12 mitigation; and
13 (D) Increasing the number of businesses, revenue, and
14 employees in renewable energy sectors.
15 (b) The Hawaii technology development corporation shall
16 implement the projects for which funds are appropriated in
17 section 4 of this Act for the purpose of meeting the goals
18 described in subsection (a); provided that the Hawaii technology
19 development corporation may work with any other state or county
20 agency for the implementation of the assigned projects.



1 (c) No later than twenty days prior to the convening of
2 the regular sessions of 2024, 2025, and 2026, the Hawaii
3 technology development corporation shall submit a report to the
4 legislature that includes:

5 (1) A summary of the progress of the projects assigned to
6 the Hawaii technology development corporation by this
7 part;

8 (2) The outcomes of the projects assigned to the Hawaii
9 technology development corporation by this part,
10 including an assessment of each project's
11 effectiveness in achieving the goals described in
12 subsection (a); and

13 (3) Any findings and recommendations, including any
14 proposed legislation.

15 SECTION 4. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$6,000,000 or so much
17 thereof as may be necessary for fiscal year 2023-2024 and the
18 same sum or so much thereof as may be necessary for fiscal year
19 2024-2025 for economic diversification, as described in section
20 3(a) of this Act, as follows:



- 1 (1) \$2,000,000 to accelerate economic diversification by
- 2 supporting, enhancing, and encouraging new accelerator
- 3 programs;
- 4 (2) \$2,000,000 to support economic development
- 5 opportunities with the trade sector, especially
- 6 products manufactured in Hawaii; and
- 7 (3) \$2,000,000 to support economic development
- 8 opportunities with the defense sector, including
- 9 aerospace, and to support companies conducting small
- 10 business innovation research through matching grants.

11 The sums appropriated shall be expended by the Hawaii
 12 technology development corporation for the purposes of this
 13 part.

14 PART III

15 SECTION 5. In accordance with section 9 of article VII of
 16 the Hawaii State Constitution and sections 37-91 and 37-93,
 17 Hawaii Revised Statutes, the legislature has determined that the
 18 appropriations contained in H.B. No. 300, H.D. 1, S.D. 1,
 19 C.D. 1, will cause the state general fund expenditure ceiling
 20 for fiscal year 2023-2024 to be exceeded by \$1,063,767,367 or
 21 10 per cent. In addition, the appropriations contained in this



1 Act will cause the general fund expenditure ceiling for fiscal
2 year 2023-2024 to be further exceeded by \$6,000,000 or 1 per
3 cent. The combined total amount of general fund appropriations
4 contained in only these two Acts will cause the state general
5 fund expenditure ceiling for fiscal year 2023-2024 to be
6 exceeded by \$1,069,767,367 or 11 per cent. The reasons for
7 exceeding the general fund expenditure ceiling are that:

8 (1) The appropriation made in this Act is necessary to
9 serve the public interest; and

10 (2) The appropriation made in this Act meets the needs
11 addressed by this Act.

12 SECTION 6. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 7. This Act shall take effect on July 1, 2023.

APPROVED this day of , 2023

GOVERNOR OF THE STATE OF HAWAII



HB No. 999, HD 1, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: **MAY 04 2023**
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Second Legislature of the State of Hawaii, Regular Session of 2023.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: MAY 04 2023
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Second Legislature of the State of Hawai'i, Regular Session of 2023.


President of the Senate


Clerk of the Senate