
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. The legislature finds that, in light of the
3 State's ongoing economic recovery from the outbreak of the
4 coronavirus disease 2019 (COVID-19) pandemic, the State must
5 accelerate its economic diversification efforts through
6 substantial, strategic, coordinated investments.

7 This Act establishes a policy framework for Hawaii
8 technology development corporation projects that will ensure
9 economic success. The legislature finds that the implementation
10 of this framework will not require a significant additional
11 investment in overhead resources but will require funds for
12 specific projects that are identified collaboratively by the
13 legislature and the Hawaii technology development corporation.
14 The implementation will also require the establishment of
15 specific goals that these projects shall address and reports to
16 the legislature that assess the effectiveness of the projects in
17 meeting those goals.



1 The legislature finds that, through this Act, the Hawaii
2 technology development corporation will serve as a facilitative
3 catalyst for innovation in the State and will help to align the
4 State with the emerging knowledge-based, zero-emission, and
5 digital global economy while putting Hawaii on the path toward
6 economic prosperity.

7 Accordingly, the purpose of this Act is to promote economic
8 recovery and diversification by:

- 9 (1) Establishing state goals for economic growth fueled by
10 innovation and technology;
- 11 (2) Appropriating funds to the Hawaii technology
12 development corporation to implement specific projects
13 that address those goals;
- 14 (3) Requiring the Hawaii technology development
15 corporation to submit annual reports to the
16 legislature that summarize:
- 17 (A) The progress of projects assigned to the Hawaii
18 technology development corporation by this Act;
- 19 (B) The outcomes of the projects assigned to the
20 Hawaii technology development corporation,



- 1 including an assessment of each project's
- 2 effectiveness in achieving state goals; and
- 3 (C) Any other findings and recommendations, including
- 4 any proposed legislation; and
- 5 (4) Re-establishing the two-year Hawaii office of naval
- 6 research grant program.

PART II

8 SECTION 2. (a) The legislature declares that the projects
 9 for which funds are appropriated pursuant to sections 4 and 5 of
 10 this Act align with one or more of the following goals that
 11 address economic diversification:

- 12 (1) Economic diversification through participation in the
- 13 digital economy: projects shall address economic
- 14 diversification by strengthening Hawaii's
- 15 participation in the digital economy, including:
- 16 (A) Accessing new markets and market opportunities;
- 17 (B) Strengthening business capacity and readiness to
- 18 participate in the digital economy;
- 19 (C) Retaining and strengthening businesses that are
- 20 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, and
- 21 employees in traded sectors.



- 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 sections 4 and 5 of this Act for the purpose of meeting the
18 goals described in subsection (a); provided that the Hawaii
19 technology development corporation may work with any other state
20 or county agency for the implementation of the assigned
21 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 Act;

8 (2) The outcomes of the projects assigned to the Hawaii
9 technology development corporation by this Act,
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 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$ or so much
17 thereof as may be necessary for fiscal year 2023-2024 to be
18 deposited into the strategic development programs revolving
19 fund.

20 SECTION 4. There is appropriated out of the strategic
21 development programs revolving fund the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2023-2024 for the
2 purposes of stimulating private capital investments into small
3 businesses in Hawaii and for administrative support of the state
4 small business credit initiative.

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

7 SECTION 5. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so much
9 thereof as may be necessary for fiscal year 2023-2024 for the
10 purpose of economic diversification, as described in section
11 2(a) of this Act as follows:

12 (1) \$ to accelerate economic diversification by
13 supporting and enhancing existing accelerator grant
14 programs and encouraging new accelerator programs;

15 (2) \$ to support economic development opportunities
16 with the trade sector, especially for products
17 manufactured in Hawaii, by working with strategic
18 partners to build awareness of Hawaii-made products
19 outside of the State;



1 (3) \$ for operations, administration, and awarding
2 of grants by the Hawaii small business innovation
3 research program;

4 (4) \$ to support economic development opportunities
5 with the defense sector, including aerospace, and to
6 support companies conducting small business innovation
7 research to transition past grants into large
8 contracts;

9 (5) \$ for operations, administration, and awarding
10 of grants by the manufacturing assistance program; and

11 (6) \$ to reduce and mitigate climate change through
12 renewable energy technology demonstration projects
13 such as hydrogen, geothermal, or clean ground, air,
14 and sea transportation in support of Hawaii's hydrogen
15 hub proposal to the United States Department of
16 Energy.

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

19 SECTION 6. The appropriation made for projects authorized
20 by section 5 of this Act shall not lapse at the end of the
21 fiscal biennium for which the appropriation is made; provided



1 that all moneys from the appropriation unencumbered as of June
2 30, 2025, shall lapse as of that date.

3 PART III

4 SECTION 7. (a) There is established within the department
5 of business, economic development, and tourism, a three-year
6 Hawaii office of naval research grant program to provide grants
7 to qualified businesses conducting research and development in
8 alternative energy. The purpose of the program shall be to
9 promote the research and development of alternative energy in
10 Hawaii by authorizing the Hawaii technology development
11 corporation to provide matching grants to businesses that meet
12 criteria established in subsection (b).

13 (b) Subject to the availability of funds, the Hawaii
14 technology development corporation may provide a grant to any
15 business that:

16 (1) Has been awarded a competitive contract from the
17 Department of Defense Office of Naval Research that is
18 related to research on alternative energy and energy
19 efficiency technologies in the fields of geothermal,
20 solar, wind, ocean power, hydrodynamics, bioenergy,



- 1 biomass, solid waste, smart grids, transportation, or
2 demand response;
- 3 (2) Is sixty per cent or more resident-owned; provided
4 that for purposes of this paragraph, "resident" shall
5 have the same meaning as defined in section 235-1,
6 Hawaii Revised Statutes;
- 7 (3) Is a for-profit entity organized under the laws of the
8 State;
- 9 (4) Has been doing business in the State for not less than
10 one year;
- 11 (5) Agrees to expend all grant funds awarded pursuant to
12 this Act in the State; and
- 13 (6) Conducts research in alternative energy that has a
14 high technology readiness level or high potential for
15 implementation as evidenced by a contract, funded by
16 moneys designated by the United States Congress as
17 funding for alternative energy and a national defense
18 budget funding directive, with the Department of
19 Defense Office of Naval Research that is existing and
20 active or was granted within three years prior to the
21 effective date of this Act;



1 provided that the amount of any grant awarded pursuant to this
2 Act shall not exceed fifty per cent of the amount of the grant
3 awarded to the business by the Department of Defense Office of
4 Naval Research; provided further that the business shall not be
5 eligible for a grant pursuant to this section if the business
6 has obtained any other state grant for the same research, other
7 than the grant awarded to the business by the Department of
8 Defense Office of Naval Research, at the time of or during the
9 duration of the grant from the Hawaii office of naval research
10 grant program.

11 (c) The Hawaii office of naval research grant program
12 shall cease to exist on June 30, 2026.

13 (d) The department of business, economic development, and
14 tourism shall adopt rules, pursuant to chapter 91, Hawaii
15 Revised Statutes, necessary for the purposes of implementing the
16 Hawaii office of naval research grant program.

17 SECTION 8. There is established the alternative energy
18 research and development revolving fund for the purpose of
19 promoting alternative energy research and development in Hawaii.



1 The alternative energy research and development revolving
2 fund shall be abolished on June 30, 2026, and all unencumbered
3 balances shall lapse to the credit of the general fund.

4 SECTION 9. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so
6 much thereof as may be necessary for fiscal year 2023-2024 and
7 the same sum or so much thereof as may be necessary for fiscal
8 year 2024-2025 to be deposited into the alternative energy
9 research and development revolving fund.

10 SECTION 10. There is appropriated out of the alternative
11 energy research and development revolving fund the sum of
12 \$ or so much thereof as may be necessary for fiscal
13 year 2023-2024 and the same sum or so much thereof as may be
14 necessary for fiscal year 2024-2025 for the purpose of the
15 Hawaii office of naval research grant program; provided that the
16 moneys appropriated by this Act shall not lapse at the end of
17 the 2024-2025 fiscal year; provided further that any moneys that
18 remain unencumbered on June 30, 2025, shall lapse on that date.

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



PART IV

SECTION 11. Section 206M-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The governing body of the development corporation shall consist of a board of directors having nine voting members. The director of business, economic development, and tourism, [~~and an appointed member from the University of Hawaii, or their designated representatives,~~] or the director's designee, and the chairperson of the board of regents of the university of Hawaii shall serve as ex officio[+], [+] voting members of the board[-]; provided that the chairperson of the board of regents, with the approval of the board of regents and subject to quorum and majority requirements, may designate another regent to serve. All members shall have knowledge, interest, and proven expertise in, but not limited to, one or more of the following fields: finance, commerce and trade, corporate management, marketing, economics, engineering, telecommunications, innovation, and other technology fields. Seven of the members shall be appointed by the governor pursuant to section 26-34 for staggered terms; provided that membership shall include:



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

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

12 The governor shall make board member appointments to ensure the
13 fulfillment of all requirements of paragraphs (1) and (2);
14 provided that upon the occurrence of a vacancy subject to
15 paragraph (1), the governor shall notify the president of the
16 senate and the speaker of the house of representatives of any
17 unfulfilled requirements pursuant to paragraphs (1) and (2), and
18 the president of the senate or the speaker of the house of
19 representatives, as appropriate, shall submit nominees who
20 fulfill the requirements pursuant to paragraphs (1) and (2).
21 All appointed members of the board shall continue in office



1 until their respective successors have been appointed. The
2 director of business, economic development, and tourism shall
3 serve as the chairperson until such time as a chairperson is
4 elected by the board from the membership. The board shall elect
5 other officers as it deems necessary."

6 PART V

7 SECTION 12. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 13. This Act shall take effect on July 1, 2050.



Report Title:

HTDC; Economic Diversification; Appropriation

Description:

Establishes a public policy framework that addresses state goals in the area of economic diversification. Appropriates funds to the Hawaii Technology Development Corporation to implement specific projects that address those goals. Requires the Hawaii Technology Development Corporation to submit annual reports to the Legislature. Authorizes the Hawaii Technology Development Corporation to temporarily re-establish the Hawaii Office of Naval Research Grant Program to provide fifty per cent matching grants to Hawaii awardees of alternative energy research grants from the Department of Defense Office of Naval Research. Establishes the Alternative Energy Research and Development Revolving Fund. Appropriates moneys into and out of the revolving fund. Amends the composition of the Hawaii Technology Development Corporation Board of Directors to include the Chairperson of the Board of Regents of the University of Hawaii, unless the Chairperson, with the approval of the Board of Regents, designates another Regent to serve. Effective 7/1/2050. (SD2)

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