

## GOV. MSG. NO. 137 D

### 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,

Joh Breen

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,

Joh Juero.

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



HOUSE OF REPRESENTATIVES THIRTY-SECOND LEGISLATURE, 2023 STATE OF HAWAII H.B. NO. 999 H.D. 1 S.D. 2 C.D. 1

## 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 members. The director of business, economic development, and 6 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 members of the board [-;]; provided that the chairperson of the 11 board of regents, with the approval of the board of regents and 12 subject to quorum and majority requirements, may designate 13 14 another regent to serve. All members shall have knowledge, interest, and proven expertise in, but not limited to, one or 15 more of the following fields: finance, commerce and trade, 16 17 corporate management, marketing, economics, engineering,

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1	telecommu	nications, innovation, and other technology fields.	
2	Seven of	the members shall be appointed by the governor pursuant	
3	to sectio	on 26-34 for staggered terms; provided that membership	
4	shall inc	lude:	
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 gover	mor shall make board member appointments to ensure the	
17	fulfillme	ent of all requirements of paragraphs (1) and (2);	
18	provided	that upon the occurrence of a vacancy subject to	
19	paragrapł	(1), the governor shall notify the president of the	
20	senate ar	nd the speaker of the house of representatives of any	
21	unfulfill	ed requirements pursuant to paragraphs (1) and (2), and	
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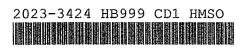
1	the president of the senate or the speaker of the house of
2	representatives, as appropriate, shall submit nominees who
3	fulfill the requirements pursuant to paragraphs (1) and (2).
4	All appointed members of the board shall continue in office
5	until their respective successors have been appointed. 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

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1	legislatu	re and the Hawaii technology development corporation.		
2	The impler	mentation will also require the establishment of		
3	specific o	goals that these projects shall address and reports to		
4	the legis.	lature that assess the effectiveness of the projects in		
5	meeting those goals.			
6	The .	legislature further finds that through this part, the		
7	Hawaii te	chnology 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-emis	sion, and digital global economy while putting Hawaii		
11	on the path toward economic prosperity.			
12	Acco	rdingly, 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:		



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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	SECT	ION 3	. (a) The legislature declares that the projects
10	for which	fund	s are appropriated pursuant to section 4 of this
11	Act shall	alig	n with one or more of the following goals that
12	address e	conom	ic diversification:
13	(1)	Econ	omic diversification through participation in the
14		digi	tal economy: projects shall address economic
15		dive	rsification by strengthening Hawaii's
16		part	icipation in the digital economy, including:
17		(A)	Accessing new markets and market opportunities;
18		(B)	Strengthening business capacity and readiness to
19		<b>v</b> = <i>i</i>	participate in the digital economy;
20	•	(C)	Retaining and strengthening businesses that are
21			increasing revenues through the digital economy;

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Strengthening digital economy infrastructure, 1 (D) including broadband affordability and coworking 2 3 facilities; and 4 (E) Increasing the number of businesses, revenue, and 5 employees dedicated to the digital economy; (2)Economic diversification through strengthened trade 6 7 activities: projects shall address economic diversification by strengthening traded activities 8 9 that redistribute Hawaii's gross domestic product, 10 including: 11 Increasing the export of goods manufactured in (A) 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

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1	(3)	Econ	omic diversification through increase in activity
2		to r	educe and mitigate climate change: projects shall
3		addr	ess economic diversification by focusing on
4		acti	vities at the intersection of technology
5		deve	lopment 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 t	his Act for the purpose of meeting the goals
18	described	in s	ubsection (a); provided that the Hawaii technology
19	developme	nt cc	rporation may work with any other state or county
20	agency fo	r the	implementation of the assigned projects.

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1	(c)	No later than twenty days prior to the convening of
2	the regul	ar sessions of 2024, 2025, and 2026, the Hawaii
3	technolog	y development corporation shall submit a report to the
4	legislatu	re 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	SECT	ION 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 a	s 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 t	this Act, as follows:

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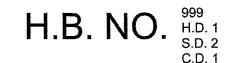
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1	(1)	\$2,000,000 to accelerate economic diversification by
2		supporting, enhancing, and encouraging new accelerator
3		programs;
4	(2)	\$2,000,000 to support economic development
5		opportunities with the trade sector, especially
6		products manufactured 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	technolog	y development corporation for the purposes of this
13	part.	
14		PART III
15	SECT	ION 5. In accordance with section 9 of article VII of
16	the Hawai	i State Constitution and sections 37-91 and 37-93,
17	Hawaii Re	vised Statutes, the legislature has determined that the
18	appropria	tions contained in H.B. No. 300, H.D. 1, S.D. 1,
19	C.D. 1, w	ill cause the state general fund expenditure ceiling
20	for fisca	l year 2023-2024 to be exceeded by \$1,063,767,367 or
21	10 per ce	ent. In addition, the appropriations contained in this

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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 0 4 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

Hil. That

Brian L. Takeshita Chief Clerk House of Representatives

H.B. No. 999, H.D. 1, S.D. 2, C.D. 1

### THE SENATE OF THE STATE OF HAWAI'I

Date: MAY 0 4 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

andry

Clerk of the Senate