

JAN 20 2023

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

1 SECTION 1. Chapter 206M, Hawaii Revised Statutes, is
2 amended by adding a new section to part V to be appropriately
3 designated and to read as follows:

4 "§206M- Accelerator program; established. (a) There
5 is established the accelerator program, through which the
6 development corporation may provide grants to Hawaii-based
7 start-up companies pursuant to this section.

8 (b) Subject to available funds, the accelerator program
9 shall:

10 (1) Apply funds to support product development, technology
11 transfer, and commercialization;

12 (2) Provide capital to support accelerated
13 commercialization activities for Hawaii-based start-up
14 companies;

15 (3) Provide capital to sustain high-potential
16 infrastructure development to assist Hawaii-based
17 start-up companies reach commercial success;



- 1 (4) Promote efforts that:
- 2 (A) Reverse the loss of qualified workers to other
- 3 states by creating jobs to retain existing Hawaii
- 4 technology employees; and
- 5 (B) Enable highly qualified scientists and engineers
- 6 to return to living wage jobs in Hawaii; and
- 7 (5) Promote efforts that keep technology companies in
- 8 Hawaii by limiting the need to seek out-of-state
- 9 venture capital, which dilutes local ownership and
- 10 increases the probability that a high-potential
- 11 technology company will move away from Hawaii;
- 12 provided that no company shall receive a grant exceeding
- 13 \$100,000 in any given year.
- 14 (c) All moneys necessary to carry out the purposes of this
- 15 section shall be appropriated out of the general fund by the
- 16 legislature.
- 17 (d) In reviewing grant applications pursuant to this
- 18 section, the development corporation shall analyze each
- 19 application to determine whether the item to be undertaken will
- 20 be economically viable and beneficial to the State.



1 (e) The development corporation shall submit a report to
2 the legislature no later than twenty days prior to the convening
3 of each regular session that includes:

- 4 (1) The total number of grants provided;
5 (2) The sectors provided with grants;
6 (3) The total projected economic and employment growth
7 facilitated by those grants; and
8 (4) The actual economic and employment growth that
9 occurred because of those grants.

10 The development corporation shall post the report on the
11 development corporation's website.

12 (f) The development corporation may adopt rules pursuant
13 to chapter 91 necessary to carry out the purposes of this
14 section.

15 (g) For purposes of this section:

16 "Hawaii-based start-up company" means a company:

- 17 (1) Headquartered in the State;
18 (2) Doing business in the State for not more than five
19 years; and
20 (3) Employing fifteen or more residents with income
21 subject to taxation pursuant to chapter 235.



1 "Resident" shall have the same meaning as in section
2 235-1."

3 SECTION 2. Section 206M-15.1, Hawaii Revised Statutes, is
4 amended by amending subsection (d) to read as follows:

5 "(d) The development corporation shall submit a report to
6 the legislature no later than twenty days prior to the convening
7 of ~~[the] each~~ regular session ~~[held in every even-numbered year.~~
8 ~~The report shall include the following items:]~~ that includes:

- 9 (1) The total number of grants provided;
- 10 (2) The sectors provided with grants;
- 11 (3) The amount of each grant awarded;
- 12 (4) A description of any equipment purchased with each
13 grant and the cost of that equipment;
- 14 (5) An assessment from the grantee describing how
15 effective the equipment purchased was in assisting the
16 grantee improve the grantee's manufacturing process or
17 energy efficiency, as appropriate;
- 18 ~~[-(3)]~~ (6) The total projected economic and employment
19 growth facilitated by the grants provided; and
- 20 ~~[-(4)]~~ (7) The actual economic and employment growth that
21 occurred as a result of the grants provided.



1 The development corporation shall post the report on the
2 development corporation's website."

3 SECTION 3. Section 206M-15.2, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§206M-15.2 Research and development program established.

6 (a) There is established within the development corporation,
7 the research and development program, to help Hawaii-based small
8 businesses optimize research and development performed in
9 Hawaii.

10 (b) Subject to available funds, the research and
11 development program shall:

12 (1) Apply funds to support product development, technology
13 transfer, and commercialization;

14 (2) Provide capital to support accelerated
15 commercialization activities for qualified
16 Hawaii-based small businesses;

17 (3) Provide capital to sustain high-potential
18 infrastructure development to assist qualified
19 Hawaii-based small businesses towards commercial
20 success;

21 (4) Promote efforts that [~~reverse~~]:



- 1 (A) Reverse the loss of qualified workers to other
2 states by providing jobs to retain existing
3 Hawaii technology employees; and [~~enable~~]
- 4 (B) Enable highly qualified scientists and engineers
5 to return to living-wage jobs in Hawaii;
- 6 (5) Promote efforts that keep technology companies in
7 Hawaii by limiting the need to seek out-of-state
8 venture capital, which dilutes local ownership and
9 increases the probability [~~of~~] that a high-potential
10 technology [~~companies moving~~] company will move away
11 from Hawaii; and
- 12 (6) Provide grants of up to \$300,000 for critical product
13 development that enables a qualified Hawaii-based
14 small business to achieve significant product
15 development and technical milestones.
- 16 (c) To receive funding, a Hawaii-based small business
17 shall submit to the development corporation proof of the federal
18 research and development tax credits received. Proof shall be
19 in the form of copies of the small business Internal Revenue
20 Service Form 6765 Credit for Increasing Research Activities as
21 filed. The business shall be eligible to receive a grant in an



1 amount equal to the average of the federal tax credit for the
2 prior three tax years.

3 (d) In reviewing grant applications pursuant to this
4 section, the development corporation shall analyze each
5 application to determine whether the item to be undertaken will
6 be economically viable and beneficial to the State.

7 (e) The development corporation may adopt rules pursuant
8 to chapter 91 necessary to carry out the purposes of this
9 section.

10 (f) The development corporation shall submit a report to
11 the legislature no later than twenty days prior to the convening
12 of each regular session that includes:

13 (1) The total number of grants provided;

14 (2) The sectors provided with grants;

15 (3) The total projected economic and employment growth
16 facilitated by those grants; and

17 (4) The actual economic and employment growth that
18 occurred because of those grants.

19 The development corporation shall post the report on the
20 development corporation's website.

21 [~~f~~] (g) For purposes of this section:



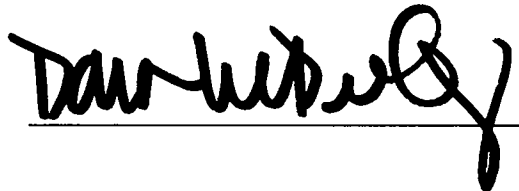
1 "Hawaii-based small business" means a company:
2 (1) Headquartered in the State;
3 (2) Doing business in the State for not less than five
4 years; and
5 (3) Employing fifteen or more residents with income
6 subject to taxation pursuant to chapter 235.

7 "Resident" shall have the same meaning as in section
8 235-1."

9 SECTION 4. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect upon its approval.

12

INTRODUCED BY: 



S.B. NO. 815

Report Title:

HTDC; Accelerator Program; Manufacturing and Development Program; Research and Development Program; Reports

Description:

Establishes an accelerator program within the Hawaii Technology Development Corporation. Amends the reporting requirements for Hawaii Technology Development Corporation's manufacturing and development program. Requires the Hawaii Technology Development Corporation to submit annual reports to the Legislature regarding the outcomes of the research and development program.

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

