

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1297
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 1297 entitled:

"A BILL FOR AN ACT RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION,"

begs leave to report as follows:

The purpose and intent of this measure is to promote economic
recovery and diversification by:

- (1) Establishing state goals for economic growth fueled by
innovation and technology;
- (2) Appropriating funds to the Hawaii Technology Development
Corporation to implement specific projects that address
these goals; and
- (3) Requiring the Hawaii Technology Development Corporation
to submit annual reports to the Legislature that
summarize:
 - (A) The progress of projects assigned to the Hawaii
Technology Development Corporation;
 - (B) The outcomes of the projects assigned to the Hawaii
Technology Development Corporation including an



assessment of each project's effectiveness in achieving state goals; and

- (C) Any other findings and recommendations, including any proposed legislation.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and Hawaii Technology Development Corporation.

Your Committee finds that, in light of the State's ongoing economic recovery from the coronavirus disease 2019 pandemic, the State must accelerate its economic diversification efforts through substantial, strategic, and coordinated investments. Your Committee believes that the Hawaii Technology Development Corporation should serve as a facilitative catalyst for innovation in the State. This measure will further align the State with the emerging knowledge-based, zero-emission, and digital global economy while putting Hawaii on the path toward economic prosperity.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the purpose of the appropriation made out of the strategic development programs revolving fund shall include administrative support of the state small business credit initiative;
- (2) Increasing the appropriation for projects that address economic diversification from \$10,000,000 to \$11,000,000 and clarifying that:
 - (A) \$2,000,000 shall be used to accelerate economic diversification by supporting and enhancing existing accelerator grant programs and encouraging new accelerator programs;
 - (B) \$2,000,000 shall be used to support economic development opportunities with the trade sector, especially for products manufactured in Hawaii, by working with strategic partners to build awareness of Hawaii-made products outside of the State;



- (C) \$2,000,000 shall be for operations, administration, and awarding of grants by the Hawaii Small Business Innovation Research Program;
 - (D) \$2,000,000 shall be to support economic development opportunities with the defense sector including aerospace and supporting companies conducting small business innovation research to transition past grants into large contracts;
 - (E) \$1,500,000 shall be for operations, administration, and awarding of grants by the Manufacturing Assistance Program; and
 - (F) \$1,500,000 shall be to reduce and mitigate climate change through renewable energy technology demonstration projects such as hydrogen, geothermal, or clean ground, air, and sea transportation in support of Hawaii's Hydrogen Hub Proposal to the United States Department of Energy;
- (3) Inserting language establishing a two-year Hawaii Office of Naval Research Grant Program to provide grants to qualified businesses conducting research and development in alternative energy;
 - (4) Inserting language establishing the Alternative Energy Research and Development Revolving Fund and inserting a blank appropriation amount for the fund;
 - (5) Amending section 1 to reflect its amended purpose; and
 - (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1297, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,

Lynn DeCoite

LYNN DECOITE, Chair



