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**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. Section 206M-15, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3           "(b) The development corporation may provide grants to any  
4 business in Hawaii that:

5           (1) Receives a federal small business innovation research  
6 phase I or II award or contract from any participating  
7 federal agency, up to fifty per cent of the amount of  
8 the federal award or contract;

9           (2) Receives a federal small business technology transfer  
10 program award or contract from any participating  
11 federal agency, up to fifty per cent of the amount of  
12 the federal award or contract;

13           (3) Receives a federal small business innovation research  
14 phase III or small business technology transfer  
15 program phase III award or contract, up to fifty per  
16 cent of the amount of the award or contract funded by  
17 private sector of government sources outside of the  
18 program; or

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1           (4) Applies for a small business innovation research  
2           federal grant or a small business technology transfer  
3           program federal grant, in an amount not to exceed  
4           ~~[\$3,000,]~~ \$6,000,  
5 subject to the availability of funds."

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

8           "(a) There is established the manufacturing development  
9 program, through which the development corporation may provide  
10 grants to any business in Hawaii that is a manufacturer in the  
11 State and requires assistance for any of the following items:

- 12           (1) Purchasing of manufacturing equipment;  
13           (2) Training of employees on the use of new or existing  
14           manufacturing equipment;  
15           (3) Improving existing energy efficiency manufacturing  
16           equipment or the purchase of improved energy  
17           efficiency equipment in the manufacturing process;  
18           ~~[or]~~  
19           (4) Purchasing of renewable energy technology systems, as  
20           defined in section 235-12.5, including photovoltaic,  
21           for the purpose of reducing manufacturing energy  
22           costs; provided that any renewable energy technology

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1           system purchased by a business that receives a grant  
2           pursuant to this paragraph shall not be eligible for  
3           the tax credit under section 235-12.5 to install or  
4           place that system in service; or

5           ~~[(4)]~~ (5) Studying or planning the implementation of a new  
6 manufacturing facility;  
7 provided that no grant shall exceed twenty per cent of the cost  
8 of any of the above items, and no company shall receive a grant  
9 exceeding \$100,000 in any given year."

10           SECTION 3. Section 235-12.5, Hawaii Revised Statutes, is  
11 amended by amending subsection (i) to read as follows:

12           "(i) No taxpayer shall be allowed a credit under this  
13 section for ~~[the]~~ :

14           (1) The portion of the renewable energy technology system  
15           required by section 196-6.5 that is installed and  
16           placed in service on any newly constructed single-  
17           family residential property authorized by a building  
18           permit issued on or after January 1, 2010~~[-]~~; or

19           (2) The installation or placing in service of any portion  
20           of a renewable energy technology system purchased in  
21           whole or in part with a grant received under the



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**Report Title:**

Hawaii Technology Development Corporation; Small Business Innovation Research Grant Program; Small Business Technology Transfer Grant Program; Manufacturing Development Grant Program

**Description:**

Increases the cap for awards to assist businesses applying for the Small Business Innovation Research Grant Program and the Small Business Technology Transfer Grant Program of the Hawaii Technology Development Corporation. Adds purchasing of renewable energy systems as an eligible expense and clarifies that training on both new and existing manufacturing equipment is an eligible expense for the Manufacturing Development Grant Program. Clarifies that no tax credit is available for renewable energy systems purchased with a grant received under the Manufacturing Development Grant Program.

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

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII  
TECHNOLOGY DEVELOPMENT CORPORATION.

PURPOSE: To increase the cap for awards to assist businesses applying for the Small Business Innovation Research (SBIR) Grant Program and the Small Business Technology Transfer (STTR) Grant Program. To add purchasing of renewable energy systems as an eligible expense and clarify that training on both new and existing manufacturing equipment is an eligible expense for the Manufacturing Development Grant Program. To clarify that no tax credit is available for renewable energy systems purchased with a grant received under the manufacturing development program.

MEANS: Amend sections 206M-15(b), 206M-15.1(a), and 235-12.5(i), Hawaii Revised Statutes.

JUSTIFICATION: The Hawaii Technology Development Corporation (HTDC) aims to encourage and assist new applicants to compete for the available federal SBIR or STTR funds by increasing the cap for awards that may be used to contract grant writing assistance. The current cap is no longer sufficient due to increased costs.

This bill is needed to increase workforce productivity and wages by clarifying that training on new or existing manufacturing equipment is an eligible expense for the Manufacturing Development Grant Program. Adding purchasing of renewable energy systems as an eligible expense will help manufacturers offset high energy costs in Hawaii.

It is necessary to amend the tax code to ensure no tax credit is provided in addition to making certain activities eligible

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expenses in the Manufacturing Development Grant Program.

Impact on the public: Small businesses will be able to secure more grant writing assistance, which will lead to higher award rates. More companies will be eligible to participate in the Manufacturing Development Grant Program.

Impact on the department and other agencies: Administrative rules may need to be amended.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-143.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.