
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

1 SECTION 1. The legislature finds that the Hawaii
2 technology development corporation, established in 1983, serves
3 as the State's lead agency for supporting the growth and
4 diversification of the technology, innovation, and manufacturing
5 sectors in the State. Over the past four decades, the
6 corporation has advanced statewide initiatives that have helped
7 small businesses and entrepreneurs expand into global markets,
8 supported the development of clean and renewable energy
9 technologies, and strengthened the manufacturing and innovation
10 ecosystem in the State through programs such as the Hawai'i small
11 business innovation research program, the manufacturing
12 assistance program and the accelerator program.

13 The legislature further finds that the corporation has
14 played a critical role in positioning innovation and technology
15 as key pillars of the State's economic development strategy.
16 Through partnerships with federal agencies, universities, and
17 local businesses, the corporation has helped attract federal



1 investment, foster workforce development, and cultivate high-
2 growth industries that contribute to long-term job creation and
3 the State's economic resilience.

4 The legislature, however, additionally finds many federal
5 grants require state matching funds, often ranging from one-to-
6 one to one-to-five ratios between state and federal
7 contributions. The existing process securing these matching
8 funds is not aligned with federal grant timelines, forcing state
9 agencies to seek emergency or ad hoc appropriations after
10 federal awards are announced. This misalignment reduces the
11 State's competitiveness and risks forfeiting millions in
12 potential federal dollars that could support the State's
13 economic diversification goals.

14 The legislature further finds that consistent and
15 predictable state support is essential for the corporation to
16 continue fulfilling its mission as an economic driver. By
17 providing access to timely matching funds, the legislature can
18 ensure that the State remains competitive in securing federal
19 awards that amplify local investment, support small businesses,
20 and advance the goals of a diversified and innovation-based
21 economy.



1 Furthermore, the legislature finds that the establishment
2 of a revolving fund will ensure that the corporation has timely
3 access to matching funds when applying for and administering
4 eligible federal grants. The fund shall only be allocated if
5 the corporation successfully secures a federal award that
6 requires a state match, thereby safeguarding state resources
7 while enhancing the State's ability to leverage federal
8 investment.

9 Accordingly, the purpose of this Act is to provide a
10 dedicated source of funds, through the establishment of a
11 revolving fund, to be used and administered by the Hawaii
12 technology development corporation to finance the State's
13 matching contributions required by federal grants supporting
14 innovation, technology, research, and manufacturing initiatives.

15 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§206M- Hawaii technology development corporation
19 revolving fund. (a) There is established in the state treasury
20 the Hawaii technology development corporation revolving fund to
21 be administered by the development corporation.



1 (b) The following shall be deposited into the Hawaii
2 technology development corporation revolving fund:
3 (1) Appropriations made by the legislature to the
4 revolving fund;
5 (2) Transfers from other funds as authorized by law;
6 (3) Federal funds received by the corporation as part of
7 grant awards;
8 (4) Repayments or reimbursements associated with prior
9 grant activities; and
10 (5) Any interest earned on the revolving fund balance.
11 (c) Moneys in the Hawaii technology development
12 corporation revolving fund shall be used for the following
13 purposes:
14 (1) To provide state matching funds for federal grants
15 awarded to the development corporation that require a
16 state contribution as a condition of the award;
17 (2) To cover administrative costs directly associated with
18 the management of the grants or the revolving fund;
19 and



1 (3) To support related activities approved by the board
2 that are necessary to fulfill federal grant
3 obligations.

4 (d) Moneys in the revolving fund shall not lapse at the
5 end of any fiscal year and shall remain available for
6 expenditure until the conclusion of the federal grant contract
7 or until the contract is otherwise terminated in accordance with
8 federal and state law.

9 (e) The development corporation shall submit an annual
10 report to the legislature no later than twenty days prior to the
11 convening of each regular session, beginning with the regular
12 session of 2027. The report shall include:

13 (1) The balance of the revolving fund;
14 (2) A list of federal grant applications and awards
15 requiring matching funds;
16 (3) The amount of state moneys used as a match; and
17 (4) The outcomes and economic impact of each federally
18 matched project."

19 SECTION 3. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$10,000,000 or so
21 much thereof as may be necessary for fiscal year 2026-2027 to be



1 deposited into the Hawaii technology development corporation
2 revolving fund established by this Act.

3 SECTION 4. There is appropriated out of the Hawaii
4 technology development corporation revolving fund the sum of
5 \$10,000,000 or so much thereof as may be necessary for fiscal
6 year 2026-2027 for the purposes of the Hawaii technology
7 development corporation revolving fund.

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

10 SECTION 5. Notwithstanding any other law to the contrary,
11 the moneys appropriated by this Act shall not be allocated or
12 expended unless the Hawaii technology development corporation
13 has been formally awarded a federal grant requiring a state
14 match. Upon notice of a federal grant award to the Hawaii
15 technology development corporation requiring a state match, the
16 director of finance shall transfer from the general fund to the
17 Hawaii technology development corporation revolving fund an
18 amount not to exceed the matching requirement, up to the
19 available balance authorized by this Act.



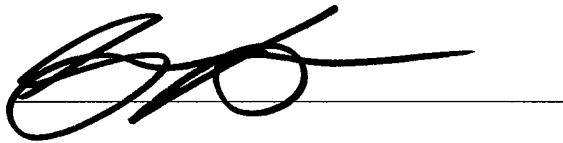
1 If the Hawaii technology development corporation does not
2 receive a qualifying federal award during the fiscal period, no
3 allocation shall be made.

4 SECTION 6. New statutory material is underscored.

5 SECTION 7. This Act shall take effect on July 1, 2026.

6

INTRODUCED BY:



JAN 16 2026



H.B. NO. 1614

Report Title:

HTDC; Hawaii Technology Development Corporation Revolving Fund; Federal Grants; Appropriation

Description:

Establishes the Hawaii Technology Development Corporation Revolving Fund for the purpose of financing the State's matching contributions required by federal grants. Appropriates funds.

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