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# A BILL FOR AN ACT

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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.



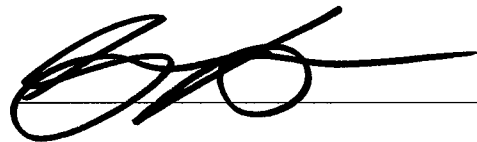
1        If the Hawaii technology development corporation does not  
2   receive a qualifying federal award during the fiscal period, no  
3   allocation shall be made.

4        SECTION 6.   New statutory material is underscored.

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

6

INTRODUCED BY:

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a horizontal line and a small 'O'.

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.

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

