

JAN 28 2026

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 (HTDC) established in 1983
3 under chapter 206M, Hawaii Revised Statutes, serves as the
4 State's lead agency for supporting the growth and
5 diversification of the State's technology, innovation, and
6 manufacturing sectors. Over the past four decades, HTDC has
7 advanced statewide initiatives that have helped small businesses
8 and entrepreneurs expand into global markets, supported the
9 development of clean and renewable energy technologies, and
10 strengthened the State's manufacturing and innovation ecosystem
11 through programs such as the Hawaii small business innovation
12 research program, the manufacturing assistance program, and the
13 accelerator program.

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



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

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

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



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

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

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

19 "§206M- Hawaii technology development corporation
20 revolving fund. (a) There is established within the state
21 treasury the Hawaii technology development corporation revolving



1 fund to be administered by the Hawaii technology development
2 corporation.

3 (b) The purpose of the revolving fund shall be to provide
4 state matching funds required for federal grants awarded to the
5 Hawaii technology development corporation that support
6 innovation, technology, research, manufacturing, or other
7 economic development initiatives consistent with the
8 corporation's mission and statutory authority.

9 (c) Moneys in the revolving fund shall be expended by the
10 corporation for the following purposes:

11 (1) To provide state matching funds for federal grants
12 awarded to the corporation that require a state
13 contribution as a condition of the award;

14 (2) To cover administrative costs directly associated with
15 the management of the grants or the revolving fund;
16 and

17 (3) To support related activities approved by the board of
18 directors that are necessary to fulfill federal grant
19 obligations.

20 (d) The revolving fund shall consist of:

21 (1) Legislative appropriations;



1 (2) Transfers from other funds as authorized by law;

2 (3) Federal funds received by the corporation as part of
3 grant awards;

4 (4) Repayments or reimbursements associated with prior
5 grant activities; and

6 (5) Any interest earned on the revolving fund balance.

7 (e) Moneys in the revolving fund shall not lapse at the
8 end of any fiscal year and shall remain available for
9 expenditure until the conclusion of the application federal
10 grant contract or until otherwise terminated in accordance with
11 federal and state law."

12 SECTION 3. Notwithstanding any other law to the contrary,
13 the moneys appropriated by this Act shall not be allocated or
14 expended unless the Hawaii technology development corporation
15 has been formally awarded a federal grant requiring a state
16 match. Upon notice of a federal grant award to the corporation
17 requiring a state match, the director of finance shall transfer
18 from the general fund to the Hawaii technology development
19 corporation revolving fund an amount not to exceed the matching
20 requirement, up to the available balance authorized by this Act.



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

3 SECTION 4. The Hawaii technology development corporation
4 shall submit an annual report to the legislature no later than
5 twenty days prior to the convening of each regular session. The
6 annual report shall include:

7 (1) The balance of the Hawaii technology development
8 corporation revolving fund;

9 (2) A list of federal grant applications and awards
10 requiring matching funds;

11 (3) The amount of state funds used as matching funds; and

12 (4) The outcomes and economic impact of each federally
13 matched project.

14 SECTION 5. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$10,000,000 or so
16 much thereof as may be necessary for fiscal year 2026-2027 to be
17 deposited into the Hawaii technology development corporation
18 revolving fund.

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

21 SECTION 6. New statutory material is underscored.



S.B. NO. 3168

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

2

INTRODUCED BY: Lyn D. Croteau



S.B. NO. 3168

Report Title:

HTDC; Revolving Fund; Innovation and Manufacturing; Reports;
Appropriation

Description:

Establishes the Hawaii Technology Development Corporation Revolving Fund to provide state matching funds for federal grants awarded to the Hawaii Technology Development Corporation that support innovation, technology, research, and manufacturing initiatives. Requires annual reports to the Legislature. 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.

