

JAN 30 2026

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. The legislature finds that the Hawaii
2 technology development corporation serves as a facilitative
3 catalyst for technology and innovation in the State and will
4 align the State with emerging technologies, including computer
5 software, biotechnology, ocean science, energy, nanotechnology,
6 artificial intelligence, sensor and communication systems,
7 health, medical devices, medical tests or other health care
8 technologies, and aerospace and defense.

9 The legislature further finds that, according to the
10 National Academies of Sciences, Engineering, and Medicine's 2026
11 review of the Department of Defense Small Business Innovation
12 Research and Small Business Technology Transfer programs:

13 (1) States underserved by venture capital markets, such as
14 Hawaii, benefit disproportionately from the programs
15 in building their own innovation ecosystems;



- 1 (2) For every dollar invested in the programs,
2 participating firms attract more than four dollars in
3 additional federal research and development funding;
 - 4 (3) The programs serve as gateways for small firms to
5 enter the defense innovation ecosystem and defense
6 industrial base;
 - 7 (4) Firms receiving five or more Small Business Innovation
8 Research and Small Business Technology Transfer
9 program awards demonstrate higher rates of patent
10 generation, follow-on financing, and successful
11 technology transition; and
 - 12 (5) Firms receiving state matching support are more likely
13 to secure follow-on federal contracts, generate
14 intellectual property, and contribute to national
15 security capabilities.

16 The legislature additionally finds that the State's unique
17 strategic position in the Indo-Pacific, combined with federal
18 facilities including military bases and research institutions,
19 creates exceptional opportunities for Hawaii-based companies to
20 support critical defense and dual-use technology development.



1 The legislature also finds that the federal government's
2 rigorous Small Business Innovation Research and Small Business
3 Technology Transfer review process provides sufficient technical
4 and business merit evaluation, and requiring an additional
5 state-level review would create an unnecessary administrative
6 burden and delay time-sensitive technology development.

7 The legislature believes that a permanent state Small
8 Business Innovation Research and Small Business Technology
9 Transfer matching program with streamlined approval will enable
10 the State to leverage federal investments, build a sustainable
11 innovation ecosystem, and contribute to both economic
12 diversification and national security priorities.

13 Accordingly, the purpose of this Act is to:

14 (1) Establish the Hawaii small business innovation
15 research matching program within the Hawaii technology
16 development corporation to provide matching grants to
17 Hawaii-based companies that have received federal
18 Small Business Innovation Research or Small Business
19 Technology Transfer program awards;
20 (2) Establish the science, technology, engineering, and
21 mathematics education outreach program within the



1 Hawaii technology development corporation to be
2 administered in collaboration with the department of
3 education, to require participants in the Hawaii small
4 business innovation research matching program to
5 deliver presentations to public school students in the
6 State; and

7 (3) Require the development corporation to submit annual
8 reports to the legislature.

9 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is
10 amended by adding two new sections to be appropriately
11 designated and to read as follows:

12 **"S206M-A Hawaii small business innovation research**
13 **matching program; established.** (a) There is established the
14 Hawaii small business innovation research matching program
15 within the development corporation to provide matching grants to
16 Hawaii-based companies that have received federal Small Business
17 Innovation Research or Small Business Technology Transfer
18 awards.

19 (b) Any company with a principal place of business in the
20 State that has received a federal phase I or phase II award from
21 the Small Business Innovation Research or Small Business



1 Technology Transfer programs from any federal agency shall be
2 eligible for state matching funds without additional state
3 technical or business review. The Hawaii small business
4 innovation research matching program shall be open to companies
5 that are first-time participants to the Small Business
6 Innovation Research or Small Business Technology Transfer
7 programs and companies that have previously received funding
8 from the Small Business Innovation Research or Small Business
9 Technology Transfer programs.

10 Receipt of a federal Small Business Innovation Research or
11 Small Business Technology Transfer program award shall
12 constitute sufficient evidence of technical and business merit.

13 (c) The Hawaii small business innovation research matching
14 program shall match funds equal to fifty per cent of the federal
15 Small Business Innovation Research or Small Business Technology
16 Transfer program award amount.

17 (d) Companies seeking to participate in the Hawaii small
18 business innovation research matching program shall submit an
19 application to the development corporation within ninety days of
20 receiving the Small Business Innovation Research or Small



1 Business Technology Transfer program award notification. The
2 application shall include:

3 (1) A copy of federal award notice;
4 (2) Documentation of the company's principal place of
5 business in the State;
6 (3) A brief description of how state matching funds will
7 be used to advance the project; and
8 (4) An acknowledgement of the Hawaii small business
9 innovation research matching program's reporting
10 requirements.

11 (e) The development corporation shall approve or deny
12 applications within thirty days of receipt. Applications
13 meeting the requirements of subsection (b) shall be
14 automatically approved unless insufficient funds remain.

15 (f) The development corporation shall establish an annual
16 application period for matching fund requests. If applications
17 for matching funds exceed available funding, the corporation
18 shall distribute funds as follows:

19 (1) All eligible applications received within the
20 application period shall be considered together; and



1 (2) If the total requested matching funds exceed available
2 funds, the development corporation shall distribute
3 the available funds on a pro-rata basis to all
4 eligible applicants, calculated proportionally based
5 on each applicant's requested matching amount relative
6 to the total requested matching funds.

7 Any unallocated funds remaining at the end of each fiscal
8 year shall carry forward to the next fiscal year, subject to any
9 applicable appropriations law.

10 (g) The development corporation shall submit an annual
11 report to the legislature no later than twenty days prior to the
12 convening of each regular session containing:

13 (1) The total state matching funds provided under the
14 Hawaii small business innovation research matching
15 program and the total federal Small Business
16 Innovation Research or Small Business Technology
17 Transfer program awards leveraged;
18 (2) The number of applications received, approved, and
19 denied, including reasons for denial;
20 (3) The average time each approved application took for
21 approval;



- 1 (4) The distribution of awards by company;
- 2 (5) Any instances where insufficient funds required
equitable distribution measures pursuant to subsection
(f);
- 3 (6) Any follow-on federal research and development
contracts and procurement awards received by a company
that received matching funding under the Hawaii small
business innovation research matching program;
- 4 (7) The number of phase I to phase II Small Business
Innovation Research or Small Business Technology
Transfer programs award transitions;
- 5 (8) The number of patents filed and awarded by companies
received matching funding under the Hawaii small
business innovation research matching program;
- 6 (9) Any private sector investment attracted due to the
program;
- 7 (10) The number of jobs created and retained in the State
as a result of the program, including the annual
salary ranges reported in the following ranges:
 - 8 (A) Under \$50,000;
 - 9 (B) \$50,000 to \$79,999;



- (C) \$80,000 to \$99,999;
 - (D) \$100,000 to \$124,999;
 - (E) \$125,000 to \$149,999;
 - (F) \$150,000 to 199,999; and
 - (G) \$200,000 or more;

(11) Any technologies transitioned into defense or commercial use;

(12) Any partnerships established with defense prime contractors and federal facilities;

(13) The geographic distribution of supported companies across the State's counties;

(14) The total payroll dollars generated by companies supported by the Hawaii small business innovation research matching program;

(15) Participating company revenue growth, including total annual revenues and percentage change from the prior year;

(16) The number of science, technology, education, and mathematics education presentations delivered to



7 §206M-B Science, technology, engineering, and mathematics

8 outreach program; established. There is established within the

9 development corporation the science, technology, engineering,

10 and mathematics outreach program to promote science, technology,

11 engineering, and mathematics education and career awareness in

12 the State. The development corporation shall collaborate with

13 the department of education to administer the program. Under

14 the program:



13 SECTION 3. There is appropriated out of the general
14 revenues of the State of Hawaii the sum of \$ or so
15 much thereof as may be necessary for fiscal year 2026-2027 to
16 support the economic diversification of, and the development of
17 a defense innovation ecosystem in the State, to be allocated as
18 follows:

- 19 (1) \$ for the Hawaii small business innovation
20 research matching program established by section 2 of
21 this Act;



1 (2) \$ for the manufacturing development program
2 established by section 206M-15.1, Hawaii Revised
3 Statutes, to help Hawaii-based manufacturers become
4 globally competitive and support the scale-up and
5 transition of Small Business Innovation Research or
6 Small Business Technology Transfer program-developed
7 technologies into production; and

8 (3) \$ for commercialization and technology
9 transition support, including:
10 (A) Accelerator and small business training programs
11 to help develop companies that are solving large-
12 scale problems in the community using innovative,
13 advanced manufacturing, and technology-based
14 solutions;
15 (B) Support for intellectual property protection,
16 market research, and business development
17 activities identified by the National Academies
18 of Science, Engineering, and Medicine as critical
19 success factors for Small Business Innovation
20 Research or Small Business Technology Transfer
21 program commercialization;



1 (C) Facilitation of partnerships between the Small
2 Business Innovation Research or Small Business
3 Technology Transfer companies in the State and
4 defense prime contractors, acquisition program
5 offices, and research institutions to support
6 technology transition; and

7 (D) Assistance in navigating federal procurement
8 processes and transitioning technologies into
9 programs of record.

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

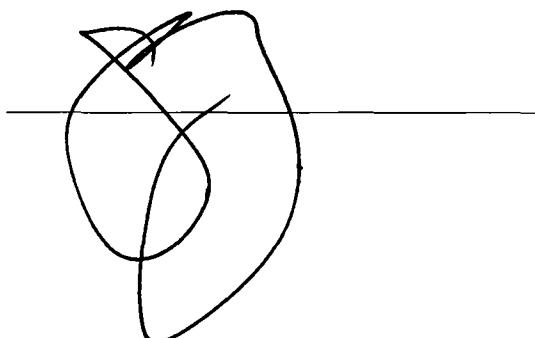
12 SECTION 4. In codifying the new sections added by section
13 2 of this Act, the revisor of statutes shall substitute
14 appropriate section numbers for the letters used in designating
15 the new sections in this Act.

16 SECTION 5. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2026.

18

INTRODUCED BY:



S.B. NO. 3284

Report Title:

HTDC; DOE; Hawaii Small Business Innovation Research Matching Program; Science, Technology, Engineering, and Mathematics Education Outreach Program; Establishment; Reports; Appropriation

Description:

Establishes the Hawaii Small Business Innovation Research Matching Program within the Hawaii Technology Development Corporation to provide matching grants to Hawaii-based companies that have received federal Small Business Innovation Research or Small Business Technology Transfer awards. Establishes the Science, Technology, Engineering, and Mathematics Education Outreach Program within HTDC to be administered in collaboration with the Department of Education to require participants in the Hawaii Small Business Innovation Research Matching Program to deliver presentations to public school students in the State. Requires HTDC to submit 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.

