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

15 The legislature further finds that the development
16 corporation has played a critical role in positioning innovation
17 and technology as key pillars of the State's economic



1 development strategy. Through partnerships with federal
2 agencies, universities, and local businesses, the development
3 corporation has helped attract federal investment, foster
4 workforce development, and cultivate high-growth industries that
5 contribute to long-term job creation and the State's economic
6 resilience.

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

17 The legislature also finds that consistent and predictable
18 state support is essential for the development corporation to
19 continue fulfilling its mission as an economic driver. By
20 providing access to timely matching funds, the legislature can
21 ensure that the State remains competitive in securing federal



1 awards that amplify local investment, support small businesses,
2 and advance the goals of a diversified and innovation-based
3 economy.

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

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

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



- 1 "§206M- Hawaii technology development corporation
2 revolving fund; established. (a) There is established in the
3 state treasury the Hawaii technology development corporation
4 revolving fund to be administered by the development
5 corporation.
- 6 (b) The following shall be deposited into the Hawaii
7 technology development corporation revolving fund:
- 8 (1) Appropriations made by the legislature to the
9 revolving fund;
- 10 (2) Transfers from other funds as authorized by law;
- 11 (3) Federal funds received by the development corporation
12 as part of grant awards;
- 13 (4) Repayments or reimbursements associated with prior
14 grant activities; and
- 15 (5) Any interest earned on the revolving fund balance.
- 16 (c) Moneys in the Hawaii technology development
17 corporation revolving fund shall be used for the following
18 purposes:
- 19 (1) To provide state matching funds for federal grants
20 awarded to the development corporation that require a



1 state contribution as a condition of the award;
2 provided that priority shall be for:
3 (A) Federal grants that leverage state funds at a
4 ratio of at least one to five; and
5 (B) Proposals that are projected to generate state
6 revenues;
7 (2) To cover administrative costs directly associated with
8 the management of the grants or the revolving fund;
9 and
10 (3) To support related activities approved by the board
11 that are necessary to fulfill federal grant
12 obligations.
13 (d) Moneys in the revolving fund shall not lapse at the
14 end of any fiscal year and shall remain available for
15 expenditure until the conclusion of the federal grant contract
16 or until the contract is otherwise terminated in accordance with
17 federal and state law.
18 (e) The development corporation shall submit an annual
19 report to the legislature no later than twenty days prior to the
20 convening of each regular session, beginning with the regular
21 session of 2027. Each report shall include:



- 1 (1) The balance of the revolving fund;
- 2 (2) A list of federal grant applications and awards
- 3 requiring matching funds;
- 4 (3) The amount of state moneys used as matching funds; and
- 5 (4) The outcomes and economic impact of each federally
- 6 matched project."

7 SECTION 3. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2026-2027 to be
10 deposited into the Hawaii technology development corporation
11 revolving fund established pursuant to this Act.

12 SECTION 4. There is appropriated out of the Hawaii
13 technology development corporation revolving fund the sum of
14 \$ or so much thereof as may be necessary for fiscal
15 year 2026-2027 for the purposes of the Hawaii technology
16 development corporation revolving fund.

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

19 SECTION 5. Notwithstanding any other law to the contrary,
20 the moneys appropriated by this Act shall not be allocated or
21 expended unless the Hawaii technology development corporation



1 has been formally awarded a federal grant requiring a state
2 match. Upon notice of a federal grant award to the Hawaii
3 technology development corporation requiring a state match, the
4 director of finance shall transfer from the general fund to the
5 Hawaii technology development corporation revolving fund an
6 amount not to exceed the matching requirement, up to the
7 available balance authorized by this Act.

8 If the Hawaii technology development corporation does not
9 receive a qualifying federal award during the fiscal period, no
10 allocation shall be made.

11 SECTION 6. New statutory material is underscored.

12 SECTION 7. This Act shall take effect on July 1, 3050.



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.
Effective 7/1/3050. (SD1)

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not legislation or evidence of legislative intent.*

