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# 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, the 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 its  
13 accelerator and small business training programs.

14           The legislature further finds that the 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, the HTDC has helped attract federal investment,  
2 foster workforce development, and cultivate high-growth  
3 industries that contribute to long-term job creation and the  
4 State's economic 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 for 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 the 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 the HTDC has timely access to  
3 matching funds when applying for and administering eligible  
4 federal grants. The fund shall only be allocated if the 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 development  
8 corporation's mission and statutory authority.

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

11 (1) To provide state matching funds for federal grants  
12 awarded to the development corporation that require a  
13 state 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  
18 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 development corporation
- 3            as part of 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        (f) The development corporation shall submit an annual
- 13 report to the legislature no later than twenty days prior to the
- 14 convening of each regular session. The annual report shall
- 15 include:
- 16        (1) The balance of the revolving fund;
- 17        (2) A list of federal grant applications and awards
- 18            requiring matching funds;
- 19        (3) The amount of state funds used as matching funds; and
- 20        (4) The outcomes and economic impact of each federally
- 21            matched project."



1 SECTION 3. Notwithstanding any other law to the contrary,  
2 the moneys appropriated by this Act shall not be allocated or  
3 expended unless the Hawaii technology development corporation  
4 has been formally awarded a federal grant requiring a state  
5 match. Upon notice of a federal grant award to the corporation  
6 requiring a state match, the director of finance shall transfer  
7 from the general fund to the Hawaii technology development  
8 corporation revolving fund an amount not to exceed the matching  
9 requirement, up to the available balance authorized by this Act.

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

12 SECTION 4. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so  
14 much thereof as may be necessary for fiscal year 2026-2027 to be  
15 deposited into the Hawaii technology development corporation  
16 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. New statutory material is underscored.

20 SECTION 6. This Act shall take effect on July 1, 2050.



S.B. NO. 3168  
S.D. 1

**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. Effective 7/1/2050. (SD1)

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

