

ACT 85

S.B. NO. 864

A Bill for an Act Relating to Small Business Innovation Research.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 206M-15, Hawaii Revised Statutes, is amended to read as follows:

“§206M-15 High technology research and development revolving fund.

(a) There is established the high technology research and development revolving fund into which shall be deposited all moneys as may be appropriated by the

legislature or as may be contributed, transferred, or accrued to the development corporation to fund high technology research and development projects, and from which the development corporation may fund high technology research and development projects under agreements with any state or county agency or other organizations, including high technology companies. In making any expenditure under this section, the development corporation shall analyze each funding request to determine whether the project to be undertaken will be economically viable and beneficial to the State.

(b) The development corporation may provide grants of fifty per cent of the federal grant up to \$25,000 to each business in Hawaii that receives a federal small business innovation research phase I grant or contract from any participating federal agency during calendar year 1989 or subsequent years subject to the availability of funds.

(c) The development corporation shall adopt rules pursuant to chapter 91 that [will]:

- (1) Specify the qualifications for eligibility of grant applicants;
- (2) Establish priorities in determining eligibility in the event that insufficient funds are available to fund otherwise qualified applicants; and
- (3) Give preference to all qualified businesses that received a single award in one calendar year over multiple award grantees.

The development corporation may adopt any other rules pursuant to chapter 91 necessary for the purposes of this section.

(d) If funds appropriated for the purpose of making grants under this section are inadequate to satisfy all qualified requests, the development corporation shall apply for funds to be transferred from the Hawaii capital loan revolving fund to provide the grants in accordance with subsection (b). The amount of any single transfer of funds shall not exceed \$100,000, and the development corporation shall transfer the entire amount back to the Hawaii capital loan revolving fund within twelve months of receiving the funds. No more than one fund transfer shall be outstanding at any one time. The director of business, economic development, and tourism may transfer funds from the Hawaii capital loan revolving fund to the high technology research and development revolving fund upon request to carry out the purposes of this section. Transfers of funds shall be made without any charges or fees."

SECTION 2. Section 210-7, Hawaii Revised Statutes, is amended to read as follows:

"§210-7 Loans to development companies. (a) The department of business, economic development, and tourism may make loans to development companies incorporated in the State for the purpose of supplementing the funds required to be forthcoming to qualify development companies to receive financial assistance under Title V of SBIA. The loans shall be subject to terms and conditions established by the department as similar as possible to applicable terms and conditions prescribed by [rules and] regulations [promulgated] adopted by SBA.

(b) Subject to the availability of funds, a request from the high technology development corporation for a transfer of funds to supplement appropriations for small business innovation research grants shall be granted expeditiously. If available funds are inadequate for a transfer to the development corporation, the director shall advise the development corporation that a transfer will be made when sufficient funds are available in the Hawaii capital loan revolving fund."

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SECTION 3. The director of business, economic development, and tourism is authorized to transfer funds appropriated by Act 299, Section 13A, Session Laws of Hawaii 1990, to the high technology development corporation to satisfy qualified fiscal year 1990-1991 requests for small business innovative research grants that have been deferred due to a lack of available funding.

SECTION 4. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 5. This Act shall take effect upon its approval.

(Approved April 30, 1991.)