

**ACT 218**

H.B. NO. 2840

A Bill for an Act Relating to Enhancing Economic Diversity.

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

SECTION 1. The legislature finds that technology-based jobs are high paying and important in helping to expand and diversify Hawaii's economy. Hawaii has recently made a concerted effort to attract high technology companies to Hawaii by enacting Act 221, Session Laws of Hawaii 2001, which provides a tax credit to qualifying high technology companies. In addition to these initiatives, Hawaii needs to develop a highly skilled and trained workforce to attract these high technology companies and jobs to Hawaii.

The project EAST (environmental and spatial technology) initiative started as a pilot program in the Maui district high schools during the summer of 2000 and later moved to Hawaii county and then a middle school on Kauai. Project EAST holds great potential for assisting Hawaii's public schools in developing important critical thinking, problem solving, and analytical skills in Hawaii's young people which are necessary to these individuals to succeed in high technology based jobs. Project EAST integrates cutting edge technology, such as computer assisted drafting, geographic information systems, global positioning systems, as well as computer graphic applications, such as soft image, into the educational curriculum. The goal of this initiative is to prepare students for the information technology age by providing a comprehensive project-based and student-centered learning program where the students are responsible for their own learning.

The project EAST initiative is a public-private partnership developed by business leaders and educators that has enabled technology-challenged schools to compete nationally and succeed. More important, this program enables students to develop crucial skills necessary for them to succeed in life while making the educational experience relevant and educational outcomes measurable.

Act 309, Session Laws of Hawaii 2001, established a dual approach program for Hawaii's public schools to meet a formidable backlog of repair and maintenance – a tax credit for contributions of badly needed in-kind services and a fund established outside the state treasury under Helping Hands Hawaii. Hawaii 3Rs has been highly successful in building a strong network of public and private sector coalitions and identifying additional funding and other resources for the benefit of public school facilities.

The purpose of this Act is to support these successful private-public economic initiatives by establishing the Hawaii 3Ts school technology laboratories fund outside the state treasury for the continuation and expansion of the project EAST initiative or similar programs on all islands.

SECTION 2. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§302A- Hawaii 3Ts school technology laboratories fund.** (a) There is established the Hawaii 3Ts school technology laboratories fund (hereinafter, “fund”) as a separate fund of the Economic Development Alliance of Hawaii Inc., a Hawaii nonprofit organization. Moneys received from the state, county, or federal government, private contributions of cash or other property, and the income and capital gains earned by the fund shall constitute its assets.

(b) The Economic Development Alliance of Hawaii Inc. shall expend moneys in the form of either grants to organizations or contracts with private vendors from the fund for the establishment and maintenance of technology laboratories in public schools in Hawaii. Such expenditures shall be in accordance with this section, and consistent with the criteria and recommendations of the Hawaii 3Ts school technology laboratories board.

(c) The fund may receive contributions, grants, endowments, or gifts in cash or otherwise from all sources, including corporations or other businesses, foundations, government, individuals, and other interested parties. The legislature intends that the public and private sectors work together as partners in securing contributions for the fund, and that the Economic Development Alliance of Hawaii Inc., through its Hawaii 3Ts project, assist the public and private sectors in reviewing and investigating all potential funding sources. The State may appropriate moneys to the fund; provided that any appropriations made by the State are not intended to supplant the funding of any existing public school programs for the establishment and maintenance of school technology laboratories.

(d) The Economic Development Alliance of Hawaii Inc. shall appoint the members of the Hawaii 3Ts school technology laboratories board, which shall be responsible for:

- (1) Soliciting and otherwise raising moneys for the fund;
- (2) Establishing criteria for proposals to be funded and the expenditure of funds;
- (3) Reviewing grant proposals utilizing criteria established by Hawaii 3Ts school technology laboratories board; and
- (4) Making recommendations for grants and other specific expenditures to the Economic Development Alliance of Hawaii Inc.

Members of the advisory board shall be stakeholders in Hawaii’s public education and workforce development entities, including students and parents, teachers and principals, business and community leaders, representatives from the county economic development boards, and representatives from the department of education, the department of business, economic development, and tourism, and the department of accounting and general services, who shall be represented on the advisory board.

(e) In managing the moneys in the fund, the Economic Development Alliance of Hawaii Inc. shall exercise ordinary business care and prudence given the facts and circumstances prevailing at the time of action or decision. In doing so, the Economic Development Alliance of Hawaii Inc. shall consider its long-term and short-term needs in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price trends, and general economic conditions.

(f) There may be an endowment component of the fund.

(g) The use of any state moneys may be restricted by the legislation appropriating these moneys to the fund.

(h) The Economic Development Alliance of Hawaii Inc. is authorized to expend the principal from the fund for the purposes of the fund.

(i) Any organization submitting a proposal to the Economic Development Alliance of Hawaii Inc. for fund moneys shall meet all of the following standards at the time of applications:

- (1) Be a for-profit organization duly registered under the laws of the State, or be a nonprofit organization determined by the Internal Revenue Service to be exempt from the federal income tax, or be an agency of the State or a county;
- (2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation;
- (3) In the case of an applicant that is not a state or county government agency, have bylaws or policies that describe the manner in which business is conducted and policies that relate to the management of potential conflict of interest situations;
- (4) Have experience with the project or in the program area for which the proposal is being made; and
- (5) Be licensed and accredited, as applicable, in accordance with the requirements of federal, state, and county governments.

(j) All proposals approved by the Hawaii 3Ts school technology laboratories board and for which the Economic Development Alliance of Hawaii Inc. intends to provide fund moneys shall be approved by the director of business, economic development, and tourism for consistency in meeting the purposes of this section.

(k) Organizations or agencies to which fund moneys are awarded shall agree to comply with the following conditions before receiving the award:

- (1) Employ or have under contract persons qualified to engage in the activity to be funded;
- (2) Comply with applicable federal, state, and county laws; and
- (3) Comply with any other requirements prescribed by the Economic Development Alliance of Hawaii Inc. to ensure adherence by the recipient of the award with applicable federal, state, and county laws and with the purposes of this section.

(l) Chapter 103D shall not apply to organizations or agencies that apply for grants or contracts under this section; provided that the Economic Development Alliance of Hawaii Inc. shall be held accountable for the use of the funds under a contract with the department of business, economic development, and tourism.

(m) Any contracts awarded by the Economic Development Alliance of Hawaii Inc. shall be made under as much competition as practical to execute its purposes.

(n) The fund shall be audited annually by an independent auditor retained by the Economic Development Alliance of Hawaii Inc. The auditor's report of each annual audit shall be submitted to the department of business, economic development, and tourism not later than thirty days from the date the audit report is received by the Economic Development Alliance of Hawaii Inc. In addition, the Economic Development Alliance of Hawaii Inc. shall retain for a period of three years, and permit the department of accounting and general services, the department of education, the department of business, economic development, and tourism, state legislators, and the auditor, or their duly authorized representatives, to inspect and have access to, any documents, papers, books, records, and other evidence that is pertinent to the fund.

(o) The fund shall not be placed in the state treasury, and the State shall not administer the fund, nor shall the State be liable for the operation or solvency of the fund, the Economic Development Alliance of Hawaii Inc., or Hawaii 3Ts.

(p) For every dollar granted to a recipient by the fund, a minimum of 50 cents in value shall be from private, federal, county, or community sources.

(q) For purposes of this section, "school technology laboratory" means a multi-station computer laboratory that offers students a variety of different types of hardware and software applications."

## ACT 218

SECTION 3. The Economic Development Alliance of Hawaii Inc. shall submit an annual report for approval by the director of business, economic development, and tourism on the progress of the Hawaii 3Ts school technology laboratories fund by December 1 of each year. The director of business, economic development, and tourism shall transmit the report along with comments from the department of business, economic development, and tourism to the legislature no later than twenty days prior to the convening of each regular session.

SECTION 4. If any provisions of this Act, or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 5. It is the intent of this Act not to jeopardize the receipt of any federal aid nor to impair the obligation of the State or any agency thereof to the holders of any bond issued by the State or by any such agency, and to the extent, and only to the extent, necessary to effectuate this intent, the governor may modify the strict provisions of this Act, but shall promptly report any such modification with reasons therefor to the legislature at its next session thereafter for review by the legislature.

SECTION 6. New statutory material is underscored.<sup>1</sup>

SECTION 7. This Act shall take effect on July 1, 2004.

(Approved July 13, 2004.)

### Note

1. Edited pursuant to HRS §23G-16.5.