HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

H.B. NO. 1753

A BILL FOR AN ACT

RELATING TO HIGH TECHNOLOGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. In 1989, the legislature created the Hawaii small business innovation research grant program. Prior to 1989, there were two Hawaii small business innovation research grant program-awarded companies, but since 1989, sixty-three Hawaii companies have won two hundred sixty-two small business innovation research grant program awards. These grant awards brought approximately $60,000,000 in federal small business innovation research grant program phase I and phase II funds to Hawaii. In addition to these grants, more than $58,000,000 in phase III small business innovation research grant program commercialization contracts has been awarded to Hawaii companies.

The legislature finds that for every $1 invested by the State in the program, Hawaii companies attracted nearly $15 in federal small business innovation research grant funds, or nearly $30 for every $1 invested by the State when phase III funds are included.

The legislature further finds that, currently, the federal small business innovation research grant program is a $2,000,000,000 program that encourages small businesses to develop commercially viable technologies and innovations. Organized as a competition, the federal small business innovation research grant program allows small companies the opportunity to test high-risk theories and develop innovative technologies and solutions.

To compete for small business innovation research grant program dollars, ten participating federal agencies issue scheduled program solicitations seeking research and development in their respective areas of interests, disciplines, and missions. Federal departments and agencies, such as the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Transportation, and Homeland Security, the Environmental Protection Agency, the National Aeronautics and Space Administration, and the National Science Foundation, are required to reserve a portion of their annual research and development funds for small business innovation research grant programs.

In 2006, the legislature expanded the Hawaii small business innovation research grant program by adding the small business

technology transfer program to encourage small companies and researchers at nonprofit research institutions, including research universities and colleges, to collaborate and work together to move laboratory-developed technologies to the marketplace and to foster technology-based economic development. According to federal program requirements, forty per cent of each small business technology transfer program project must be carried out by the small business, and a minimum of thirty per cent of the effort must be performed by the research institution. The following five federal departments and agencies are required to reserve a portion of their research and development funds for the small business technology transfer program: the Departments of Defense, Energy, and Health and Human Services, the National Aeronautics and Space Administration, and the National Science Foundation.

Furthermore, in 2006, the legislature increased the funding for the under-funded small business innovation research grant program and provided funds for the new small business technology transfer program.

The purpose of this Act is to support the operations of the high technology development corporation and the high technology innovation corporation by:

(1) Continuing current funding levels for the Hawaii small business innovation research grant program and the Hawaii small business technology transfer program;

(2) Clarifying that the high technology innovation corporation is authorized to operate bank accounts that are necessary for the conduct of its business at both in-state and out-of-state account locations, without approval from the director of budget and finance or the comptroller;

(3) Specifying that the high technology special fund shall not be used to fund the high technology development corporation's general administrative and fiscal positions, which were originally and previously funded through the general revenues of the State and not from the high technology special fund, which the legislature intended to be used for the operations of the innovation centers and technology incubation programs;

(4) Deleting the $3,000,000 ceiling on moneys in the high technology special fund; and

(5) Appropriating general funds to pay for the general administrative and fiscal positions of the high technology development corporation.

SECTION 2. Section 206M-15.5, Hawaii Revised Statutes, is amended to read as follows:

"**§206M-15.5 High technology special fund.** There is established in the state treasury a fund to be known as the high technology special fund, into which shall be deposited, except as otherwise provided by section 206M-17, all moneys, fees, and equity from tenants, qualified persons, or other users of the development corporation's industrial parks, projects, other leased facilities, and other services and publications[~~;~~ ~~provided that the total amount of moneys in the fund shall not exceed $3,000,000 at the end of any fiscal year~~]. All moneys in the fund are appropriated for the purposes of and shall be expended by the development corporation for the operation, maintenance, and management of its industrial parks, projects, facilities, services, and publications, and to pay the expenses in administering the special purpose revenue bonds of the development corporation or in carrying out its project agreements[~~.~~]; provided that all general administrative and fiscal positions of the development corporation, whether

permanent or temporary, shall not be funded from the high technology special fund."

SECTION 3. Section 206M-53, Hawaii Revised Statutes, is amended to read as follows:

"§206M-53 **Powers of the board.** The high technology innovation corporation, under the direction of its board of directors, shall have the following general powers:

(1) To adopt, amend, and repeal bylaws governing the conduct of its business and the exercise of the powers and performance of duties granted to or imposed upon it by law;

(2) To sell, lease, rent, hold, maintain, use, and operate any property, real, personal, or mixed, tangible or intangible, in accordance with the conditions under which it was received;

(3) To enter into and perform contracts, leases, cooperative agreements, or other transactions with the high technology development corporation or any other agency or political subdivision of the State, any private person, firm, partnership, association, company, or corporation, only as it may be necessary in the conduct of its business and on terms as it may

1 deem appropriate; provided that the high technology
2 innovation corporation shall not obligate any funds of
3 the State except funds that have been appropriated to
4 it by the legislature or transferred or contracted to
5 it by the high technology development corporation or
6 other agency or department of the state government.
7 Notwithstanding the foregoing, the high technology
8 innovation corporation may enter into and perform
9 contracts, leases, cooperative agreements, or other
10 transactions with any agency or instrumentality of the
11 United States, a foreign nation, a state, a territory
12 or a possession, or with any political subdivision
13 thereof, whenever the donating or granting agency or
14 instrumentality determines that the high technology
15 development corporation or any other agency of the
16 State cannot as effectively and efficiently accomplish
17 the purposes for which the contracts, leases,
18 cooperative agreements, or other transactions are
19 being entered into; provided that the high technology
20 innovation corporation shall not obligate any funds of
21 the State except funds that have been appropriated or
22 transferred to it or contracted for it;

1 (4) To receive by gifts, grants, devises, bequests, or
2 otherwise, from private sources only, any property,
3 real, personal, or mixed, intangible or tangible,
4 absolutely or in trust, to be used and disposed of,
5 either the principal or the income therefrom, in
6 accordance with the conditions under which it was
7 received; provided that no gift to the high technology
8 innovation corporation shall be accepted unless
9 approved or confirmed by its board of directors.
10 Notwithstanding the foregoing, the high technology
11 innovation corporation may receive gifts, grants, or
12 awards from any agency or instrumentality of the
13 United States, a foreign nation, a state, a territory
14 or a possession, or from any political subdivision
15 thereof, whenever the donating or granting agency or
16 instrumentality determines that the high technology
17 development corporation or any other agency of the
18 State cannot as effectively and efficiently accomplish
19 the purposes for which the gifts, grants, or awards
20 are being made; provided that no gift to the high
21 technology innovation corporation shall be accepted

unless approved or confirmed by its board of directors;

(5) To have a corporate seal;

(6) To sue and be sued in its own name;

(7) To serve as trustee or beneficiary under terms of any gift, indenture, or will;

(8) To apply for, take out, receive by purchase or gift, hold, administer, and dispose of copyrights, patent rights, licenses, assignments of inventions, discoveries, processes, and other property, rights or interests therein, and the income thereof, absolutely or subject to conditions or trusts as may be attached thereto or be imposed thereon, and to obligate itself to perform and execute any and all conditions or trusts;

(9) To conduct programs, projects, research, studies, experiments, investigations, and tests in all fields of knowledge; to promote and develop the scientific and commercial value of inventions, discoveries, and processes; and to make, publish, and distribute the results thereof;

(10) To coordinate and correlate activities and projects of the high technology innovation corporation with the work of state agencies for the purpose of relating research work to the economic development of the State whenever practical or desirable;

(11) To stimulate and promote cooperative research projects and activities;

(12) To establish and maintain, or to assist in establishing and maintaining staff positions for the purpose of aiding in technology-based economic development, and to enter into agreements or contracts with other corporations, organizations, institutions, or persons for this purpose and to pay the necessary and appropriate expenses therefor;

(13) To prepare, print, or publish any manuscript, research article, report, study, discussion, reference, collection, or any pictorial or schematic representation or group or collection thereof, whether the same belongs to or is the work of any state agency or its employees, or the high technology innovation corporation or its employees or a contractor of the high technology innovation corporation. The printing

or publication may be accomplished through whatever person, company, or agency is deemed most appropriate by the board of directors;

(14) To establish operational bank accounts as may be necessary in the conduct of its business [~~at~~] and its out-of-state offices, including accounts in in-state and out-of-state locations and accounts of foreign denomination in out-of-state locations, without the approval of the director of budget and finance or the comptroller of accounting and general services; and

(15) To do any or all other acts reasonably necessary to carry out the objects and purposes of the high technology innovation corporation."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $235,000 or so much thereof as may be necessary for fiscal year 2007-2008 and the same sum or so much thereof as may be necessary for fiscal year 2008-2009 to fund general administrative and fiscal positions of the high technology development corporation.

The sums appropriated shall be expended by the high technology development corporation for the purposes of this Act.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of $240,000 or so much thereof as may be necessary for fiscal year 2007-2008 and the same sum or so much thereof as may be necessary for fiscal year 2008-2009 to fund the Hawaii small business innovation research grant program and the Hawaii small business technology transfer grant program.

The sums appropriated shall be expended by the high technology development corporation for the purposes of this Act.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2007.

INTRODUCED BY: _____

JAN 24 2007

H.B. NO. 1753

Report Title:
High Technology Development Corporation (HTDC)

Description:
Appropriates funds for general administrative and fiscal positions of the HTDC. Appropriates funds for the Hawaii Small Business Innovation Research and Grant Program and the Hawaii Small Business Technology Transfer Program. Removes the ceiling on the High Technology Special Fund. Provides that all general administrative and fiscal positions of the HTDC shall not be funded from the High Technology Special Fund. Clarifies that the High Technology Innovation Corporation may establish operational bank accounts in in-state and out-of-state locations without approval from B&F or the comptroller.