

JAN 28 2015

A BILL FOR AN ACT

RELATING TO TECHNOLOGY.

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

1 SECTION 1. The legislature finds that the Hawaii small
2 business innovation research program has been instrumental in
3 ensuring that Hawaii businesses win coveted federal research and
4 development funding through the federal small business
5 innovation research program. This program has also assisted
6 Hawaii businesses in efforts to further develop their
7 intellectual property.

8 The legislature further finds that although the program is
9 successful, the limitation of the current Hawaii small business
10 innovation research program to only phase I awards means local
11 businesses are limited from being able to fully commercialize
12 and translate their research into economic gains and job
13 opportunities.

14 The purpose of this Act is to expand the Hawaii small
15 business innovation research program by authorizing the high
16 technology development corporation to provide grants to Hawaii
17 businesses that are recipients of phase II or phase III, rather



1 than only phase I, awards or contracts from participating
2 federal agencies.

3 SECTION 2. Section 206M-15, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "§206M-15 High technology research and development loans
6 and grants. (a) All moneys necessary to carry out the purposes
7 of this section shall be allocated by the legislature through
8 appropriations out of the state general fund. The development
9 corporation shall include in its budgetary request for the
10 upcoming fiscal period, the amounts necessary to effectuate the
11 purposes of this section. All moneys, interest charges, and
12 other fees collected by the development corporation under this
13 section shall be deposited to the credit of the state general
14 fund. In making any expenditure under this section, the
15 development corporation shall analyze each funding request to
16 determine whether the project to be undertaken will be
17 economically viable and beneficial to the State.

18 (b) The development corporation may provide grants to any
19 business in Hawaii that:

20 (1) Receives a federal small business innovation research
21 phase I, II, or III award or contract from any



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- 1 participating federal agency, up to [~~fifty~~] 50 per
2 cent of the amount of the federal award or contract;
- 3 (2) Receives a federal small business technology transfer
4 program award or contract from any participating
5 federal agency, up to [~~fifty~~] 50 per cent of the
6 amount of the federal award or contract; or
- 7 (3) Applies for a small business innovation research
8 federal grant or a small business technology transfer
9 program federal grant, in an amount not to exceed
10 \$3,000,
11 subject to the availability of funds.

12 ~~[(c) The development corporation shall adopt rules
13 pursuant to chapter 91 that:~~

- 14 ~~(1) Specify the qualifications for eligibility of grant
15 applicants;~~
- 16 ~~(2) Establish priorities in determining eligibility in the
17 event that insufficient funds are available to fund
18 otherwise qualified applicants; and~~
- 19 ~~(3) Give preference to all qualified businesses receiving
20 their first award in one fiscal year over multiple
21 award grantees.~~



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

3 ~~(d) If funds appropriated for the purpose of making grants~~
4 ~~under this section are inadequate to satisfy all qualified~~
5 ~~requests, the development corporation shall apply for funds to~~
6 ~~be transferred from the Hawaii capital loan revolving fund to~~
7 ~~provide the grants in accordance with subsection (b). The~~
8 ~~amount of any single transfer of funds shall not exceed~~
9 ~~\$100,000, and the development corporation shall transfer the~~
10 ~~entire amount back to the Hawaii capital loan revolving fund~~
11 ~~within twelve months of receiving the funds. No more than one~~
12 ~~fund transfer shall be outstanding at any one time. The~~
13 ~~director of business, economic development, and tourism may~~
14 ~~transfer funds from the Hawaii capital loan revolving fund to~~
15 ~~the development corporation upon request to carry out the~~
16 ~~purposes of this section. Transfers of funds shall be made~~
17 ~~without any charges or fees.] "~~

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act shall take effect on July 1, 2015.

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Report Title:

Hawaii Small Business Innovation Research Program; Small Business

Description:

Expands the current Hawaii small business innovation research program by providing matching funds for phase II and phase III awards in the interest of diversifying and stimulating Hawaii's economy. Repeals the requirement that the high technology development corporation adopt administrative rules for the implementation of the program, including rules to specify eligibility requirements, priorities, and preferences for grants.

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