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## 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 successfully helped  
3 many Hawaii businesses win coveted federal funding through the  
4 federal small business innovation research program and has also  
5 helped many small businesses further develop their intellectual  
6 property. However, while successful, the current statute only  
7 authorizes the Hawaii small business innovation research program  
8 to provide grants for phase I (startup) awardees, and not those  
9 in phase II (prototyping) or phase III (commercialization).  
10 This hinders local businesses from fully commercializing their  
11 research and limits job creation and economic activity.

12           The legislature also finds that Hawaii companies that win  
13 federal small business innovation research funding should then  
14 be able to apply to the Hawaii small business innovation  
15 research program for small business innovation research phase II  
16 or phase III matching funds. Expanding the matching grant  
17 program will provide the necessary funding for Hawaii's high



1 technology companies to break out of the research and  
2 development cycle and transform advanced research into  
3 innovative products, services, and companies. In particular,  
4 expanding the current matching funds program would permit  
5 Hawaii's high technology companies to successfully evolve from  
6 research and development only entities into commercially viable,  
7 globally competitive businesses.

8       The legislature further finds that expanding the current  
9 matching funds program would not only expand Hawaii's high  
10 technology industry, but would also bolster the State's effort  
11 to diversify and strengthen the local economy in anticipation of  
12 the next economic downturn. Expanding the current matching  
13 funds program will also serve to further the public interest in  
14 reducing "brain drain." The State has been losing too many of  
15 Hawaii's exceptional young people to other states and countries  
16 because of the limited number of high-growth, high-paying  
17 industries and jobs to keep them here or bring them back. In  
18 addition, many of the small business innovation research  
19 companies in Hawaii are also involved in dual-use work for the  
20 military, and as such, the expansion of the matching funds



1 program will help bolster Hawaii's importance to the military  
2 and help keep the military invested in the State.

3 The purpose of this Act is to expand the Hawaii small  
4 business innovation research program to provide a match for  
5 phase II and phase III awardees to diversify Hawaii's economy,  
6 secure the investment of millions of federal dollars into the  
7 Hawaii economy, and provide a framework for young people to  
8 create their own high tech companies as part of the State's plan  
9 to establish an innovation economy in Hawaii.

10 SECTION 2. Section 206M-15, Hawaii Revised Statutes, is  
11 amended by amending subsection (b) to (d) to read as follows:

12 "(b) The development corporation may provide grants to any  
13 business in Hawaii that:

14 (1) Receives a federal small business innovation research  
15 phase I, II, or III award or contract from any  
16 participating federal agency, up to fifty per cent of  
17 the amount of the federal award or contract;

18 (2) Receives a federal small business technology transfer  
19 program award or contract from any participating  
20 federal agency, up to fifty per cent of the amount of  
21 the federal award or contract; or



1           (3) Applies for a small business innovation research  
2           federal grant or a small business technology transfer  
3           program federal grant, in an amount not to exceed  
4           \$3,000,  
5 subject to the availability of funds.

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

8           ~~(1) Specify the qualifications for eligibility of grant  
9 applicants;~~

10          ~~(2) Establish priorities in determining eligibility in the  
11 event that insufficient funds are available to fund  
12 otherwise qualified applicants; and~~

13          ~~(3) Give preference to all qualified businesses receiving  
14 their first award in one fiscal year over multiple  
15 award grantees.~~

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

18          ~~(d) If funds appropriated for the purpose of making grants  
19 under this section are inadequate to satisfy all qualified  
20 requests, the development corporation shall apply for funds to  
21 be transferred from the Hawaii capital loan revolving fund to~~



1 ~~provide the grants in accordance with subsection (b). The~~  
2 ~~amount of any single transfer of funds shall not exceed~~  
3 ~~\$100,000, and the development corporation shall transfer the~~  
4 ~~entire amount back to the Hawaii capital loan revolving fund~~  
5 ~~within twelve months of receiving the funds. No more than one~~  
6 ~~fund transfer shall be outstanding at any one time. The~~  
7 ~~director of business, economic development, and tourism may~~  
8 ~~transfer funds from the Hawaii capital loan revolving fund to~~  
9 ~~the development corporation upon request to carry out the~~  
10 ~~purposes of this section. Transfers of funds shall be made~~  
11 ~~without any charges or fees." ]~~

12 SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$5,000,000 or so much  
14 thereof as may be necessary for fiscal year 2015-2016 and the  
15 same sum or so much thereof as may be necessary for fiscal year  
16 2016-2017 for the purposes of this Act.

17 The sums appropriated shall be expended by the department  
18 of business, economic development, and tourism for the purposes  
19 of this Act.

20 SECTION 4. Statutory material to be repealed is bracketed  
21 and stricken. New statutory material is underscored.



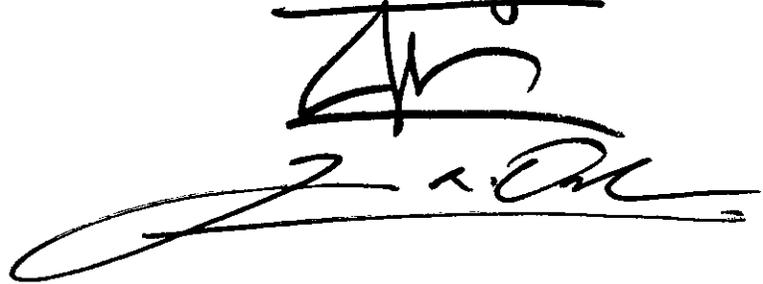
1 SECTION 5. This Act shall take effect on July 1, 2015.

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INTRODUCED BY:



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Cabrera  
Lindalchizana



JAN 27 2015



# H.B. NO. 1069

**Report Title:**

Small Business Innovation Research Awards; Technology

**Description:**

Authorizes HTDC to provide grants to businesses with a federal small business innovation research phase II or III award.

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

