A BILL FOR AN ACT

RELATING TO INNOVATION BUSINESS INTERACTION.

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

SECTION 1. The legislature finds that to be successful in the twenty-first century global economy, Hawaii must position itself as a leader in technology development, transfer, and commercialization. Significant progress has been made in the past years through programs supported by federal and state initiatives, such as programs administered by the high technology development corporation, Hawaii strategic development corporation, and the Hawaii technology development venture, but more is required to move Hawaii's technology industry to achieve local technology commercialization. Innovation in science and technology fields will not only enable the State to succeed in the global marketplace, but will also support the State's sustainable economic development goals to include a viable and vibrant technology and manufacturing labor force.

The purpose of this Act is to build on the successes of Hawaii's science and technology industries and establish a commercialization loan program, known as the Hawaii high impact loan program for commercialization (HI-impact) to support
Hawaii-based small businesses in the fields of dual-use technologies, tourism-technology, agriculture-technology, manufacturing technology, sports-technology, finance-technology, building and construction-technology, and other cross-industry collaborations, excluding energy, with Hawaii's technology sector.

SECTION 2. Chapter 206M, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"§206M-A Hawaii high impact loan program for commercialization; established. (a) There is established within the development corporation, the Hawaii high impact loan program for commercialization, also to be known as the HI-impact loan program, to support Hawaii-based small businesses in the fields of dual-use technologies, tourism-technology, agriculture-technology, manufacturing-technology, sports-technology, finance-technology, building and construction-technology, and other cross-industry collaborations, excluding energy generation technology.

(b) The purposes of the program shall be to:
(1) Develop, implement, and operate a comprehensive loan program to support product development, technology transfer, and commercialization;

(2) Provide capital to support accelerated commercialization activities in the fields of dual-use technologies, tourism-technology, agriculture-technology, manufacturing-technology, sports-technology, finance-technology, building and construction-technology, and other cross-industry collaborations, excluding energy generation technology;

(3) Provide capital to sustain high-potential business infrastructure development to assist the enterprise towards commercial success;

(4) Promote high-quality, high-income job opportunities for Hawaii's residents and graduates of Hawaii's educational institutions;

(5) Reverse the loss of qualified workers to other states by providing jobs to retain existing Hawaii technology employees and enable highly qualified scientists and engineers to return to living-wage jobs in Hawaii; and
(6) Keep high technology companies doing business in Hawaii by limiting the need to seek out-of-state venture capital, which dilutes local ownership and increases the probability of moving high potential technology companies from Hawaii.

(c) The board shall hire an administrator for the HI-impact loan program, who shall be known as the HI-impact administrator. The board shall set the salary for the HI-impact administrator. The HI-impact administrator position shall be exempt from chapter 76.

(d) The development corporation shall model the loan program after the Maryland technology development corporation technology commercialization fund by, among other things:

(1) Providing funding through an investment of up to $100,000 for critical product development that enables a business to achieve significant product development and technical milestones;

(2) Making program eligibility dependent upon the following criteria:
(A) The business shall be a for-profit entity located in the State with fewer than sixteen full-time equivalent employee positions; and

(B) The business shall be pre-revenue or have received less than an aggregate of $500,000 in equity investments; and

(3) Offering the loans in the form of a convertible note bearing eight per cent interest.

(e) To receive funding, a Hawaii-based business shall:

(1) Submit qualified proposals to the HI-impact administrator for funding in accordance with program requirements specified by the department of business, economic development, and tourism; provided that a majority of the work under the award shall be performed in the State;

(2) Submit to the HI-impact administrator a commercialization budget, corporate business plan, purchase orders or letters of commitment for product sales, and a statement of commitment to pay interest to the State and repay the total amount of principal loaned under the HI-impact loan program for
(3) Execute agreements in accordance with the HI-impact administrator; and

(4) Submit reports and updates of project progress and other required documents in accordance with HI-impact administrator requirements.

(f) The HI-impact administrator shall submit an annual report to the legislature no later than twenty days prior to each regular session on the activities and expenditures of the loan program and the high impact loan program for commercialization special fund.

§206M-B Hawaii high impact loan program for commercialization; special fund. (a) There is established in the treasury of the State the Hawaii high impact loan program for commercialization special fund to be administered by the development corporation.

(b) The revenues of the special fund shall consist of loan repayments, fees, fines and penalties, legislative
appropriations for the program or the special fund, and interest
accrued upon the funds in the special fund.

(c) The special fund shall be used to make loans to
support Hawaii-based small businesses in the fields of dual-use
technologies, tourism-technology, agriculture-technology,
manufacturing-technology, sports-technology, finance-technology,
building and construction-technology, and other cross-industry
collaborations, excluding energy generation technology; provided
that no more than fifteen per cent of the moneys may be expended
for administration and program oversight of the program
awardees; provided further that funds received from loan
operations shall be used in accordance with this section and
section 206M-A."

SECTION 3. There is appropriated out of the general
revenues of the State of Hawaii the sum of $ or so
much thereof as may be necessary for fiscal year 2016-2017 for
deposit into the Hawaii high impact loan program for
commercialization special fund.

SECTION 4. There is appropriated out of the Hawaii high
impact loan program for commercialization special fund the sum
or so much thereof as may be necessary for fiscal year 2016-2017 for the purposes of this Act.

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

SECTION 5. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 6. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2016.
Report Title:
HTDC; HI-impact Loan Program; Appropriation

Description:
Establishes a loan program in the HTDC to support high-technology small businesses. Appropriate funds. (SD1)

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