
A BILL FOR AN ACT

RELATING TO INNOVATIVE BUSINESS INTERACTION.

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

1 SECTION 1. The legislature finds that innovative business
2 growth in Hawaii requires that relationships be established
3 between investors and innovative talent. To accomplish this,
4 opportunities for capital and talent to interact must be
5 provided. The legislature has been informed that such
6 opportunities need not occur at trade, scientific, commercial,
7 or technology-focused events. For example, the "South by
8 Southwest" event in Austin, Texas, is primarily a music
9 festival. An ancillary effect, however, is that "South by
10 Southwest" also serves as a venue of interaction for persons
11 interested in investing in innovative businesses and persons
12 seeking capital for such businesses. Hawaii has hosted events
13 of similar type that may serve as the foundation for innovative
14 business interaction. This Act enables the State to contract
15 with the organizer of an annual event in Hawaii to add a
16 component that encourages the interaction of innovative business
17 investors and talent.



1 The purpose of this Act is to promote economic development.

2 More specifically, this Act:

3 (1) Establishes an innovative business interaction program
4 under the department of business, tourism, and
5 economic development to increase the opportunity for
6 interaction between innovative business investors and
7 innovative business talent from out-of-state and in-
8 state; and

9 (2) Increases the transient accommodations tax revenues
10 deposited into the tourism special fund to provide
11 funds for the program.

12 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **"§201- Innovative business interaction program for**
16 **investors and talent.** (a) For the purposes of this section:

17 "Event organizer" or "organizer" means a person who
18 organizes and operates a cultural, art, entertainment, culinary,
19 or athletic event annually in Hawaii that attracts visitors and
20 residents.



1 "Innovative business" means a business that is engaged or
2 intending to engage in providing a service or manufacturing a
3 product, wholly or partially in Hawaii, using a technology or
4 scientific technique that improves efficiency, cost-
5 effectiveness, or sustainability.

6 "Innovative business investor" means an individual who
7 invests or is a principal or employee of an entity that invests
8 in innovative businesses.

9 "Innovative business talent" means an individual who is a
10 principal or employee of an innovative business.

11 "Principal" means a director, partner, sole proprietor,
12 officer, or manager of a business.

13 (b) The department shall use its funds to increase the
14 opportunity for out-of-state and in-state innovative business
15 investors and talent to personally meet and interact with each
16 other. To achieve this purpose, the department shall contract
17 with an organizer of a cultural, art, entertainment, culinary,
18 or athletic event held annually in Hawaii and marketed outside
19 and inside Hawaii to add an interaction component designed and
20 operated to be especially attractive, overtly or subtly, to
21 innovative business investors and innovative business talent.



1 The interaction component may be provided in a social or
2 entertainment setting, without any formal educational or
3 commercial program, and open to all event attendees.

4 Beginning July 1, 2015, of the revenues received by the
5 department pursuant to section 237D-6.5(b)(2)(B), \$500,000 or so
6 much as may be necessary shall be expended by the department for
7 the innovative business interaction program established under
8 this section.

9 (c) The department shall award one contract to a single
10 event organizer for a term of five years, commencing from 2015,
11 with an option for the department to extend the contract for a
12 subsequent five-year period. Under the contract, the department
13 shall require the organizer to add the interaction component
14 described under subsection (b) to the same event annually. The
15 department shall award the contract in accordance with chapter
16 103D to an event organizer that meets the requirements of
17 subsection (d). The department shall include terms and
18 conditions in the contract that are not in conflict with this
19 section.

20 (d) An event organizer shall qualify for the contract
21 under this section if:



- 1 (1) The organizer or a predecessor has held the
2 organizer's event in Hawaii annually from 2011 to
3 2015; provided that an organizer that, on July 1,
4 2015, has scheduled, but not yet held, the event in
5 2015 shall be deemed to comply with this paragraph;
6 (2) The event held by the organizer has attracted visitors
7 from out-of-state, as well as residents of Hawaii;
8 (3) The event is held over at least a consecutive three-
9 day period; and
10 (4) The organizer commits to publicizing or marketing the
11 event internationally and nationally as well as
12 locally.

13 The department may require the organizer to comply with
14 other criteria that are not inconsistent with this section.

15 (e) The Hawaii tourism authority shall assist the
16 department in all aspects of the innovative business interaction
17 program.

18 (f) The department shall include in its annual report to
19 the legislature a section on the innovative business interaction
20 program.



1 (g) Before the regular session of 2021, the department
2 shall submit to the governor and legislature a report on the
3 impact, benefit, and cost of the innovative business interaction
4 program. The department shall include in the report a
5 recommendation on whether the program should be continued beyond
6 2021, with or without modification, or be repealed."

7 SECTION 3. Section 237D-6.5, Hawaii Revised Statutes, is
8 amended by amending subsection (b) to read as follows:

9 "(b) Revenues collected under this chapter shall be
10 distributed as follows, with the excess revenues to be deposited
11 into the general fund:

12 (1) \$26,500,000 shall be allocated to the convention
13 center enterprise special fund established under
14 section 201B-8;

15 (2) [~~\$82,000,000~~] \$82,500,000 shall be allocated to the
16 tourism special fund established under section 201B-
17 11; provided that:

18 (A) Beginning on July 1, 2012, and ending on June 30,
19 2015, \$2,000,000 shall be expended from the
20 tourism special fund for development and
21 implementation of initiatives to take advantage



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1 of expanded visa programs and increased travel
2 opportunities for international visitors to
3 Hawaii;

4 (B) Of the [~~\$82,000,000~~] \$82,500,000 allocated:

5 (i) \$1,000,000 shall be allocated for the
6 operation of a Hawaiian center and the
7 museum of Hawaiian music and dance at the
8 Hawaii convention center; and

9 (ii) 0.5 per cent of the [~~\$82,000,000~~]
10 \$82,500,000 shall be transferred to a sub-
11 account in the tourism special fund to
12 provide funding for a safety and security
13 budget, in accordance with the Hawaii
14 tourism strategic plan 2005-2015; and

15 (C) Of the revenues remaining in the tourism special
16 fund after revenues have been deposited as
17 provided in this paragraph and except for any sum
18 authorized by the legislature for expenditure
19 from revenues subject to this paragraph,
20 beginning July 1, 2007, funds shall be deposited
21 into the tourism emergency trust fund,



1 established in section 201B-10, in a manner
2 sufficient to maintain a fund balance of
3 \$5,000,000 in the tourism emergency trust fund;
4 (3) \$103,000,000 for fiscal year 2014-2015, \$103,000,000
5 for fiscal year 2015-2016, and \$93,000,000 for each
6 fiscal year thereafter shall be allocated as follows:
7 Kauai county shall receive 14.5 per cent, Hawaii
8 county shall receive 18.6 per cent, city and county of
9 Honolulu shall receive 44.1 per cent, and Maui county
10 shall receive 22.8 per cent; provided that commencing
11 with fiscal year 2018-2019, a sum that represents the
12 difference between a county public employer's annual
13 required contribution for the separate trust fund
14 established under section 87A-42 and the amount of the
15 county public employer's contributions into that trust
16 fund shall be retained by the state director of
17 finance and deposited to the credit of the county
18 public employer's annual required contribution into
19 that trust fund in each fiscal year, as provided in
20 section 87A-42, if the respective county fails to



1 remit the total amount of the county's required annual
2 contributions, as required under section 87A-43;

3 (4) \$3,000,000 shall be allocated to the Turtle Bay
4 conservation easement special fund established under
5 section 201B-8.6 for the payment of debt service on
6 revenue bonds, the proceeds of which were used to
7 acquire the conservation easement in Turtle Bay, Oahu,
8 until the bonds are fully amortized; and

9 (5) Of the excess revenues deposited into the general fund
10 pursuant to this subsection, \$3,000,000 shall be
11 allocated subject to the mutual agreement of the board
12 of land and natural resources and the board of
13 directors of the Hawaii tourism authority in
14 accordance with the Hawaii tourism authority strategic
15 plan for:

16 (A) The protection, preservation, and enhancement of
17 natural resources important to the visitor
18 industry;

19 (B) Planning, construction, and repair of facilities;
20 and



1 (C) Operation and maintenance costs of public lands
2 connected with enhancing the visitor experience.

3 All transient accommodations taxes shall be paid into the
4 state treasury each month within ten days after collection and
5 shall be kept by the state director of finance in special
6 accounts for distribution as provided in this subsection.

7 As used in this subsection, "fiscal year" means the twelve-
8 month period beginning on July 1 of a calendar year and ending
9 on June 30 of the following calendar year."

10 SECTION 4. There is appropriated out of the tourism
11 special fund of the State of Hawaii the sum of \$500,000 or so
12 much thereof as may be necessary for fiscal year 2015-2016 and
13 the same sum or so much thereof as may be necessary for fiscal
14 year 2016-2017 for the innovative business interaction program.

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

18 SECTION 5. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



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1 SECTION 6. This Act shall take effect on July 1, 2015.

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INTRODUCED BY:

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JAN 23 2015



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Report Title:

Innovative Business Interaction Program; Establishment;
Department of Business, Economic Development, and Tourism;
Hawaii Tourism Authority; Appropriation

Description:

Establishes an innovative business interaction program under DBEDT, with the assistance of the Hawaii tourism authority. Increases the transient accommodations tax revenues deposited into the tourism special fund by an amount to be used for the program.

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