

STAND. COM. REP. NO. 1974-18

Honolulu, Hawaii

, 2018

APR 06

RE: S.B. No. 48
S.D. 3
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 48, S.D. 3, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TECHNOLOGY,"

begs leave to report as follows:

The purpose of this measure, as received, is to support the Hawaii Technology Development Corporation (HTDC) by:

- (1) Appropriating funds for HTDC to continue providing incubation services for businesses in the State; and
- (2) Requesting the Department of Accounting and General Services (DAGS) to locate a new site to which HTDC may relocate; and
- (3) Requiring the University of Hawaii and DAGS to work with the HTDC in its relocation and transition to its new site.

For the purpose of facilitating public input, your Committee circulated a proposed draft of S.B. 48, S.D. 3, H.D. 2 (Proposed Draft) prior to holding a public hearing on April 3, 2018, on this measure. The purpose of the Proposed Draft is to:

SB48 HD2 HSCR FIN HMS 2018-3537



- (1) Create the Hawaii Innovation and Technology Research Corporation on July 1, 2020;
- (2) Transfer the rights, powers, functions, duties, and employees of HTDC and the Hawaii Strategic Development Corporation (HSDC) to the Hawaii Innovation and Technology Research Corporation on July 1, 2020;
- (3) Appropriate \$370,410 for the fiscal year beginning July 1, 2018, to HTDC to convert permanent and temporary positions from special funds to general funds; and
- (4) Appropriate \$123,446, for the fiscal year beginning July 1, 2018, to HTDC for other current expenses.

Oceanit supported the measure. Spectrum Photonics, Hawaiian Chip Company, Kampachi Farms, LLC, Honolulu Beerworks, Waikiki Brewing Company, 3D Innovations, Makai Ocean Engineering, Inc., GVS Accelerator, Diamond Bakery Co., Ltd, Kaua'i Island Brewing Company, Hawaiian Craft Brewers Guild, Kauai Beer Company, Kohola Brewery, Hawaii Food Manufacturers Association, and Big Island Brewhaus LLC opposed this measure. The Department of Business, Economic Development and Tourism, Hawaii Strategic Development Corporation, Hawaii Technology Development Corporation, Maui Wine, Ltd., the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and GTA Development Fund and a few individuals offered comments on this measure.

Upon careful consideration, your Committee has amended this measure by adopting the language contained in the Proposed Draft and further amending the Proposed Draft by:

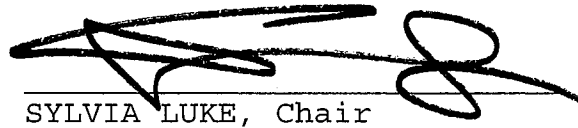
- (1) Making conforming amendments to:
 - (A) Clarify that the powers transferred from HTDC and HSDC to the Hawaii Innovation and Technology Research Corporation include the authorization to issue grants;
 - (B) Clarify that the grants issued by the Hawaii Innovation and Technology Research Corporation, pursuant to its powers transferred from HTDC and HSDC, are not subject to general excise tax; and



- (C) Replace the reference to HTDC in section 171-2(11), Hawaii Revised Statutes, with a reference to the Hawaii Innovation and Technology Research Corporation; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 48, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 48, S.D. 3, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


SYLVIA LUKE, Chair



