



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 7, 2019

**GOV. MSG. NO. 1157**

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirtieth State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirtieth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 7, 2019, the following bill was signed into law:

HB624 HD1 SD3 CD1

RELATING TO THE STRUCTURE OF  
GOVERNMENT  
**ACT 056 (19)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

# A BILL FOR AN ACT

RELATING TO THE STRUCTURE OF GOVERNMENT.

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

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PART I

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 past years through programs supported by federal and state initiatives, such as programs administered by the Hawaii technology development corporation, Hawaii strategic development corporation, and Hawaii technology development venture. However, the legislature believes that additional efforts are 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.



1 The purpose of this Act is to transfer the resources,  
2 duties, and responsibilities of the Hawaii strategic development  
3 corporation to the Hawaii technology development corporation to:

- 4 (1) Promote, develop, and expand Hawaii's innovation and  
5 technology industry;
- 6 (2) Promote a more diverse economy that offers high  
7 quality, knowledge-based jobs; and
- 8 (3) Develop policy and resource allocations to enable and  
9 support start-up companies, sustain existing  
10 companies, and attract companies to relocate or  
11 establish offices in Hawaii.

12 PART II

13 SECTION 2. Chapter 206M, Hawaii Revised Statutes, is  
14 amended by adding a new part to be appropriately designated and  
15 to read as follows:

16 "PART . STRATEGIC DEVELOPMENT PROGRAMS

17 A. General Provisions

18 §206M-A Strategic development programs; purpose; powers.

19 The purpose of the strategic development programs is to  
20 encourage economic development and diversification in Hawaii  
21 through innovative actions in cooperation with private



1 enterprises. The development corporation shall establish  
2 programs to stimulate private capital investment in Hawaii  
3 toward investments that promote the welfare of citizens in this  
4 State, economic growth, employment, and economic  
5 diversification. The development corporation may use public  
6 funds to provide incentives to private investment activity, by  
7 co-investing public funds in private financial organizations to  
8 increase the impact of the public investment while utilizing the  
9 investment acumen of the private sector, and by using public  
10 funds to reduce the risks of private investments. The  
11 development corporation shall have the flexibility to provide  
12 various types of financial assistance. When providing financial  
13 assistance, the development corporation shall make provision for  
14 the recovery of its expenditures, as far as possible.

15 **§206M-B Strategic development programs revolving fund.**  
16 There is established the strategic development programs  
17 revolving fund. The following moneys shall be deposited into  
18 the strategic development programs revolving fund and shall not  
19 be considered part of the general fund: all moneys appropriated  
20 by the legislature, received as repayments of loans, earned on  
21 investments, received pursuant to a venture agreement, received



1 as royalties, received as premiums or fees charged by the  
2 development corporation, or otherwise received by the  
3 development corporation.

4 §206M-C Hydrogen investment special fund. (a) There  
5 shall be established the hydrogen investment special fund, into  
6 which shall be deposited:

- 7 (1) Appropriations made by the legislature to the fund;
- 8 (2) All contributions from public or private partners;
- 9 (3) All interest earned on or accrued to moneys deposited  
10 in the special fund; and
- 11 (4) Any other moneys made available to the special fund  
12 from other sources.

13 (b) Moneys in the fund shall be expended by the  
14 development corporation:

- 15 (1) To provide seed capital for and venture capital  
16 investments in private sector and federal projects for  
17 research, development, testing, and implementation of  
18 the Hawaii renewable hydrogen program, as set forth in  
19 section 196-10; and
- 20 (2) For any other purpose deemed necessary to carry out  
21 the purposes of section 196-10.



1           **§206M-D Contracts for services necessary for management**  
2 **and operation of the strategic development programs. The**  
3 **development corporation may contract with others, public or**  
4 **private, for the provision of all or a portion of the services**  
5 **necessary for the management and operation of the strategic**  
6 **development programs. The development corporation may use all**  
7 **appropriations, grants, contractual reimbursements, and all**  
8 **other funds not appropriated for a designated purpose to pay for**  
9 **the proper general expenses and to carry out the purposes of the**  
10 **strategic development programs.**

11           **§206M-E Actions of the development corporation;**  
12 **guidelines. (a) All actions taken by the development**  
13 **corporation shall be necessary to achieve the purposes and**  
14 **objectives of this part. The development corporation shall**  
15 **evaluate all programs after three years to determine their**  
16 **effectiveness. The development corporation shall establish**  
17 **rules to assure equal opportunity to minority-owned businesses,**  
18 **and shall encourage the development of minority-owned**  
19 **businesses. The development corporation shall support and**  
20 **encourage participation by Hawaii companies in federal grant**



1 programs, such as the Small Business Innovation Research  
2 Program.

3 (b) Financial participation shall be made on the condition  
4 that the recipient of the assistance shall utilize the money to  
5 assist economic development projects within the State that have  
6 potential for creating new jobs or retaining current jobs within  
7 the State.

8 (c) Financial participation by the development corporation  
9 in private financial investment funds shall be made with the  
10 provision that the private fund shall make investments in Hawaii  
11 in amounts at least equal to the amount of state participation.

12 (d) The development corporation shall not make direct  
13 investments in individual businesses except upon a two-thirds  
14 vote of the board in each case considered. When deciding  
15 whether to enter into a direct investment, the development  
16 corporation shall consider whether:

- 17 (1) The project is economically sound;  
18 (2) The project can be successfully completed;  
19 (3) The project will promote economic diversification;



- 1           (4) The project is located in or will locate in the State  
2                   and has a reasonable potential to create desirable  
3                   employment opportunities for residents of the State;
- 4           (5) The project has been unable to obtain sufficient  
5                   funding on reasonable terms through ordinary means;  
6                   and
- 7           (6) The project can be partially financed through ordinary  
8                   means at reasonable terms.

9 The development corporation shall not acquire securities to an  
10 extent that would provide the development corporation effective  
11 voting control of any enterprise after giving effect to the  
12 conversion of all outstanding convertible securities of the  
13 enterprise.

14           (e) Investments by the development corporation to persons  
15 shall be made on the basis of solicitation and a competitive  
16 technical review process, subject to the availability of funds  
17 allocated to the development corporation for making investments.  
18 Investments by the development corporation shall not be subject  
19 to chapter 42F. Any organization applying for an investment  
20 shall meet the following standards:



- 1 (1) Have bylaws or policies that describe the manner in  
2 which business is conducted and policies relating to  
3 nepotism and management of potential conflict of  
4 interest situations;
- 5 (2) Be licensed and accredited, as applicable, in  
6 accordance with the requirements of federal, state,  
7 and county governments;
- 8 (3) Comply with applicable federal and state laws  
9 prohibiting discrimination against any person on the  
10 basis of race, color, national origin, religion,  
11 creed, sex, age, or physical handicap; and
- 12 (4) Comply with other requirements as the board may  
13 prescribe.

14 **§206M-F Business and industry evaluation and priorities**  
15 **for job opportunity and economic development.** The development  
16 corporation shall develop procedures to set priorities as to  
17 which types of businesses and industries are most likely to  
18 provide significant opportunities for economic development and  
19 diversification in the State, consistent with the purposes of  
20 this subpart. This evaluation shall take into account the  
21 guidelines provided by the state plan for economic development.



1 Based on these findings, the development corporation shall  
2 establish targets by which the operations and programs of the  
3 development corporation under this part shall be guided.

4 §206M-G Confidentiality of trade secrets or the like;  
5 disclosure of financial information. Notwithstanding chapter  
6 92, 92F, or any other law to the contrary, any documents or data  
7 made or received by any member or employee of the development  
8 corporation under this part, to the extent that the material or  
9 data consist of trade secrets, commercial or financial  
10 information regarding the operation of any business conducted by  
11 an applicant for, or recipient of, any form of assistance that  
12 the development corporation is empowered to render, or regarding  
13 the competitive position of that applicant in a particular field  
14 of endeavor, shall not be a public record; provided that if the  
15 development corporation purchases a qualified security from an  
16 applicant, the commercial and financial information, excluding  
17 confidential business information, shall be deemed to become a  
18 public record of the development corporation. If the  
19 information is made or received by any member or employee of the  
20 development corporation after the purchase of the qualified  
21 security, it shall become a public record three years from the



1 date the information was made or received. Any discussion or  
2 consideration of trade secrets or commercial or financial  
3 information, shall be held by the board, or any subcommittee of  
4 the board, in executive sessions closed to the public; provided  
5 that the purpose of any such executive session shall be set  
6 forth in the official minutes of the development corporation and  
7 business which is not related to that purpose shall not be  
8 transacted, nor shall any vote be taken during the executive  
9 sessions.

10 **§206M-H Requests for assistance from the development**  
11 **corporation; procedure.** (a) The board shall approve or  
12 disapprove requests for assistance within ninety days of  
13 receiving a written application under this part. Upon written  
14 request by an applicant, the board may reconsider its denial of  
15 an application for assistance or may waive the ninety-day  
16 deadline for approving or disapproving an application.

17 (b) Any person who submits any statement, report,  
18 application, or other document to the development corporation  
19 under this part that is known to the person to be false in any  
20 material respect shall be guilty of a class C felony.



1           (c) The development corporation may condition any  
2 assistance of any type under this part by placing restrictions  
3 on the recipient in regard to the recipient's assets or  
4 indebtedness or in any other manner deemed appropriate by the  
5 development corporation. A recipient who accepts assistance  
6 from the development corporation under this part shall be deemed  
7 to agree to be bound by any conditions or restrictions imposed  
8 by the development corporation.

9           **§206M-I Private sector financial support.** Significant  
10 private sector financial support shall be associated with any  
11 economic development project for which the development  
12 corporation provides assistance under this part.

13           **§206M-J Limitations on debt owed to the development**  
14 **corporation.** Not more than \$5,000,000 in financial assistance,  
15 excluding rights and royalties under a venture capital  
16 agreement, shall be provided to any one enterprise at any time  
17 under this part. The direct investments of the development  
18 corporation shall not exceed five per cent of the assets of the  
19 development corporation, excluding rights and royalties under a  
20 venture capital agreement; provided that by a two-thirds vote of  
21 the board, this amount may be increased to a limit of twenty-



1 five per cent of the total assets of the development  
2 corporation.

3 §206M-K Limitation on liability. Chapters 661 and 662 or  
4 any other law to the contrary notwithstanding, nothing in this  
5 part shall create an obligation, debt, claim, cause of action,  
6 claim for relief, charge, or any other liability of any kind  
7 whatsoever in favor of any person or entity, without regard to  
8 whether that person or entity receives any benefits under this  
9 part, against the State or its officers and employees. The  
10 State and its officers and employees shall not be liable for the  
11 results of any investment, purchase of securities, loan, or  
12 other assistance provided pursuant to this part. Nothing in  
13 this part shall be construed as authorizing any claim against  
14 the development corporation in excess of any note, loan, or  
15 other specific indebtedness incurred by the development  
16 corporation or in excess of any insurance policy acquired for  
17 the development corporation or its employees.

18 §206M-L HI growth initiative; report to legislature. The  
19 development corporation shall submit an annual report to the  
20 legislature no later than twenty days prior to the convening of  
21 a regular session on the specific annual outcome achieved



1 through the activities and expenditures of the HI growth  
2 initiative.

3 §206M-M Annual audit. The books and records of the  
4 strategic development programs shall be subject to an annual  
5 audit by an independent auditor.

6 B. Program for Seed Capital Assistance

7 §206M-N Establishment. The development corporation shall  
8 establish a program for seed capital assistance.

9 §206M-O Seed capital investments. Subject to this  
10 subpart, the development corporation may invest in:

- 11 (1) A certified development company under sections 501 to  
12 503 of the Small Business Investment Act of 1958 (15  
13 U.S.C. 695 to 697) and the regulations adopted under  
14 those sections;
- 15 (2) A small business investment company under the Small  
16 Business Investment Act (15 U.S.C. 631 to 634, 636 to  
17 649) and the regulations adopted under those sections;
- 18 (3) A minority enterprise small business investment  
19 corporation or equivalent venture capital corporation;
- 20 (4) A similar entity that may leverage its capital under a  
21 federal program; or



1 (5) A seed capital fund or partnership.

2 §206M-P Purposes and terms of investments. (a)

3 Investments may be used for any purpose consistent with the  
4 purposes and objectives of this part, including but not limited  
5 to:

6 (1) Developing a working prototype;

7 (2) Preparing a development plan;

8 (3) Performing an initial market analysis;

9 (4) Organizing a management team; and

10 (5) Any other purpose reasonably related to an economic  
11 development project.

12 (b) Investments may be made on such terms and conditions  
13 as the development corporation shall determine to be reasonable,  
14 appropriate, and consistent with the purposes and objectives of  
15 this part.

16 C. Program for Venture Capital Assistance

17 §206M-Q Establishment. The development corporation shall  
18 establish a program for venture capital.

19 §206M-R Venture capital investments. Subject to this  
20 subpart, the development corporation may invest in:



- 1 (1) A certified development company under sections 501 to
- 2 503 of the Small Business Investment Act of 1958 (15
- 3 U.S.C. 695 to 697) and the regulations adopted under
- 4 those sections;
- 5 (2) A small business investment company under the Small
- 6 Business Investment Act (15 U.S.C. 631 to 634, 636 to
- 7 649) and the regulations adopted under those sections;
- 8 (3) A minority enterprise small business investment
- 9 corporation or equivalent venture capital corporation;
- 10 (4) A similar entity that may leverage its capital under a
- 11 federal program; or
- 12 (5) A venture capital fund or partnership.

13 **§206M-S Purposes and terms of investments. (a)**

14 Investments may be used for any purpose consistent with the  
15 purposes and objectives of this part.

16 (b) Investments may be made on such terms and conditions  
17 as the development corporation shall determine to be reasonable,  
18 appropriate, and consistent with the purposes and objectives of  
19 this part.

20 **D. Program for Capital Access**



1           **§206M-T Establishment.** The development corporation shall  
2 establish a program for capital access.

3           **§206M-U Financial assistance.** The development  
4 corporation, through the program for capital access, may:

5           (1) Procure insurance, a guarantee, or a letter of credit  
6 from any source for all or a part of a loan,  
7 debenture, or lease of others, public or private, or a  
8 revenue bond issue of the State or other entity or  
9 authority authorized by law to issue revenue bonds;  
10 and

11           (2) Procure insurance, a guarantee, or a letter of credit  
12 for either a single loan, debenture, or lease or for  
13 any combination of loans, debentures, or leases, or a  
14 single revenue bond issue or for all or a part of any  
15 combination of revenue bond issues.

16           **§206M-V Purposes and priorities required in the procuring**  
17 **of insurance, loan guarantees, or letters of credit. (a)**  
18 Insurance, guarantees, or letters of credit procured pursuant to  
19 section 206M-U shall be procured only for economic development  
20 projects within the State that are consistent with the purposes  
21 and objectives of this part.



1 (b) The development corporation shall give paramount  
2 priority in procuring insurance, guarantees, and letters of  
3 credit to economic development projects that have the greatest  
4 potential for creating new jobs or retaining current jobs within  
5 the State.

6 §206M-W Conditions for procuring of insurance, loan  
7 guarantees, or letters of credit. (a) Insurance, guarantees,  
8 or letters of credit shall not be procured pursuant to section  
9 206M-U unless the development corporation is assured that the  
10 loans, debentures, or leases insured, or guaranteed, or for  
11 which letters of credit are issued, shall be used to assist  
12 economic development projects that also have significant private  
13 sector financial support.

14 (b) Insurance, guarantees, or letters of credit may be  
15 procured on such terms and conditions as the development  
16 corporation, in its sole discretion, shall determine to be  
17 reasonable, appropriate, and consistent with the purposes and  
18 objectives of this part.

19 (c) The development corporation shall charge the lender or  
20 the borrower, or both, a fee or premium for procuring loan,  
21 debenture, or lease insurance, guarantee, or a letter of credit.



1 Rules for premiums or fees shall be established by the  
2 corporation.

3 §206M-X Program for capital access participation  
4 agreements. The development corporation shall enter into  
5 agreements with lenders for participation in the program for  
6 capital access that shall include but not be limited to:

- 7 (1) Authorization for the lender to determine, collect,  
8 and transmit to the development corporation a fee or  
9 premium charge within a specified range established  
10 consistent with the purposes and objectives of the  
11 development corporation;
- 12 (2) Specification of whether the premium charge shall be  
13 paid by the lender, the borrower, the development  
14 corporation, or by a combination thereof in specified  
15 proportions;
- 16 (3) The procedure by which a lender may make a claim upon  
17 the development corporation upon default by the  
18 borrower, and the conditions under which a claim may  
19 be made; and
- 20 (4) The maximum amount of claims a lender may make upon  
21 the development corporation, which amount may be equal



1 to or less than the proportion of the total premiums  
2 contributed by the development corporation.

3 §206M-Y Establishment of special funds to secure loan  
4 insurance obligations; source of funds. The development  
5 corporation may establish a special fund or funds for capital  
6 access into which fees or premiums collected by the development  
7 corporation are deposited."

8 SECTION 3. Any unencumbered balances remaining in the  
9 Hawaii strategic development revolving fund on June 30, 2019,  
10 shall be deposited into the strategic development programs  
11 revolving fund.

12 SECTION 4. Any unencumbered balances remaining in the  
13 hydrogen investment capital special fund as of June 30, 2019,  
14 shall be deposited into the hydrogen investment special fund.

15 SECTION 5. Chapter 206M, Hawaii Revised Statutes, is  
16 amended by amending the title of part I to read as follows:

17 "PART I. [~~HAWAII TECHNOLOGY DEVELOPMENT CORPORATION~~] GENERAL  
18 PROVISIONS"

19 SECTION 6. Section 206M-1, Hawaii Revised Statutes, is  
20 amended by adding seven new definitions to be appropriately  
21 inserted and to read:



1 "Economic development project" means an endeavor related  
2 to industrial, commercial, or advanced technology-based  
3 agricultural enterprise. "Economic development project" shall  
4 not include that portion of an endeavor devoted to the  
5 construction of housing.

6 "Enterprise" means a person with a place of business in  
7 Hawaii which is, or proposes to be, engaged in business in  
8 Hawaii; provided that the endeavor shall not be devoted to the  
9 sale of goods at retail, construction of housing, or tourism-  
10 related services.

11 "Minority-owned businesses" means businesses at least fifty  
12 per cent owned, controlled, and managed by socially or  
13 economically disadvantaged persons.

14 "Person" means a sole proprietorship, partnership, joint  
15 venture, corporation, or other association of persons organized  
16 for commercial or industrial purposes.

17 "Professional investor" means any bank, bank holding  
18 company, savings institution, trust company, insurance company,  
19 investment company registered under the federal Investment  
20 Company Act of 1940, financial services loan company, pension or  
21 profit-sharing trust or other financial institution or



1 institutional buyer, licensee under the federal Small Business  
2 Investment Act of 1958, or any person, partnership, or other  
3 entity of whose resources a substantial amount is dedicated to  
4 investing in securities or debt instruments and whose net worth  
5 exceeds \$250,000.

6 "Seed capital" means financing provided for the earliest  
7 stage of business development, including but not limited to  
8 developing a working prototype, preparing a business plan,  
9 performing an initial market analysis, or organizing a  
10 management team.

11 "Venture capital investment" means any of the following  
12 investments in a business:

- 13 (1) Common or preferred stock and equity securities  
14 without a repurchase requirement for at least five  
15 years;
- 16 (2) A right to purchase stock or equity securities;
- 17 (3) Any debenture or loan, whether or not convertible or  
18 having stock purchase rights, which are subordinated,  
19 together with security interests against the assets of  
20 the borrower, by their terms to all borrowings of the  
21 borrower from other institutional lenders, and that is



1           for a term of not less than three years, and that has  
2           no part amortized during the first three years; and

3           (4) General or limited partnership interests."

4           SECTION 7. Section 206M-2, Hawaii Revised Statutes, is  
5 amended by amending subsections (a) and (b) to read as follows:

6           "(a) There is established the Hawaii technology  
7 development corporation, which shall be a public body corporate  
8 and politic and an instrumentality and agency of the State. The  
9 development corporation shall be placed within the department of  
10 business, economic development, and tourism for administrative  
11 purposes, pursuant to section 26-35. The purpose of the  
12 development corporation shall be to facilitate the growth and  
13 development of the commercial technology industry in Hawaii.  
14 Its duties shall include[7] but not be limited to:

15           (1) Connecting Hawaii-based technology companies and  
16           entrepreneurs to new market opportunities;

17           [~~(1)~~] (2) Developing and encouraging industrial parks as  
18           technology innovation centers and other technology  
19           infrastructure projects and developing or assisting  
20           with the development of projects within or outside of



- 1 industrial parks, including participating with the
- 2 private sector in such development;
- 3 ~~[-(2) Providing financial and other support and services to~~
- 4 ~~Hawaii-based technology companies;~~
- 5 ~~-(3) Collecting and analyzing information on the state of~~
- 6 ~~commercial technology activity in Hawaii;~~
- 7 ~~-(4) Promoting and marketing Hawaii as a site for~~
- 8 ~~commercial technology activity; and~~
- 9 ~~-(5) Providing advice on policy and planning for~~
- 10 ~~technology based economic development.]~~
- 11 (3) Encouraging, initiating, and aiding in the development
- 12 and commercialization of local innovation and
- 13 technology;
- 14 (4) Furnishing the financial and other support and
- 15 services to institute and grow local innovation and
- 16 technology;
- 17 (5) Developing policy and resource allocations to enable
- 18 and support start-up companies, sustain existing
- 19 companies, and attract companies to relocate or
- 20 establish offices in Hawaii;



- 1       (6) Attracting resources from public and private sector  
2       organizations and agencies to develop a local  
3       qualified innovation research and technology  
4       workforce;
- 5       (7) Coordinating with other state agencies and entities to  
6       support the innovation and technology industry;
- 7       (8) Collecting and analyzing information on the state of  
8       local and global technology activity; and
- 9       (9) Taking any and all other actions reasonably designed  
10      to promote the purposes of the corporation in the  
11      interest of promoting the general welfare of the  
12      people of the State.

13       (b) The governing body of the development corporation  
14 shall consist of a board of directors having ~~[eleven]~~ nine  
15 voting members. ~~[Seven of the members shall be appointed by the~~  
16 ~~governor for staggered terms pursuant to section 26-34. Six of~~  
17 ~~the appointed members shall be from the general public and~~  
18 ~~selected on the basis of their knowledge, interest, and proven~~  
19 ~~expertise in, but not limited to, one or more of the following~~  
20 ~~fields: finance, commerce and trade, corporate management,~~  
21 ~~marketing, economics, engineering, and telecommunications, and~~



1 ~~other technology fields. The other appointed member shall be~~  
 2 ~~selected from the faculty of the University of Hawaii.]~~ The  
 3 director of business, economic development, and tourism, and an  
 4 appointed member from the University of Hawaii, or their  
 5 designated representatives, shall serve as ex officio voting  
 6 members of the board. All members shall have knowledge,  
 7 interest, and proven expertise in, but not limited to, one or  
 8 more of the following fields: finance, commerce and trade,  
 9 corporate management, marketing, economics, engineering,  
 10 telecommunications, innovation, and other technology fields.  
 11 Seven of the members shall be appointed by the governor pursuant  
 12 to section 26-34 for staggered terms; provided that membership  
 13 shall include:

- 14 (1) Three members who shall be appointed by the governor
- 15 from a list of four nominees submitted by the
- 16 president of the senate, and three members who shall
- 17 be appointed by the governor from a list of four
- 18 nominees submitted by the speaker of the house of
- 19 representatives; provided that if fewer than four
- 20 nominees are submitted for each appointment, the
- 21 governor may disregard the list; and



1       (2) One member who shall be appointed by the governor from  
2           the economic development board of Maui, Kauai, or  
3           Hawaii county.

4 The governor shall make board member appointments to ensure the  
5 fulfillment of all requirements of paragraphs (1) and (2);  
6 provided that upon the occurrence of a vacancy subject to  
7 paragraph (1), the governor shall notify the president of the  
8 senate and the speaker of the house of representatives of any  
9 unfulfilled requirements pursuant to paragraphs (1) and (2), and  
10 the president of the senate or the speaker of the house of  
11 representatives, as appropriate, shall submit nominees who  
12 fulfill the requirements pursuant to paragraphs (1) and (2).

13 All appointed members of the board shall continue in office  
14 until their respective successors have been appointed. [The  
15 ~~director of business, economic development, and tourism, the~~  
16 ~~director of finance, an appointed member from the board of the~~  
17 ~~Hawaii strategic development corporation, and an appointed~~  
18 ~~member from the board of the natural energy laboratory of Hawaii~~  
19 ~~authority, or their designated representatives, shall serve as~~  
20 ~~ex officio[, ] voting members of the board.~~] The director of  
21 business, economic development, and tourism shall serve as the



1 chairperson until such time as a chairperson is elected by the  
2 board from the membership. The board shall elect [~~such~~] other  
3 officers as it deems necessary."

4 SECTION 8. Section 206M-3, Hawaii Revised Statutes, is  
5 amended by amending subsection (a) to read as follows:

6 "(a) The development corporation shall have all the powers  
7 necessary to carry out its purposes, including the powers to:

- 8 (1) Sue and be sued;
- 9 (2) Have a seal and alter the same at its pleasure;
- 10 (3) Make and execute, enter into, amend, supplement, and
- 11 carry out contracts and all other instruments
- 12 necessary or convenient for the exercise of its powers
- 13 and functions under this chapter, including, with the
- 14 approval of the governor, a project agreement, or an
- 15 amendment or supplement to an existing project
- 16 agreement, with a qualified person, and to enter into
- 17 and carry out any agreement whereby the obligations of
- 18 a qualified person under a project agreement shall be
- 19 unconditionally guaranteed or insured by, or the
- 20 performance thereof assigned to, or guaranteed or
- 21 insured by, a person or persons other than the



- 1 qualified person; and extend or renew any project  
2 agreement or any other agreement related thereto;  
3 provided that any such renewal or extension shall be  
4 subject to the approval of the governor unless made in  
5 accordance with provisions for the extension or  
6 renewal contained in a project agreement or related  
7 agreement theretofore approved by the governor;
- 8 (4) Make and alter bylaws for its organization and  
9 internal management;
- 10 (5) Adopt rules under chapter 91 necessary to effectuate  
11 this chapter in connection with industrial parks,  
12 projects, multi-project programs, and the operations,  
13 properties, and facilities of the corporation;
- 14 (6) Through its chief executive officer, appoint officers,  
15 agents, consultants, advisors, and employees,  
16 prescribe their duties and qualifications, and fix  
17 their salaries, without regard to chapter 76;
- 18 (7) Prepare or cause to be prepared development plans for  
19 industrial parks;
- 20 (8) Acquire, own, lease, hold, clear, improve, and  
21 rehabilitate real, personal, or mixed property and



- 1 assign, exchange, transfer, convey, lease, sublease,  
2 or encumber any project, including by way of  
3 easements;
- 4 (9) Acquire, construct, improve, install, equip, or  
5 develop or provide for the acquisition, construction,  
6 improvement, installation, equipping, or development  
7 of any project and designate a qualified person as its  
8 agent for such purpose;
- 9 (10) Own, hold, assign, transfer, convey, exchange, lease,  
10 sublease, or encumber any project;
- 11 (11) Arrange or initiate appropriate action for the  
12 planning, replanning, opening, grading, or closing of  
13 streets, roads, roadways, alleys, easements, or other  
14 places, the furnishing of improvements, the  
15 acquisition of property or property rights, or the  
16 furnishing of property or services in connection with  
17 an industrial park or project;
- 18 (12) Prepare, or cause to be prepared, plans,  
19 specifications, designs, and estimates of cost for the  
20 acquisition, construction, reconstruction,  
21 improvement, installation, equipping, development, or



- 1 maintenance of any project or industrial park, and  
2 from time to time modify the plans, specifications,  
3 designs, or estimates;
- 4 (13) Engage the services of consultants on a contractual  
5 basis for rendering professional and technical  
6 assistance and advice;
- 7 (14) Procure insurance against any loss in connection with  
8 its property and other assets and operations in  
9 amounts and from insurers as it deems desirable;
- 10 ~~[(15) Accept and expend gifts or grants in any form from any  
11 public agency or from any other source;~~
- 12 ~~+(16)]~~ (15) Issue special purpose revenue bonds and  
13 refunding special purpose revenue bonds pursuant to  
14 and in accordance with this chapter in principal  
15 amounts as may be authorized from time to time by law  
16 to finance or refinance the cost of a project, singly  
17 or as part of a multi-project program, or an  
18 industrial park as authorized by law and provide for  
19 the security thereof as permitted by this chapter;
- 20 ~~[(17)]~~ (16) Lend or otherwise apply the proceeds of the  
21 bonds issued for a project or an industrial park



1 either directly or through a trustee to a qualified  
2 person for use and application by the qualified person  
3 in the acquisition, construction, improvement,  
4 installation, equipping, or development of a project  
5 or industrial park, or agree with the qualified person  
6 whereby any of these activities shall be undertaken or  
7 supervised by that qualified person or by a person  
8 designated by the qualified person;

9 ~~[-18-]~~ (17) As security for the payment of the principal of,  
10 premium, if any, and interest of the special purpose  
11 revenue bonds issued for a project to:

12 (A) Pledge, assign, hypothecate, or otherwise  
13 encumber all or any part of the revenues and  
14 receipts derived or to be derived by the  
15 development corporation under the project  
16 agreement for the project for which the bonds are  
17 issued;

18 (B) Pledge and assign the interest and rights of the  
19 development corporation under the project  
20 agreement or other agreement with respect to the  
21 project or the special purpose revenue bonds;



1 (C) Pledge and assign any bond, debenture, note, or  
2 other evidence of indebtedness received by the  
3 development corporation with respect to the  
4 project; or

5 (D) Any combination of the foregoing;

6 [~~19~~] (18) With or without terminating a project agreement,  
7 exercise any and all rights provided by law for entry  
8 and reentry upon or take possession of a project at  
9 any time or from time to time upon breach or default  
10 by a qualified person under a project agreement,  
11 including any action at law or in equity for the  
12 purpose of effecting its rights of entry or reentry or  
13 obtaining possession of the project or for the  
14 payments of rentals, user taxes, or charges, or any  
15 other sum due and payable by the qualified person to  
16 the development corporation pursuant to the project  
17 agreement;

18 [~~20~~] (19) Enter into arrangements with qualified county  
19 development entities whereby the board would provide  
20 financial support to qualified projects proposed;



- 1        [~~21~~] (20) Create an environment in which to support  
2                    technology economic development, including but not  
3                    limited to:
- 4                    (A) Supporting all aspects of technology-based  
5                    economic development;
- 6                    (B) Developing instructive programs, identifying  
7                    issues and impediments to the growth of  
8                    technology industry in Hawaii; and
- 9                    (C) Providing policy analysis and information  
10                    important to the development of technology  
11                    industries in Hawaii;
- 12        [~~22~~] (21) Develop programs that support start-up and  
13                    existing technology companies in Hawaii and attract  
14                    new companies to relocate to or establish operations  
15                    in Hawaii by assessing the needs of these companies  
16                    and providing the physical and technical  
17                    infrastructure to support their operations;
- 18        [~~23~~] (22) Coordinate its efforts with other public and  
19                    private agencies involved in stimulating technology-  
20                    based economic development in Hawaii, including but  
21                    not limited to:



- 1 (A) The department of business, economic development,  
2 and tourism;
- 3 (B) The Pacific international center for high  
4 technology research; [~~and~~]
- 5 (C) The office of technology transfer and economic  
6 development of the University of Hawaii; and
- 7 (D) The state energy office;
- 8 [~~+24~~] (23) Promote and market Hawaii as a site for  
9 commercial technology activity, including the  
10 expenditure of funds for protocol purposes at the  
11 discretion of the board;
- 12 [~~+25~~] (24) Provide advice on policy and planning for  
13 technology-based economic development;
- 14 [~~+26~~] (25) Finance, conduct, or cooperate in financing or  
15 conducting technological, business, financial, or  
16 other investigations that are related to or likely to  
17 lead to business, technology, and economic development  
18 by making and entering into contracts and other  
19 appropriate arrangements, including the provision of  
20 loans, start-up and expansion capital, loan guaranty,  
21 loans convertible to equity, equity charged and



1 received by the corporation, and other forms of  
2 assistance;

3 ~~[(27)]~~ (26) Solicit, study, and assist in the preparation of  
4 business plans and proposals of new or established  
5 businesses;

6 ~~[(28)]~~ (27) Provide advice, technical and marketing  
7 assistance, support, and promotion to enterprises in  
8 which investments have been made;

9 ~~[(29)]~~ (28) Acquire, hold, and sell qualified securities;

10 ~~[(30)]~~ (29) Consent, subject to the provisions of any  
11 contract with noteholders or bondholders, whenever the  
12 corporation deems it necessary or desirable in the  
13 fulfillment of the purposes of this chapter, to the  
14 modification, with respect to rate of interest, time  
15 of payment of any installment of principal or  
16 interest, or any other terms, of any contract or  
17 agreement of any kind to which the corporation is a  
18 party;

19 ~~[(31)]~~ (30) Invest any funds held in reserves or sinking  
20 funds, or any funds not required for immediate



- 1 disbursement, in such investments as may be lawful for  
2 fiduciaries in the State; [and]
- 3 (31) Coordinate the development corporation's programs with  
4 any education and training program;
- 5 (32) Carry out specialized programs designed to encourage  
6 the development of new products, businesses, and  
7 markets;
- 8 (33) Prepare, publish, and distribute such technical  
9 studies, reports, bulletins, and other materials as it  
10 deems appropriate, subject only to the maintenance and  
11 respect for confidentiality of client proprietary  
12 information;
- 13 (34) Organize, conduct, sponsor, or cooperate in and assist  
14 in the conduct of conferences, demonstrations, and  
15 studies relating to the stimulation and formation of  
16 businesses;
- 17 (35) Provide and pay for such advisory services and  
18 technical, managerial, and marketing assistance,  
19 support, and promotion as may be necessary or  
20 desirable to carry out the purposes of this chapter;



1       (36) Accept donations, grants, bequests, and devises of  
2       money, property, service, or other things of value  
3       that may be received from the United States or any  
4       agency thereof, any governmental agency, or any public  
5       or private institution, person, firm, or corporation,  
6       to be held, used, or applied for any or all of the  
7       purposes specified in this chapter. Receipt of each  
8       donation or grant shall be detailed in the annual  
9       report of the development corporation. The report  
10       shall include the identity of the donor or lender, the  
11       nature of the transaction, and any conditions  
12       attaching thereto;

13       (37) Acquire real property, or an interest therein, by  
14       purchase or foreclosure, where that acquisition is  
15       necessary or appropriate to protect or secure any  
16       investment or loan in which the development  
17       corporation has an interest; sell, transfer, and  
18       convey the property to a buyer and if the sale,  
19       transfer, or conveyance cannot be effected with  
20       reasonable promptness or at a reasonable price, to  
21       lease the property to a tenant;



- 1        (38) Acquire, own, hold, dispose of, and encumber personal
- 2            property of any nature, or any interest therein;
- 3        (39) Enter into agreements or other transactions with any
- 4            federal, state, or county agency;
- 5        (40) Appear on its own behalf before state, county, or
- 6            federal agencies;
- 7        (41) Appoint advisory committees as deemed necessary;
- 8        (42) Exercise any other powers of a corporation organized
- 9            under the laws of the State; and
- 10        [~~32~~] (43) Do any and all things necessary or convenient to
- 11            carry out its purposes and exercise the powers given
- 12            and granted in this chapter."

PART III

14        SECTION 9. Section 227D-2, Hawaii Revised Statutes, is  
15 amended by amending subsection (b) to read as follows:

16        "(b) The governing body of the authority shall consist of  
17 a board of directors having [~~thirteen~~] twelve voting members.  
18 Three members from the general public shall be appointed by the  
19 governor for staggered terms pursuant to section 26-34, except  
20 that one of these members shall be a resident of the county of  
21 Hawaii. The members shall be selected on the basis of their



1 knowledge, interest, and proven expertise in, but not limited  
2 to, one or more of the following fields: finance, commerce and  
3 trade, corporate management, marketing, economics, engineering,  
4 energy management, real estate development, property management,  
5 aquaculture, and ocean science. The chairperson and secretary  
6 of the research advisory committee shall serve on the board.  
7 The director of business, economic development, and tourism, the  
8 chairperson of the board of land and natural resources, the  
9 president of the University of Hawaii, the mayor of the county  
10 of Hawaii, and an appointed member from the board of the Hawaii  
11 technology development corporation, [~~and an appointed member~~  
12 ~~from the board of the Hawaii strategic development corporation,~~]  
13 or their designated representatives, shall serve as ex officio,  
14 voting members of the board. The tenants of the authority shall  
15 elect two members to the board from among the tenants of the  
16 authority, of which one member shall serve a two-year term, and  
17 one member shall serve a four-year term. In electing the tenant  
18 members, each tenant shall be entitled to cast one vote for each  
19 member position. The tenant members shall be recused from  
20 voting on setting lease rents, water rates, or utility rates,  
21 but may participate in discussions. The director of business,



1 economic development, and tourism shall serve as the chairperson  
2 until such time as a chairperson is elected by the board from  
3 the membership. The board shall elect other officers as it  
4 deems necessary."

5 PART IV

6 SECTION 10. Chapter 211F, Hawaii Revised Statutes, is  
7 repealed.

8 SECTION 11. On July 1, 2019, the terms of the board  
9 members of the Hawaii strategic development corporation shall  
10 expire.

11 SECTION 12. All rights, powers, functions, and duties of  
12 the Hawaii strategic development corporation are transferred to  
13 the Hawaii technology development corporation.

14 All employees who occupy civil service positions and whose  
15 functions are transferred to the Hawaii technology development  
16 corporation by this Act shall retain their civil service status,  
17 whether permanent or temporary. Employees shall be transferred  
18 without loss of salary, seniority (except as prescribed by  
19 applicable collective bargaining agreements), retention points,  
20 prior service credit, any vacation and sick leave credits  
21 previously earned, and other rights, benefits, and privileges,



1 in accordance with state personnel laws and this Act; provided  
2 that the employees possess the minimum qualifications and public  
3 employment requirements for the class or position to which  
4 transferred or appointed, as applicable; provided further that  
5 subsequent changes in status may be made pursuant to applicable  
6 civil service and compensation laws.

7 Any employee who, prior to this Act, is exempt from civil  
8 service and is transferred as a consequence of this Act may  
9 retain the employee's exempt status, but shall not be appointed  
10 to a civil service position as a consequence of this Act. An  
11 exempt employee who is transferred by this Act shall not suffer  
12 any loss of prior service credit, vacation or sick leave credits  
13 previously earned, or other employee benefits or privileges as a  
14 consequence of this Act; provided that the employees possess  
15 legal and public employment requirements for the position to  
16 which transferred or appointed, as applicable; provided further  
17 that subsequent changes in status may be made pursuant to  
18 applicable employment and compensation laws. The chief  
19 executive officer of the Hawaii technology development  
20 corporation may prescribe the duties and qualifications of these



1 employees and fix their salaries without regard to chapter 76,  
2 Hawaii Revised Statutes.

3 SECTION 13. All appropriations, records, equipment,  
4 machines, files, supplies, contracts, books, papers, documents,  
5 maps, and other personal property heretofore made, used,  
6 acquired, or held by the Hawaii strategic development  
7 corporation relating to the functions transferred to the Hawaii  
8 technology development corporation shall be transferred with the  
9 functions to which they relate.

10 SECTION 14. All rules, policies, procedures, guidelines,  
11 and other materials adopted or developed by the Hawaii strategic  
12 development corporation to implement provisions of the Hawaii  
13 Revised Statutes, which are made applicable to the Hawaii  
14 technology development corporation by this Act, shall remain in  
15 full force and effect until amended or repealed by the  
16 department of business, economic development and tourism  
17 pursuant to chapter 91, Hawaii Revised Statutes. In the  
18 interim, every reference to the Hawaii strategic development  
19 corporation in those rules, policies, procedures, guidelines,  
20 and other material is amended to refer to the Hawaii technology  
21 development corporation as appropriate.



1 SECTION 15. All deeds, leases, contracts, loans,  
2 agreements, permits, or other documents executed or entered into  
3 by or on behalf of the Hawaii strategic development corporation  
4 pursuant to the provisions of the Hawaii Revised Statutes, which  
5 are made applicable to the Hawaii technology development  
6 corporation by this Act, shall remain in full force and effect.  
7 Upon the effective date of this Act, every reference to the  
8 Hawaii strategic development corporation therein shall be  
9 construed as a reference to the Hawaii technology development  
10 corporation as appropriate.

11 PART V

12 SECTION 16. Section 206M-15.5, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§206M-15.5 Technology special fund. There is established  
15 in the state treasury a fund to be known as the technology  
16 special fund, into which shall be deposited, except as otherwise  
17 provided by section 206M-17:

- 18 (1) Any appropriations or other funds required to be  
19 deposited by law; and  
20 (2) All moneys, fees, and equity from tenants, qualified  
21 persons, or other users of the development



1 corporation's industrial parks, projects, other leased  
2 facilities, and other services and publications;  
3 provided that the total amount of moneys in the fund shall not  
4 exceed [~~\$3,000,000~~] \$300,000 at the end of any fiscal year. All  
5 moneys in the fund are appropriated for the purposes of and  
6 shall be expended by the development corporation for the  
7 operation, maintenance, and management of its industrial parks,  
8 projects, facilities, services, and publications, and to pay the  
9 expenses in administering the special purpose revenue bonds of  
10 the development corporation or in carrying out its project  
11 agreements."

12 SECTION 17. Any unencumbered balances remaining in the  
13 technology special fund as of July 1, 2019, shall lapse to the  
14 credit of the general fund.

15 PART VI

16 SECTION 18. APPROPRIATIONS. The following sums, or so  
17 much thereof as may be sufficient to accomplish the purposes and  
18 programs designated herein, are hereby appropriated or  
19 authorized, as the case may be, from the means of financing  
20 specified to the expending agencies designated for the fiscal  
21 biennium beginning July 1, 2019, and ending June 30, 2021. The



1 total expenditures and the number of positions in each fiscal  
2 year of the biennium shall not exceed the sums and the position  
3 ceilings indicated for each fiscal year, except as provided  
4 elsewhere in this part or as provided by general law.



PROGRAM APPROPRIATIONS

1  
2  
3  
4  
5  
6  
7  
8  
9

ITEM NO	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
19.	BED143	- HAWAII TECHNOLOGY DEVELOPMENT CORPORATION					
				3.00*		3.00*	
				5.00#		5.00#	
	OPERATING		BED	1,336,222A		1,336,222A	
			BED	1,604,258B		1,604,258B	
			BED	2,017,203W		2,017,203W	
				9.00#		9.00#	
			BED	994,214P		994,214P	



1 SECTION 19. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$720,000 or so much  
3 thereof as may be necessary for fiscal year 2019-2020 to be  
4 expended as follows:

- 5 (1) \$90,000 for one permanent full-time (1.0 FTE)  
6 technology park coordinator position; and
- 7 (2) \$630,000 for a first responders technology park proof  
8 of concept.

9 The sum appropriated shall be expended by the Hawaii  
10 technology development corporation for the purposes of this  
11 part.

12 SECTION 20. Provided that, notwithstanding any provision  
13 contained in the General Appropriations Act of 2019 (House Bill  
14 No. 2, H.D. 1, S.D. 1, C.D. 1) that appropriates funds and  
15 establishes position ceilings, the appropriations and positions  
16 authorized in this part shall be in addition to the positions  
17 authorized for that program under the General Appropriations Act  
18 of 2019; provided further that any incumbent employee shall  
19 retain the employee's:

- 20 (1) Civil service status, whether permanent or temporary;
- 21 and



1 (2) Salary, seniority (except as may be prescribed by an  
2 applicable collective bargaining agreement), retention  
3 points, prior service credit, any vacation and sick  
4 leave credits previously earned, and other rights,  
5 benefits, and privileges, in accordance with state  
6 personnel laws.

7 SECTION 21. Provided that, notwithstanding any law to the  
8 contrary, the position ceilings and funds appropriated in this  
9 part may be transferred with the approval of the governor to the  
10 General Appropriations Act of 2019 (House Bill No. 2, H.D. 1,  
11 S.D. 1, C.D. 1), for program execution and expenditure.

12 SECTION 22. If any portion of a specific appropriation  
13 made by this part is held to be invalid for any reason, the  
14 remaining portion shall be expended to fulfill the objective of  
15 the appropriation to the extent possible.

16 SECTION 23. If manifest clerical, typographical, or other  
17 mechanical errors are found in this part, the governor may  
18 correct the errors.

19 PART VII

20 SECTION 24. If any provision of this Act, or the  
21 application thereof to any person or circumstance, is held



1 invalid, the invalidity does not affect other provisions or  
2 applications of the Act that can be given effect without the  
3 invalid provision or application, and to this end the provisions  
4 of this Act are severable.

5 SECTION 25. In codifying the new sections added by section  
6 2 of this Act, the revisor of statutes shall substitute  
7 appropriate section numbers for the letters used in designating  
8 the new sections in this Act.

9 SECTION 26. The term of office for each existing member of  
10 the board of directors of the Hawaii technology development  
11 corporation in office as of the day before the effective date of  
12 this Act shall terminate on May 31, 2020. The nomination and  
13 appointment of successor members of the Hawaii technology  
14 development corporation pursuant to section 7 of this Act shall  
15 not cause the term of office of any existing member to terminate  
16 before that date, regardless of the date of the successor  
17 member's appointment by and with the advice and consent of the  
18 Senate.

19 No existing member of the board of directors of the Hawaii  
20 technology development corporation as it is constituted on the  
21 day prior to the effective date of this Act shall serve as a



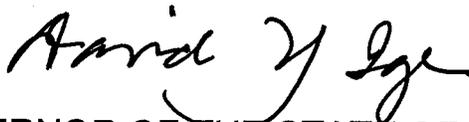
1 holdover member due to a vacancy as of May 31, 2020, in the  
2 board of directors of the Hawaii technology development  
3 corporation as it is constituted by section 7 of this Act.

4 The speaker of the house of representatives and president  
5 of the senate shall each submit lists of four nominees for each  
6 appointment subject to their respective nominating authority, as  
7 required by section 7 of this Act, no later than January 31,  
8 2020. The governor shall make all appointments of members of  
9 the board of directors of the Hawaii technology development  
10 corporation, including from each of the lists submitted, no  
11 later than March 31, 2020.

12 SECTION 27. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 28. This Act shall take effect upon its approval;  
15 provided that part VI shall take effect on June 28, 2019, and  
16 part IV shall take effect on July 1, 2019.

APPROVED this 7 day of JUN, 2019



GOVERNOR OF THE STATE OF HAWAII



HB No. 624, HD 1, SD 3, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 2, 2019  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.



Scott K. Saiki  
Speaker  
House of Representatives



Brian L. Takeshita  
Chief Clerk  
House of Representatives

**THE SENATE OF THE STATE OF HAWAI'I**

Date: May 2, 2019  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai'i, Regular Session of 2019.



President of the Senate



Clerk of the Senate