



# GOV. MSG. NO. 1260

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

June 26, 2015

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

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Eighth State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

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

This is to inform you that on June 26, 2015, the following bill was signed into law:

HB1513 HD1 SD2 CD1

RELATING TO ENERGY  
**ACT 159 (15)**

Sincerely,

DAVID Y. IGE  
Governor, State of Hawai'i

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SENATE  
OFFICE OF THE PRESIDENT

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RECEIVED  
THE SENATE  
CLERK'S OFFICE  
STATE OF HAWAII

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# A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that imported oil  
2 supplies over ninety per cent of Hawaii's energy. This  
3 dependence on oil threatens Hawaii's land, air, and water,  
4 places the economy's security at risk, and is not sustainable.  
5 As a result, the State of Hawaii adopted the clean energy  
6 initiative to achieve seventy per cent clean energy by the year  
7 2030. This clean energy initiative is rooted in the principle  
8 of maximizing cost effective investments in clean energy  
9 production and management to promote Hawaii's energy security.  
10 Along with reducing the dependency on fossil fuels and  
11 increasing efficiency measures, the clean energy plan  
12 contributes to the State's economic growth.

13 The legislature further finds that there are growing  
14 numbers of local Hawaii-based companies conducting research and  
15 development in clean energy technologies. Utilizing Hawaii's  
16 diverse renewable energy sources of solar, wind,  
17 hydroelectricity, bioenergy, and geothermal, these companies are  
18 showing the world, with their proven track record, that Hawaii



1 is an ideal laboratory for the development of clean energy  
2 technologies. Many of these local research and development  
3 companies have also obtained federal funding to develop clean  
4 and alternative energy research and have created high-paying,  
5 high-skilled jobs.

6 The legislature also finds that it is important to Hawaii's  
7 future to support and strengthen these local companies to ensure  
8 continued research and development and support Hawaii's economy.  
9 For economic growth and diversification, it is in Hawaii's best  
10 interest to take important steps to encourage high-impact, clean  
11 energy solutions that encourage innovative economic development.

12 The purpose of this Act is to establish a matching grant  
13 program, similar to the small business innovation research grant  
14 program administered by the high technology development  
15 corporation, to further strengthen and support Hawaii's local  
16 companies that are conducting renewable energy research and  
17 development through existing contracts with the principal  
18 research division of the United States Department of Defense,  
19 Office of Naval Research.

20 SECTION 2. (a) There is established within the department  
21 of business, economic development, and tourism, a two-year



1 alternative energy research and development pilot program to  
2 provide grants to qualified businesses conducting research and  
3 development in alternative energy. The purpose of the pilot  
4 program shall be to promote the research and development of  
5 alternative energy in Hawaii by authorizing the high technology  
6 development corporation to provide matching grants to businesses  
7 that meet criteria established in subsection (b).

8 (b) Subject to the availability of funds, the high  
9 technology development corporation may provide a grant to any  
10 business that:

11 (1) Has been awarded a competitive contract from the  
12 Department of Defense Office of Naval Research related  
13 to the research of alternative energy and energy  
14 efficiency technologies in the fields of geothermal,  
15 solar, wind, ocean power, hydrodynamics, bioenergy,  
16 biomass, solid waste, smart grids, transportation, or  
17 demand response;

18 (2) Is sixty per cent or more resident-owned. For  
19 purposes of this paragraph, "resident" shall have the  
20 same meaning as defined in section 235-1, Hawaii  
21 Revised Statutes;



- 1           (3) Is a for-profit entity organized under the laws of the  
2           State;
- 3           (4) Has been doing business in the State for not less than  
4           one year;
- 5           (5) Agrees to expend all grant funds, awarded pursuant to  
6           this Act, in the State; and
- 7           (6) Conducts research in alternative energy that has a  
8           high technology readiness level or high potential for  
9           implementation as evidenced by a contract, funded by  
10          moneys designated by the United States Congress as  
11          funding for alternative energy and a national defense  
12          budget funding directive, with the Department of  
13          Defense Office of Naval Research that is existing and  
14          active or was granted within three years prior to the  
15          effective date of this Act;
- 16 provided that the amount of any grant awarded pursuant to this  
17 Act shall not exceed fifty per cent of the amount of the grant  
18 awarded to the business by the Department of Defense Office of  
19 Naval Research; provided further that the business shall not be  
20 eligible for a grant pursuant to this section if the business  
21 has obtained any other state grant for the same research, other



1 than the grant awarded to the business by the Department of  
2 Defense Office of Naval Research, at the time of or during the  
3 duration of the alternative energy research and development  
4 pilot program grant.

5 (c) The alternative energy research and development pilot  
6 program shall cease to exist on June 30, 2017.

7 (d) The department of business, economic development, and  
8 tourism shall adopt rules, pursuant to chapter 91, Hawaii  
9 Revised Statutes, necessary for the purposes of implementing the  
10 alternative energy research and development pilot program.

11 SECTION 3. There is established the alternative energy  
12 research and development revolving fund for the purpose of  
13 promoting alternative energy research and development in Hawaii.

14 The alternative energy research and development revolving  
15 fund shall be abolished on June 30, 2017, and all unencumbered  
16 balances shall lapse to the credit of the general fund.

17 SECTION 4. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$1,000,000 or so much  
19 thereof as may be necessary for fiscal year 2015-2016 and the  
20 same sum or so much thereof as may be necessary for fiscal year



1 2016-2017 to be deposited into the alternative energy research  
2 and development revolving fund.

3 SECTION 5. There is appropriated out of the alternative  
4 energy research and development revolving fund the sum of  
5 \$1,000,000 or so much thereof as may be necessary for fiscal  
6 year 2015-2016 and the same sum or so much thereof as may be  
7 necessary for fiscal year 2016-2017 for the purpose of providing  
8 grants pursuant to this Act.

9 The sums appropriated shall be expended by the high  
10 technology development corporation.

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

APPROVED this 26 day of JUN , 2015



GOVERNOR OF THE STATE OF HAWAII

