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# A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

1 PART I

2 SECTION 1. The legislature finds that, in light of the  
3 State's ongoing economic recovery from the outbreak of the  
4 coronavirus disease 2019 (COVID-19), the State must accelerate  
5 its economic diversification efforts through substantial,  
6 strategic, coordinated investments.

7 This Act establishes a policy framework for Hawaii  
8 technology development corporation projects that will ensure  
9 economic success. The legislature finds that the implementation  
10 of this framework will not require a significant additional  
11 investment in overhead resources but will require funds for  
12 specific projects that are identified collaboratively by the  
13 legislature and the Hawaii technology development corporation.  
14 The implementation will also require the establishment of  
15 specific goals that these projects will address and reports to  
16 the legislature that assess the effectiveness of the projects in  
17 meeting those goals.



1           The legislature further finds that through this Act, the  
2 Hawaii technology development corporation will serve as a  
3 facilitative catalyst for innovation in the State and will help  
4 to align the State with the emerging knowledge-based,  
5 zero-emission, and digital global economy while putting Hawaii  
6 on the path toward economic prosperity.

7           Accordingly, the purpose of this Act is to promote economic  
8 recovery and diversification by:

- 9           (1) Establishing state goals for economic growth fueled by  
10               innovation and technology;
- 11           (2) Appropriating funds to the Hawaii technology  
12               development corporation to implement specific projects  
13               that address those goals;
- 14           (3) Requiring the Hawaii technology development  
15               corporation to submit annual reports over three years  
16               to the legislature; and
- 17           (4) Re-establishing the three-year Hawaii office of naval  
18               research grant program.

19   PART II

20           SECTION 2.   (a) The projects for which funds are  
21 appropriated pursuant to sections 4 and 5 of this Act shall



1 align with one or more of the following goals that address  
2 economic diversification:

- 3 (1) Economic diversification through participation in the  
4 digital economy: projects shall address economic  
5 diversification by strengthening Hawaii's  
6 participation in the digital economy, including:
- 7 (A) Accessing new markets and market opportunities;
  - 8 (B) Strengthening business capacity and readiness to  
9 participate in the digital economy;
  - 10 (C) Retaining and strengthening businesses that are  
11 increasing revenues through the digital economy;
  - 12 (D) Strengthening digital economy infrastructure,  
13 including broadband affordability and coworking  
14 facilities; and
  - 15 (E) Increasing the number of businesses, revenue, and  
16 employees dedicated to the digital economy.
- 17 (2) Economic diversification through strengthened trade  
18 activities: projects shall address economic  
19 diversification by strengthening traded activities  
20 that redistribute Hawaii's gross domestic product,  
21 including:



- 1 (A) Increasing the export of goods manufactured in  
2 the State;
- 3 (B) Increasing the export of knowledge-based  
4 professional services;
- 5 (C) Increasing the value of knowledge-based  
6 professional services through research and  
7 development and intellectual property;
- 8 (D) Strengthening the post-production capacity for  
9 value-added agriculture and manufacturing; and
- 10 (E) Increasing the number of businesses, revenue, and  
11 employees in trade sectors.
- 12 (3) Economic diversification through increase in activity  
13 to reduce and mitigate climate change: projects shall  
14 address economic diversification by focusing on  
15 activities at the intersection of technology  
16 development and climate change mitigation, including:
- 17 (A) Making renewable energy more affordable;
- 18 (B) Retaining and strengthening businesses that are  
19 increasing revenues through solutions to reduce  
20 climate change;



1 (C) Increasing the export of knowledge-based  
2 professional services related to climate change  
3 mitigation; and

4 (D) Increasing the number of businesses, revenue, and  
5 employees in renewable energy sectors.

6 (b) The Hawaii technology development corporation shall  
7 implement the projects for which funds are appropriated in  
8 sections 4 and 5 of this Act for the purpose of meeting the  
9 goals described in subsection (a); provided that the Hawaii  
10 technology development corporation may work with any other state  
11 or county agency for the implementation of the assigned  
12 projects.

13 (c) No later than twenty days prior to the convening of  
14 the regular sessions of 2024, 2025, and 2026, the Hawaii  
15 technology development corporation shall submit a report to the  
16 legislature that includes:

17 (1) A summary of the progress of the projects assigned to  
18 the Hawaii technology development corporation by this  
19 Act;

20 (2) The outcomes of the projects assigned to the Hawaii  
21 technology development corporation by this Act,



1 including an assessment of each project's  
2 effectiveness in achieving the goals described in  
3 subsection (a); and

4 (3) Any findings and recommendations, including any  
5 proposed legislation.

6 SECTION 3. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$ or so  
8 much thereof as may be necessary for fiscal year 2023-2024 to be  
9 deposited into the strategic development programs revolving  
10 fund.

11 SECTION 4. There is appropriated out of the strategic  
12 development programs revolving fund the sum of \$ or so  
13 much thereof as may be necessary for fiscal year 2023-2024 for  
14 the purpose of stimulating private capital investments into  
15 small businesses in Hawaii.

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

18 SECTION 5. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so  
20 much thereof as may be necessary for fiscal year 2023-2024 for



1 the purpose of economic diversification, as described in section  
2 2(a) of this Act, as follows:

3 (1) § to accelerate economic diversification by  
4 supporting, enhancing, and encouraging new accelerator  
5 programs;

6 (2) § to support economic development  
7 opportunities with the trade sector, especially  
8 products manufactured in Hawaii;

9 (3) § to support economic development  
10 opportunities with the defense sector, including  
11 aerospace and supporting companies conducting small  
12 business innovation research through matching grants;  
13 and

14 (4) § or to reduce and mitigate climate change  
15 through renewable energy technology demonstration  
16 projects such as hydrogen, geothermal, or clean  
17 ground, air, and sea transportation.

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

20 SECTION 6. The appropriation made for projects authorized  
21 by section 5 of this Act shall not lapse at the end of the



1 fiscal biennium for which the appropriation is made; provided  
2 that all moneys from the appropriation unencumbered as of  
3 June 30, 2025, shall lapse as of that date.

4 PART III

5 SECTION 7. (a) There is established within the department  
6 of business, economic development, and tourism, a three-year  
7 Hawaii office of naval research grant program to provide grants  
8 to qualified businesses conducting research and development in  
9 alternative energy. The purpose of the program shall be to  
10 promote the research and development of alternative energy in  
11 Hawaii by authorizing the Hawaii technology development  
12 corporation to provide matching grants to businesses that meet  
13 criteria established in subsection (b).

14 (b) Subject to the availability of funds, the Hawaii  
15 technology development corporation may provide a grant to any  
16 business that:

17 (1) Has been awarded a competitive contract from the  
18 Department of Defense Office of Naval Research that is  
19 related to research on alternative energy and energy  
20 efficiency technologies in the fields of geothermal,  
21 solar, wind, ocean power, hydrodynamics, bioenergy,





- 1 biomass, solid waste, smart grids, transportation, or  
2 demand response;
- 3 (2) Is sixty per cent or more resident-owned; provided  
4 that for purposes of this paragraph, "resident" shall  
5 have the same meaning as defined in section 235-1,  
6 Hawaii Revised Statutes;
- 7 (3) Is a for-profit entity organized under the laws of the  
8 State;
- 9 (4) Has been doing business in the State for not less than  
10 one year;
- 11 (5) Agrees to expend all grant funds awarded pursuant to  
12 this Act in the State; and
- 13 (6) Conducts research in alternative energy that has a  
14 high technology readiness level or high potential for  
15 implementation as evidenced by a contract, funded by  
16 moneys designated by the United States Congress as  
17 funding for alternative energy and a national defense  
18 budget funding directive, with the Department of  
19 Defense Office of Naval Research that is existing and  
20 active or was granted within three years prior to the  
21 effective date of this Act;



1 provided that the amount of any grant awarded pursuant to this  
2 Act shall not exceed fifty per cent of the amount of the grant  
3 awarded to the business by the Department of Defense Office of  
4 Naval Research; provided further that the business shall not be  
5 eligible for a grant pursuant to this section if the business  
6 has obtained any other state grant for the same research, other  
7 than the grant awarded to the business by the Department of  
8 Defense Office of Naval Research, at the time of or during the  
9 duration of the grant from the Hawaii office of naval research  
10 grant program.

11 (c) The Hawaii office of naval research grant program  
12 shall cease to exist on June 30, 2027.

13 (d) The department of business, economic development, and  
14 tourism shall adopt rules, pursuant to chapter 91, Hawaii  
15 Revised Statutes, necessary for the purposes of implementing the  
16 Hawaii office of naval research grant program.

17 SECTION 8. There is established the alternative energy  
18 research and development revolving fund for the purpose of  
19 promoting alternative energy research and development in Hawaii.



1           The alternative energy research and development revolving  
2 fund shall be abolished on June 30, 2027, and all unencumbered  
3 balances shall lapse to the credit of the general fund.

4           SECTION 9. There is appropriated out of the general  
5 revenues of the State of Hawaii the sum of \$                   or so  
6 much thereof as may be necessary for fiscal year 2023-2024 and  
7 the same sum or so much thereof as may be necessary for fiscal  
8 year 2024-2025 to be deposited into the alternative energy  
9 research and development revolving fund.

10          SECTION 10. There is appropriated out of the alternative  
11 energy research and development revolving fund the sum of  
12 \$                   or so much thereof as may be necessary for fiscal  
13 year 2023-2024 and the same sum or so much thereof as may be  
14 necessary for fiscal year 2024-2025 for the purpose of the  
15 Hawaii office of naval research grant program; provided that the  
16 moneys appropriated by this Act shall not lapse at the end of  
17 the 2024-2025 fiscal year; provided further that any moneys that  
18 remain unencumbered on June 30, 2026, shall lapse on that date.

19          The sums appropriated shall be expended by the Hawaii  
20 technology development corporation for the purposes of this Act.

21          SECTION 11. This Act shall take effect on June 30, 3000.



**Report Title:**

Hawaii Technology Development Corporation; Economic  
Diversification; Appropriation

**Description:**

Establishes a public policy framework that addresses state goals in the area of economic diversification. Appropriates funds to the Hawaii Technology Development Corporation to implement specific projects that address those goals. Requires the Hawaii Technology Development Corporation to submit annual reports over three years to the Legislature. Authorizes the Hawaii Technology Development Corporation to temporarily re-establish the Hawaii Office of Naval Research Grant Program to provide fifty per cent matching grants to Hawaii awardees of alternative energy research grants from the Department of Defense Office of Naval Research. Establishes the Alternative Energy Research and Development Revolving Fund. Appropriates moneys into and out of the revolving fund. Effective 6/30/3000. (SD1)

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

