HTDC FY26 Priority Initiatives

Executive Summary

Purpose Of This Document

This document presents HTDC's **FY26 priority initiatives** to support Board oversight and alignment. It translates HTDC's five-year strategic direction into a focused set of near-term priorities, clarifying where leadership attention, resources, and partnerships will be concentrated in the coming fiscal year. The intent is to provide the Board with a clear view of how strategy is being operationalized, what progress should be expected over the year, and where Board support—particularly in accountability, fundraising, and convening power—will be most valuable. This document is time-bound and will be revisited annually as ecosystem conditions and strategic needs evolve.

Goal 1: Strengthen the Tech and Innovation Flywheel Through Direct Levers

Objective 1: Begin development or operationalization of three key pieces of shared infrastructure critical to research and commercialization in Ocean and Space

- **Activity 1: Kapāʻa Quarry Ocean Advanced Manufacturing Facility:** Lease and activate shared ocean advanced manufacturing space for PIZ, Makai Ocean Engineering, and HOPS.
- **Activity 2; Honolulu Harbor Ocean Technology Hub:** Work with HDOT to finalize a location within Honolulu Harbor and execute an MOU.
- **Activity 3: Hilo Aerospace Launch Port:** Advance enabling legislation and execute an MOU with HDOT to support early development of a launch facility.

Objective 2: Advance at least three policies that reduce friction and enable innovation, especially within Ocean and Space.

- **Activity 1:** Ocean-focused policy initiatives
- **Activity 2**: Aerospace-focused policy initiatives
- **Activity 3:** HSBIR fund policy reform, R & D Tax Credit reform

Objective 3: HTDC will increase the pipeline of companies within ocean and space

- **Activity 1:** Pivot current Accelerator Program criteria to focus on priority tech niches
- **Activity 2:** Develop a plan to launch an ocean or space-focused venture studio in FY27

Objective 4: HTDC will formalize at least three (3) national or global partnerships that strengthen market access, capital, or infrastructure for Ocean and Space companies.

- **Activity 1:** Develop partnership with Port of San Diego and Seattle Maritime Blue to share capital, dealflow, and pilot testing space
- **Activity 2:** Develop partnership with Fukuoka XXX to pilot ocean energy project

Objective 5: Refine and Realign Existing Programs

- **MAP**

    - Transition from reimbursement grants to RFP-based funding focused on tech niches

- **HCATT**
    - Identify a new AFRL-aligned energy project

- **MEP / Innovate Hawai‘i**
    - Move away from position-funding model
    - Explore role as operator of an advanced manufacturing facility

- **HI-CAP**
    - Design venture studio (SBIR II/III)

- **SBIR Program**
    - Make Phase II/III a permanent program
    - Broaden eligible federal R&D grants
    - Simplify application and administration processes

Goal 2: Increase Funding & Capital Access through data and coordination

Objective 1: Build Ecosystem Data & Intelligence
- Launch the beta version of an ecosystem dashboard

Objective 2: Coordinate Fundraising & Capital Access
- Develop a prioritized **grant opportunity list**
    - Apply for EPSCoR E-Core funding by July 2026
- Create a **framework for identifying and engaging partners**
- Establish internal SOPs for collaborative grant applications

Objective 3: Establish Shared Strategy & Accountability
- Finalize and publish:
    - General tech sector strategy
    - Ocean tech strategy
    - Space tech strategy

Goal 3: Operational improvements to support Strategy
- 1. Upgrade Internal Systems & Processes
    - Clean up our technology stack centered around Asana, Hubspot, and Microsoft
    - Develop SOPs for key government processes
- 2. Build Internal Capacity
    - Hire a **Advanced Manufacturing Coordinator**
    - Hire a **Ocean Ecosystem Coordinator**
    - Hire a **Marketing & Communications position**
- 3. Strengthen Fundraising & Resource Development
    - Develop a comprehensive **grant pipeline**
    - Create a framework for engaging philanthropic and private partners

    - Establish internal SOPs for fundraising and grant applications
- 4. Clarify Roles, Accountability, and Brand
    - Clarify decision-making authority and internal accountability
    - Rebrand HTDC to reflect its field catalyst role
    - Redesign the HTDC website
    - Strengthen HTDC's external narrative and visibility

Goal 4: Tech Jobs Now

Objective 1: Educate and train local talent to be well qualified and competitive

- Launch a Remote-Ready training program with talent acquisition from large tech companies with a presence here in Hawai‘i to encourage more people to apply to high-wage opportunities with employers based outside of Hawai‘i.

Objective 2: Incentivise hiring local talent and getting them top-secret clearance

- Work with the Department of Defense to create a state run clearing program to provide local talent with top-secret clearance. Think ClearID but for top secret work instead of air travel.
- Provide a rebate, or no interest loan to cover clearance and payroll costs of local talent

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HTDC 2026–2031 Strategic Plan

Executive Summary

Purpose Of This Document

This executive summary provides a high-level overview of HTDC's five-year strategic direction, clarifying **HTDC's role**, **strategic priorities**, and **how success will be measured**. It is intended to support Board-level alignment and governance.

This document is **not** an operating plan, program manual, or detailed budget. Instead, it establishes a shared mental model for where HTDC is going, why this direction is necessary, and how the Board should evaluate progress over time.

The Problem We Are Solving

On the surface, Hawai'i's economy appears stable. But beneath traditional indicators like GDP growth and unemployment lies a deeper, structural challenge: low wages, limited upward mobility, and the continued outmigration of young, educated residents. Decades of economic development efforts—many of them well-designed and well-intentioned—have not produced a self-sustaining innovation economy capable of generating high-wage jobs at scale.

The core issue is not a lack of activity. Hawai'i has no shortage of programs, organizations, or initiatives supporting entrepreneurship, workforce development, research, and innovation. **The problem is fragmentation. Efforts remain siloed, duplicative, and insufficiently coordinated.** Without shared strategy, aligned incentives, and accountability mechanisms, the "innovation flywheel" that drives compounding growth in successful tech ecosystems has failed to gain momentum.

Technology remains Hawai'i's most viable path to long-term economic resilience and wage growth. However, without coordination and focus, continued investment risks producing incremental progress rather than durable transformation.

HTDC's Role Going Forward

Over the next five years, HTDC's role is to strengthen Hawai'i's technology and innovation flywheel by **intervening where the ecosystem needs support** by de-risking, piloting, or operating efforts that unlock broader growth—while also **serving as the connective tissue** that allows the ecosystem to move faster and more effectively together.

This represents a deliberate evolution of HTDC's role: from primarily operating individual programs to acting as a field catalyst that enables coordinated, scalable impact.

Strategic Niche Focus

HTDC is prioritizing Ocean and Space as initial focus areas based on Hawai‘i’s unique assets, national demand, and comparative advantage. This focus does not mean abandoning other sectors, picking winners at the company level, or limiting statewide benefit. Rather, **Ocean and Space serve as a strategic lens for how HTDC designs and tests economic and workforce development interventions**—grounding decisions in real industry needs and enabling more effective use of capital, infrastructure, policy, and partnerships.

Economic and workforce development require precision. Broad, one-size-fits-all approaches often fail to align with employer demand or produce measurable outcomes. By focusing first on Ocean and Space, HTDC can deliver precise interventions. For example, in Ocean, let’s say HTDC identifies a bottleneck that companies are struggling to hire and retain **advanced manufacturing talent** while also lacking affordable access to testing facilities. Using this lens, HTDC can coordinate a **precise, end-to-end intervention** — aligning workforce training programs with the specific technical roles employers need and pairing those programs with access to shared testbeds and facilities to help companies pilot and validate their technology locally. This depth of approach allows HTDC to learn quickly, demonstrate impact, and build a repeatable playbook.

This strategy is dynamic, not fixed. HTDC will continually reassess ecosystem needs and sector maturity over time. As Ocean and Space efforts become more durable, HTDC may reduce direct intervention and apply proven approaches to other nascent or emerging sectors, ensuring the strategy remains adaptive, disciplined, and responsive to Hawai‘i’s evolving innovation economy.

Goal 1: Strengthen the Innovation Flywheel Through Direct Levers

HTDC will focus on a **limited set of high-leverage system interventions**, stepping in to pilot or operate efforts only when market failures or coordination gaps prevent progress. As these efforts mature, HTDC will transition ownership to ecosystem partners wherever possible. All interventions during this phase will be focused within the **Ocean and Space** niches, allowing HTDC to act with depth, precision, and discipline.

Rather than attempting to address every need at once, HTDC will concentrate on a small number of **core levers** that unlock broader ecosystem growth. These include:

- **Develop shared infrastructure** necessary for research, testing, and commercialization
- **Deploying and mobilizing capital** by aligning state, federal, and private investment
- **Advocating for targeted policy and regulatory changes** that reduce friction and enable innovation
- **Strengthening the innovation pipeline** by addressing gaps that limit company formation and scaling
- **Developing national and global partnerships** to attract or access high alignment companies, investors, and partners

Specific initiatives within these categories will evolve over time based on ecosystem needs, readiness, and available resources. HTDC is not attempting to “do everything.” Rather, it is intentionally pulling **system levers that no single organization can pull alone**, while creating the conditions for others to succeed.

Goal 2: Build the Connective Tissue As A Field Catalyst

In addition to targeted interventions, HTDC serves as the **neutral backbone organization** that connects people, data, capital, and strategy across Hawai‘i’s innovation ecosystem. These backbone functions do not replace ecosystem builders; they enable them to operate more effectively and at greater scale.

Key field catalyst responsibilities include:

- **Developing a shared strategy** and accountability mechanism, to keep the field aligned and making progress over time.
- **Coordinate statewide convenings**, across state agencies, universities, industry, nonprofits, and community organizations through ecosystem conferences, advisory councils, and working groups
- **Gather, analyze, and disseminate knowledge and data** that drives ecosystem growth
- **Diversify and coordinate funding streams** by supporting joint pursuit of large-scale federal, philanthropic, and private investments.

Through these functions, HTDC provides the connective tissue that transforms individual efforts into coordinated impact.

Goal 3: Ensure the Strategy is Attainable Through Operational Upgrades

To deliver on this role responsibly, HTDC must modernize and scale its internal operations. These operational investments are not overhead; they are foundational capacity required to execute an ambitious, statewide mandate.

Operational priorities over the next five years include:

- **Strengthen HTDC’s people and organizational structure** by hiring for new positions and investing in staff training and development
- **Improve HTDC’s brand, storytelling, and communications** through deeper investment in marketing
- **Strengthening fundraising and resource development capacity** to attract federal, philanthropic, and private dollars that can support both internal operations and ecosystem-wide initiatives.
- **Increase operational efficiency and navigate bureaucracy more effectively by** upgrading HTDC’s internal systems and technology stack, documenting SOPs, and clarifying roles, decision-making authority, and accountability.
- **Strengthen HTDC’s impact measurement** by creating an organization-wide measurement, learning, and evaluation system

These changes ensure that HTDC can function as a credible field catalyst—capable of coordinating complex initiatives, managing partnerships, and reporting transparently to stakeholders.

How Existing Programs Fit This Direction

This strategy does not discard HTDC's existing programs; it **realigns them**. Programs that once operated independently are now positioned as components of a coherent system:

- Innovation and SBIR programs feed priority niches and capital pathways.
- Facilities anchor shared infrastructure strategies.
- Training programs align with workforce gaps identified through the innovation flywheel.
- Grant programs are leveraged to attract and deploy external capital.

This is not erasure. It is intentional evolution—shifting from a collection of activities to an integrated strategy.

Indicators of Success

The indicators below are directional benchmarks rather than KPIs. They are not meant to be exhaustively measured, but instead to describe the expected state of progress at the three- and five-year horizons if HTDC is moving in the intended direction.

	Interim Indicators (3-Year Horizon)	**Long-Term Indicators (5-Year Horizon)**
If HTDC can deliver on the following goals, of which it is directly accountable for…		
Goal 1 : Strengthen the Innovation Flywheel Through Direct Levers *(HTDC is directly accountable)*	• **Infrastructure:** 2-3 infrastructure projects supporting ocean and space are underway or completed • **Capital:** $XXM in venture funding is deployed through HICAP and is primarily going towards ocean and space • **Policy:** 3-5 policy priorities are advanced, with early legislative or regulatory wins that reduce friction for innovation and investment. • **Innovation Pipeline:** Current innovation programs are now tailored towards ocean and space. 1-2 new pilot programs (including venture studio efforts, if pursued) demonstrate proof of concept and de-risk new approaches. • **Partnerships**: 5-10 partnerships with key cities or companies are established	• **Infrastructure:** Infrastructure projects are fully utilized, creating clustering effects, and are breakeven in cost • **Capital**: Capital vehicles consistently deploy funding aligned with ocean and space, crowding in private investment and supporting companies across multiple stages. • **Policy:** The policy and regulatory environment for ocean and space materially supports company formation, piloting, and scaling, with priority reforms institutionalized across agencies. • **Innovation Pipeline**: Ocean and space innovation pathways are durable and end-to-end, with successful pilots transitioned to partners or scaled into long-term, ecosystem-owned programs. • **Partnerships**: 20+ examples of value exchanged projects are completed with partners (e.g., capital invested, company relocated, pilot tested, etc)
Goal 2: Build the Connective Tissue as a Field Catalyst *(HTDC is directly accountable)*	• **Strategy:** Ecosystem builders are aligned behind HTDC's strategy and collecting impact metrics for shared accountability. • **Convening:** (1) Statewide convenings, (2-3) councils, and (2-3) working groups are active and cross-sector.	• **Strategy:** HTDC's strategy is broadly institutionalized across the ecosystem, with ecosystem builders independently aligning programs to shared priorities and using common metrics to guide decision-making • **Convening**: Statewide convenings and councils have become more robust, and

	• **Knowledge and Data:** Ecosystem dashboards and shared data tools are live. HTDC has published at least 5 reports related to Hawaii's tech economy. • **Funding:** HTDC has facilitated 2-3 large-scale collaborative grant applications.	ecosystem builders routinely collaborate on large, complex initiatives. • **Knowledge and Data:** Ecosystem builders are consistently referencing the Ecosystem dashboard and other HTDC data to inform their decisions. HTDC is considered a thought leader. • **Funding:** HTDC continues to lead collaborative grant applications and Hawai'i has won 1-3 large scale federal grants
Goal 3: Ensure the Strategy is Attainable Through Operational Upgrades *(HTDC is directly accountable)*	• **People and Org:** HTDC has hired key roles aligned to its field catalyst strategy, invested in staff development, and established clear roles, responsibilities, and decision-making authority. • **Marketing and Comms:** HTDC has a clear and consistent brand narrative, with professional communications that enable partners, funders, and policymakers to understand its role and priorities. • **Financials:** HTDC has established internal fundraising systems and partnerships that support collaborative grantmaking and diversified funding across federal, philanthropic, and private sources. • **Operational Efficiency:** HTDC has upgraded core internal systems, documented SOPs, and clarified accountability in ways that improve speed, reliability, and cross-team coordination. • **MEL:** HTDC has implemented an organization-wide measurement, learning, and evaluation framework that informs planning and internal decision-making.	• **People and Org:** HTDC has a stable, high-performing team with clear career pathways and an organizational structure that consistently supports and adapts to its field catalyst role. • **Marketing and Comms:** HTDC is widely recognized as the backbone organization for Hawai'i's tech ecosystem, with storytelling that shapes funding, policy, and ecosystem alignment. • **Financials:** HTDC has predictable, diversified funding streams and is a trusted lead partner for large-scale, multi-organization funding efforts. • **Operational Efficiency:** HTDC operates with efficient, well-institutionalized processes that enable staff to focus primarily on strategic and ecosystem-facing work. • **MEL:** Impact measurement is fully embedded in HTDC's strategy and operations, with data routinely used to guide ecosystem decisions and demonstrate long-term impact.
Then we should see state-wide progress towards the collective goal of growing Hawaii's startup and tech economy		
State-Wide Goal: To grow Hawaii's tech economy *(System-level outcomes HTDC influences, but does not solely in control)*	• **Sector Size:** Hawaii's tech sector has grown from by 25% to 5% of Hawaii's total GDP • **Jobs and Wages:** Hawaii's tech sector has created XX new jobs, with at least 75% making $100K or more per year	• **Sector Size:** Hawaii's tech sector has grown from by 25% to 5% of Hawaii's total GDP • **Jobs and Wages:** Hawaii's tech sector has created XX new jobs, with at least 75% making $100K or more per year

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The Board's Role in Supporting and Advancing This Strategy

HTDC's five-year strategy requires **active Board partnership**. The Board plays a critical role in ensuring accountability, unlocking resources, and amplifying HTDC's convening power.

1. Keeping HTDC Accountable

- Review the indicators of success table
    - **Annual deep-dive**: Review progress across the full Indicators of Success table and reaffirm strategic priorities
    - **Mid-year check-in**: Assess trends, risks, and course corrections at a high level
    - **Ad hoc engagement**: Board members support fundraising, convening, or advocacy as needed—coordinated with the Executive Director
- Ask whether trends are moving in the right direction—not whether every metric has been achieved
- Use system-level outcomes (jobs, startups, capital) as *signals*, not as single-point scorecards

2. Helping Fundraise for the Strategy

- Serve as ambassadors and validators for HTDC's strategy with funders
- Make targeted introductions to:
    - Federal agencies
    - Philanthropic institutions
    - High-net-worth individuals and corporate partners
    - State legislators
- Participate in funder briefings or meetings when Board presence strengthens credibility

3. Ensuring the Right Power Players Are in the Room: HTDC's ability to act as a field catalyst depends on its convening power—particularly the ability to bring together decision-makers across government, industry, academia, and philanthropy. The Board is essential to making this happen.

- Help identify which voices matter most at different moments (e.g., policy, capital, infrastructure)
- Use Board networks to ensure:
    - The right leaders show up to councils, convenings, and key meetings
    - Convenings are attended by decision-makers, not just implementers
- Support the Executive Director in navigating complex stakeholder dynamics

OCEAN TECHNOLOGY MANUFACTURING HUB

Kapā'a Industrial Pilot Project

Board Decision Brief | February 2026

EXECUTIVE SUMMARY

Hawai'i Technology Development Corporation (HTDC) requests Board approval to assume a three-year lease (~$29K/month) at Kapā'a Industrial to pilot a collaborative advanced manufacturing space for ocean tech companies with a lean to support the ocean tech startup ecosystem. Tenant subleases will offset the majority of costs, with HTDC absorbing the gap as a strategic incubator investment as a tool for economic development in bolstering the ecosystem.

Four anchor companies representing 30-50 jobs have committed to the pilot, addressing Hawaii's critical shortage of industrial manufacturing space (1.3% vacancy rate). A major outcome of this pilot is to generate operational data to inform the design of a future permanent ocean tech manufacturing facility while supporting immediate company growth and positioning the state to leverage federal investments in Hawaii's ocean and aerospace & defense technology sector(s).

Field Goals Alignment: This pilot directly advances HTDC 2025 Goals 1 (Strategic Clarity), 2 (Coordinated Action), 3 (Knowledge & Data), and 6 (External Investment).

THE CHALLENGE

Market Failure: Critical Space Shortage

Hawaii's 1.3% light industrial vacancy rate creates a barrier for early-stage ocean tech companies. Commercial leases require 3-5 year commitments, but startups need overhead flexibility aligned with funding cycles. Without support, companies operate from garages and distributed locations—or relocate to the mainland.

Current Situation:

- **HOPS (Hawaii Ocean Power Systems)**: Needs 1,000-1,500 sq ft by March 2026 for buoy production with Coastal Trident pilot deadline fall 2026

- **Company B**: 600 sq ft at MIC insufficient; scaling from 200 to 1,000 units/year with operations split across multiple locations
- **Pacific Impact Zone**: Requires facility for INDOPACOM forward manufacturing equipment; willing to co-underwrite pilot with HTDC
- **Company A**: Current 2,400 sq ft maxed out; 12 months of 3D printing R&D ready to scale
- **Company D**: (Potential) approximately 1,000 sq ft of workshop space (within ~6 months), for serial production of coral settlement modules.

Critical Timing Window

- ONR fiscal year funding must deploy in current window
- RIMPAC demonstration June 2025 and Coastal TRIDENT soon after, creates federal visibility opportunity
- "Made in Hawaii" procurement bills (Ilagan House/Senate) need manufacturing cluster evidence

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HTDC'S ROLE

Strategic Authority & Alignment

HTDC's participation is authorized under Chapter 206M, HRS:

- **§206M-2(a)**: Facilitate growth of commercial technology industry
- **§206M-3(a)**: Authority to lease, hold, and sublease real property
- **§206M-61**: Strategic programs to reduce private investment risk where markets fail
- **§206M-3(a)(21)**: Provide physical infrastructure to support technology companies

HTDC as Incubator: The Risk Absorption Model

Early-stage manufacturing tech startups cannot individually commit to 3-year commercial leases given funding cycles and growth uncertainty. HTDC assumes the master lease and absorbs commitment risk, enabling startups to maintain overhead flexibility critical to long-term success. This allows companies to focus on product development rather than real estate obligations.

HTDC's Unique Value:

- **Neutral convening power**: Aggregates demand across competing/complementary companies
- **Federal credibility**: Existing relationships with UH, ONR, INDOPACOM, Space Force strengthen funding applications
- **Time-limited commitment**: 2-3 year pilot with defined exit strategy

- **Not capital investment**: Lease commitment, not property purchase

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THE PROPOSED SOLUTION

Facility Specifications

Location: Building 34 or 35, Kapā'a Quarry, Kailua **Size**: 9,000-10,000 sq ft double-wide bay **Rate**: $2.85-$2.89/sq ft (includes CAM, up to 12 parking stalls) **Infrastructure**: Three-phase power, overhead doors, light industrial zoning, high ceilings for mezzanine storage

Tenant Commitment

Anchor Tenants:

- **Pacific Impact Zone**: 1,000-5,000 sq ft; INDOPACOM partnership; willing to co-underwrite
- **Company A**: Established tenant with landlord relationship; potential to absorb additional space if tenant churn occurs

Supporting Tenants:

- **HOPS**: 1,000-1,500 sq ft
- **Company B**: 1,000 sq ft
- **Company C**: Large-format 3D printing (HOPS supplier)
- **Organization A**: 300-1,500 sq ft ($100K/year off-campus funding available)
- **Company D:** 1000 sq ft

Total Committed: 8,000+ sq ft of 10,000 available (80-100% occupancy from day one)

Space Allocation by Manufacturing Type

- **Clean/Light Manufacturing** (~3,000 sq ft): Assembly, electronics integration, mechatronics
- **Electrical Clean Room** (~500 sq ft): Climate-controlled electronics assembly, sensitive component work
- **3D Printing/Additive** (~2,000 sq ft): Large-format printer, material storage, ventilation, post-processing
- **Private Workspace/Office** (~500 sq ft): 2-3 workstations per company, shared conference space
- **Storage** (~2,000 sq ft): Materials inventory, work-in-progress, container overflow
- **Shared Office** (~500 sq ft): Flex desks, collaborative workspace

- **Assembly Area** (~1,500 sq ft): Large-scale assembly, overhead gantry/lifting, quality control

Configuration allows flexibility for reconfiguration as companies scale.

FINANCIAL MODEL & RISK MANAGEMENT

HTDC Lease Commitment (3 Years)

Item	Monthly	Annual	3-Year Total
Base Rent (10,000 sq ft @ $2.89/sq ft)	$28,900	$346,800	$1,040,400
Admin/Overhead (5%)	$1,445	$17,340	$52,020
Contingency (3%)	$867	$10,404	$31,212
TOTAL LEASE COMMITMENT	**$31,212**	**$374,544**	**$1,123,632**

Revenue Offset

- Tenant sublease payments projected to offset all of lease costs once tenants move in
- Exact recovery rate TBD based on final tenant commitments and sublease pricing
- Organization A has potential $100K/year available (3-year commitment)
- HTDC absorbs gap as strategic investment in early-stage ocean tech sector

Risk Management Framework

Diversified Tenant Base: Multiple tenants reduce single-tenant default risk.

Strong Backfill Market: 1.3% vacancy rate ensures easy space absorption if tenant churn occurs, sub-lease is also an option.

Exit Strategy: Lease period ends.

Staggered Commitments: Sublease terms managed to avoid simultaneous rollover

Revenue Stability: UH funding commitment provides predictable baseline

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VALUE PROPOSITIONS

For HTDC: Institutional Benefits

De-Risked Learning: Test collaborative manufacturing model before permanent facility investment; gather operational data on space needs, collaboration patterns, equipment requirements

Federal Partnership Alignment:

- Demonstrates Hawaii commitment to INDOPACOM forward Pacific manufacturing vision
- Strengthens competitive position for EDA Tech Hubs, ARPA, ONR, and MEP facilities funding applications

Market Validation: Real demand data vs. survey responses; actual tenant retention patterns; cost recovery evidence informs permanent facility design

Strategic Optionality: Creates pipeline for federal facilities funding; demonstrates HTDC capacity as infrastructure developer; positions SuperFerry Harbor permanent facility for 2027-2028

For Tenant Companies: Operational Benefits

De-Risked Commitment: Space commitment aligns with grant funding cycles; exit flexibility if company pivots or scales; overhead flexibility maintained

Immediate Occupancy: Q1/Q2 2026 move-in vs. 6-12 month search in constrained market; meets critical production deadlines

Co-Location Synergies: Company C printer serves HOPS buoy production; UH testing available to multiple tenants; natural networking and collaboration opportunities

Materials & Logistics Efficiency: Aggregated purchasing of specialized marine materials; shared storage reduces individual inventory costs; consolidated mainland shipping

Federal Partnership Access: HTDC network for INDOPACOM/ONR introductions; state backing provides investor/customer credibility; access to "Made in Hawaii" procurement opportunities

Broader Economic Impact

Job Retention & Growth: 30-50 ocean tech jobs retained; pathway to 200-500 jobs in permanent facility

Defense & National Security: Supports INDOPACOM forward manufacturing goals; Kwajalein manufacturing hub captures value-add, not just logistics; RIMPAC platform during June 2025 demonstration.

Strong possible coordination, which can lead to federal funding, with the Department of War to set up a node for testing bio-manufacturing, as they designate bio-manufacturing as one of its six critical technology areas for the US Warfighter in the arena.

Pacific Regional Leadership: Aligns with Blue Pacific Prosperity framework; template for Pacific Islands ocean tech development

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WHAT THE PILOT TESTS

Operational Validation (Months 0-36)

Year 1 (Months 0-12): Baseline operations, initial utilization patterns **Year 2 (Months 12-24)**: Mid-pilot evaluation, collaboration patterns, preliminary recommendations **Year 3 (Months 24-36)**: Final data collection, permanent facility business case development

Key Learning Objectives

1. Actual space utilization patterns vs. surveyed needs
2. Collaboration frequency and value (theory vs. practice)
3. Materials pooling cost savings from aggregated purchasing
4. Equipment sharing models that emerge organically
5. Partnership development from co-located synergies
6. Supply chain optimization methods
7. Federal partnership impact on company growth and funding
8. Tenant retention patterns related to funding cycles
9. Revenue model sustainability

Equipment Strategy: Physical space is an immediate need. Avoid "maker space" maintenance/liability model. Let equipment service businesses emerge organically based on actual demand. (See Appendix: Top 10 Equipment recommendations if Board requests equipment investment.)

PATHWAY TO PERMANENT FACILITY

SuperFerry Harbor as Long-Term Vision

HTDC has identified SuperFerry Harbor as the leading location for a permanent ocean technology manufacturing hub. Large footprint, harbor logistics access, DOD visibility, and scalability to $50-100M vision align with federal partnership goals and Pacific forward manufacturing strategy.

How Pilot Informs Permanent Facility Design

- Space utilization patterns and actual square footage needs per company type
- Equipment infrastructure requirements (power, ventilation, lifting capacity)
- Collaboration models that generate measurable value
- Materials pooling logistics and cost savings
- Federal partnership facility requirements (security, access, capabilities)

Federal Funding Applications Pilot Enables

EDA Tech Hubs ($50-100M): Requires demonstrated demand, operational track record, multi-stakeholder consortium. Application timing: 2027-2028 cycles.

ARPA Ocean Innovation Programs ($20-50M): Defense Advanced Research Projects Agency ocean technology initiatives requiring rapid prototyping facility. Application timing: Ongoing opportunities.

ONR Manufacturing USA / Advanced Manufacturing Centers ($25M+): UH Dean Morioka secured $25M for LFAM Innovation Hub. Pilot provides commercialization pathway for research outputs. Funding available now.

MEP (Manufacturing Extension Partnership): NIST MEP program supports manufacturing innovation infrastructure. Pilot positions HTDC for equipment acquisition and workforce development grants.

State CIP: Legislative appropriations for economic development infrastructure. Pilot provides 3-year track record of cost recovery, job creation data, company testimonials. Application timing: 2027-2028 legislative sessions.

RECOMMENDATION

HTDC Board approval requested for:

1. Three-year master lease commitment at Kapā'a Industrial. Two (2) year is the minimum for a lease.
2. Authority for ED to negotiate sublease agreements with qualified ocean tech tenants
3. Authority for ED to manage facility operations or contract facility management services
4. Quarterly reporting to Board on utilization, revenue offset, and learning outcomes

Strategic rationale: Time-limited pilot validates permanent facility investment, positions Hawaii for competitive federal funding, and addresses immediate market failure preventing ocean tech cluster development.

APPENDIX A: Legal Authority

(Full text from original document retained here)

APPENDIX B: Top 10 Shared Equipment Recommendations

(Equipment list with justifications retained as reference if Board requests equipment investment analysis)

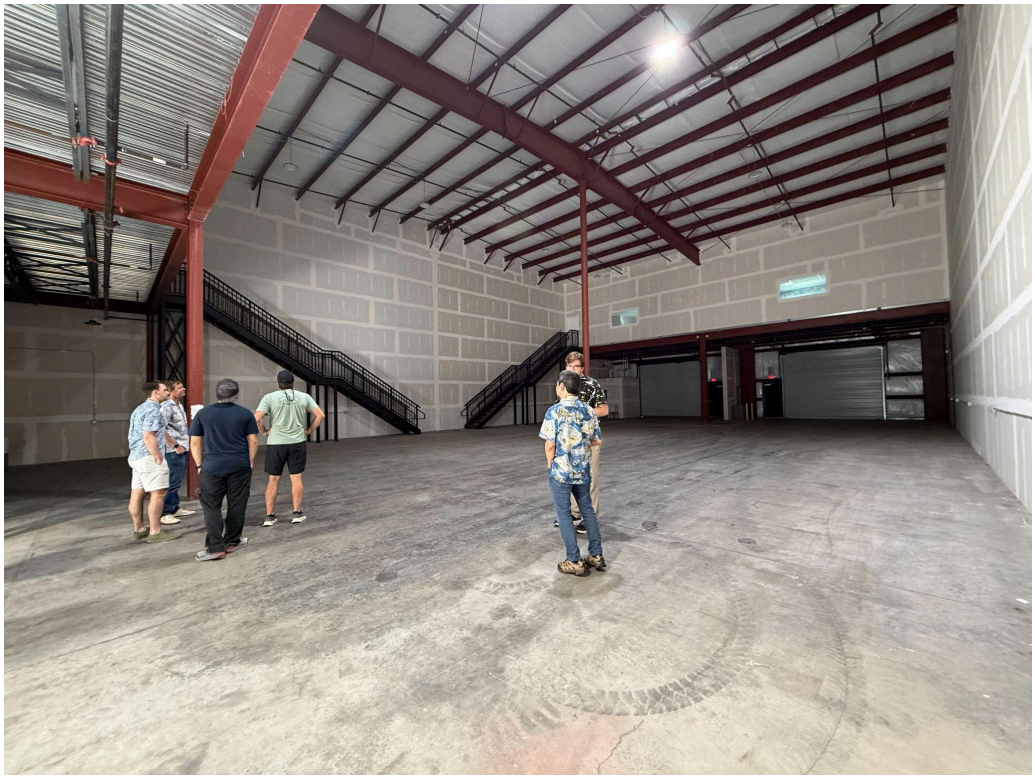
Equipment	Impact	Estimated Cost
Large-Format Industrial FDM 3D Printer	Serves 4+ tenants, enables revenue generation, ONR alignment	$40K - $60K
MIG Welder	Essential for marine fabrication, robotics assembly	$3K - $5K
CNC Mill (Metal-Capable)	Reduces mainland outsourcing, enables rapid iteration	$25K - $40K
Overhead Gantry/Lifting System	Safety requirement for heavy marine equipment	$8K - $15K

Compressed Air System	Universal infrastructure, multiplies utility of other equipment	$5K - $10K
Quality Oscilloscope + Bench Power Supplies	Required for all electronics integration and testing	$8K - $12K
Industrial Shelving/Storage Racking	Maximizes vertical space, professional appearance	$5K - $8K
Precision Drill Press	High ROI, frequent use across all manufacturing	$2K - $4K
Polishing/Finishing Station	Enables customer-ready prototypes, professional outputs	$3K - $5K
Forklift or Material Handler	Essential safety equipment for heavy materials	$15K - $25K

Total Equipment Investment Range: $114K - $184K

Note: Equipment investment is NOT required for pilot launch. This analysis provided for Board consideration if equipment co-investment is deemed strategic.

Pictures of Kapa‘a Industrial Site



Picture A:Quad bay (two double bays abut to one another) example in Building 35.

Picture B: Typical office section of a double bay.

Picture C: Double bay example in building 34.

Picture D: Outside building 34

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2077

JAN 2 1 2026

A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST FENIX SPACE, INC.

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

SECTION 1. The legislature finds and declares that the issuance of special purpose revenue bonds under this Act is in the public interest and for the public health, safety, and general welfare.

SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in a total amount not to exceed $40,000,000, in one or more series, for the purpose of assisting Fenix Space, Inc., a Delaware corporation, for the planning, design, procurement, and construction of a Fenix launch platform system for operations in the State, and the Fenix Space Hilo flight operations facility, a special purpose facility, a special purpose facility. The facility shall include offices, a payload integration clean room, and hangar space with special equipment and be located at the Hilo International Airport. The

legislature hereby finds and determines that the planning, design, and construction of the Fenix launch platform system and Fenix Space Hilo flight operations facility constitute a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

SECTION 3. Notwithstanding the provisions of Act 182, Session Laws of Hawaii 2022, as amended by Act 262, Session Laws of Hawaii 2023, the legislature authorizes the issuance of special purpose revenue bonds to assist Fenix Space, Inc. in building facilities pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises that requires the allocation of the annual state ceiling under section 39B-2, Hawaii Revised Statutes, for the period July 1, 2026, through December 31, 2028.

SECTION 4. The special purpose revenue bonds and the refunding special purpose revenue bonds issued under this Act shall be issued pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises.

SECTION 5. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2031, to issue special purpose revenue bonds in whatever principal amounts the department shall determine to be necessary to refund the special purpose revenue bonds authorized in section 2 and to refund special purpose revenue bonds authorized in this section, regardless of whether the outstanding special purpose revenue bonds or refunding special purpose revenue bonds have matured or are the subject of redemption or whether the refunding special purpose revenue bonds shall be bonds for the multi-project programs described in section 2. In making this determination, the department shall comply with federal law relating to the exemption from federal income taxation of the interest on bonds of the nature authorized by this section.

SECTION 6. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2031.

SECTION 7. This Act shall take effect on July 1, 2026.

INTRODUCED BY: _____

S.B. NO. 2077

Report Title:
SPRB; Fenix Space, Inc.; Hilo International Airport

Description:
Authorizes the issuance of special purpose revenue bonds for the planning, design, and construction of the Fenix Space launch platform system and Fenix Space Hilo flight operations facility.

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

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2598

JAN 23 2026

A BILL FOR AN ACT

RELATING TO NON-GENERAL FUNDS.

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

SECTION 1. The legislature finds that fluctuating federal policies continue to cause widespread challenges across the country, including reduced funding for federal and state programs that provide essential community services. To address these often sudden changes, the executive branch must have the ability to adapt to fluctuating revenue projections by shifting available moneys.

Accordingly, the purpose of this Act is to allow the moneys in certain special or revolving funds to be used for administrative and operating costs of the related programs.

SECTION 2. Section 163D-17, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The corporation shall hold the fund in an account or accounts separate from other funds. The corporation shall invest and reinvest the fund and the income thereof to:

(1) Purchase qualified securities issued by enterprises for the purpose of raising seed capital; provided that

the investment shall comply with the requirements of this chapter;

(2) Make grants, loans, and provide other monetary forms of assistance necessary to carry out the purposes of this chapter; and

(3) Purchase securities as may be lawful investments for fiduciaries in the State.

All appropriations, grants, contractual reimbursements, and other funds not designated for this purpose may be used to pay for the proper general expenses and to carry out the purposes of the corporation[~~.~~], including for personnel and other operating costs."

SECTION 3. Section 206E-16, Hawaii Revised Statutes, is amended to read as follows:

"**§206E-16 Hawaii community development special fund.** There is created the Hawaii community development special fund into which all receipts and revenues of the authority shall be deposited. Proceeds from the fund shall be used for the purposes of this chapter[~~.~~], including the costs of its administration."

SECTION 4. Section 206M-62, Hawaii Revised Statutes, is amended to read as follows:

"[~~§~~]§206M-62[~~§~~] **Strategic development programs revolving fund.** (a) There is established the strategic development programs revolving fund. The following moneys shall be deposited into the strategic development programs revolving fund and shall not be considered part of the general fund: all moneys appropriated by the legislature, received as repayments of loans, earned on investments, received pursuant to a venture agreement, received as royalties, received as premiums or fees charged by the development corporation, or otherwise received by the development corporation.

(b) Moneys in the strategic development programs revolving fund shall be used for the following purposes:

(1) To administer and fund the cost of operations of strategic development programs under part V of chapter 206M; and

(2) For any other purpose deemed necessary to carry out the purposes of part V of chapter 206M."

SECTION 5. Section 302A-1706, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) The school facilities special fund shall be administered by the authority and used to fund any school development, planning, or construction project, including prekindergarten facilities, within the jurisdiction of the authority[~~.~~], including the cost of operations."

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect upon its approval.

INTRODUCED BY: _____

S.B. NO. 2598

Report Title:
Special Funds; Revolving Funds

Description:
Authorizes the use of moneys in certain special and revolving funds for operation and administration costs of the programs.

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

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 2907

JAN 23 2026

A BILL FOR AN ACT

RELATING TO MARINE AFFAIRS.

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

SECTION 1. The legislature finds that the ocean economy--commonly referred to as the blue economy--represents one of the fastest-growing economic opportunities globally. The blue economy is the sustainable use of ocean and aquatic resources for economic growth, improved livelihoods, and job creation while preserving the health of oceanic and aquatic ecosystems. This includes a broad set of industries, including but not limited to marine construction, ship and boat building, marine transportation, energy, tourism and recreation, fisheries and other fishery-related businesses, aquaculture, marine biotechnology, ocean and coastal management, and conservation. The annual economic output of the blue economy is projected to double to an estimated $3 trillion by 2030.

The legislature further finds that Hawaii is already a national leader in the blue economy. As the United States' largest island state located in the Pacific, Hawaii's blue economy is substantial and growing, with the number of marine

businesses in the State having increased by twenty-three per cent within the past decade. This strength builds on the legacy, wisdom, and cultural ties that Native Hawaiians have cultivated with the ocean for centuries.

However, to remain competitive with other coastal states in the United States and with other countries internationally, the State must act to modernize its approach and capitalize on its technology, infrastructure, and manufacturing advancements. These assets include marine biotechnology; autonomous maritime navigation; cybersecurity; shipping, ports, and harbors; and ocean data observation systems.

The legislature also finds that ocean clusters serve as engines of growth for more than fifty ocean industry development initiatives around the world. Successful examples exist in Norway, Iceland, Singapore, San Diego, and Washington, where ocean clusters have catalyzed job creation, investment, innovation, and cross-sector collaboration.

Therefore, the legislature finds that designating and prioritizing Hawaii as an ocean cluster will further promote and expand the State's blue economy by leveraging existing strengths while supporting innovation, emerging opportunities, and

diversified economic growth. The Hawaii ocean cluster would encompass a broad range of blue economy activities, supported by technology, innovation, and Native Hawaiian knowledge as essential cross-cutting priorities.

Accordingly, the purpose of this Act is to:

(1) Declare that the State is an ocean cluster;

(2) Establish the office of marine affairs;

(3) Establish and fund the marine affairs coordinator position; and

(4) Transfer the personnel and functions of the governor's advisory committee on marine affairs to the office of marine affairs.

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

"**PART . MARINE AFFAIRS**

§206M-A Declaration of intent. The legislature declares it to be the purpose of this part to recognize and promote the State as an ocean cluster, a globally unique hub for ocean- and aquatic-centered culture, stewardship, economic opportunity, and innovation. The legislature recognizes that the State's status

as the United States' largest island state, strategic location in the Pacific Ocean, and history of Native Hawaiian knowledge in ocean navigation, regenerative marine resource management and ecosystem monitoring, and coastal resilience, uniquely position the State to lead the Pacific region in ocean- and aquatic-based industry development. The legislature further declares that actions taken under this part shall recognize the State's legacy within the blue economy while positioning the State as a global center of excellence for ocean- and aquatic-related activities. It is the intent of the legislature that the State's development as an ocean cluster benefits communities across the State through innovation that promotes cultural heritage and economic opportunity.

§206M-B Definitions. For the purposes of this part:

"Blue economy" means industrial and economic activities that sustainably use ocean- and aquatic-related resources for economic growth, improved livelihoods, and job creation while preserving the health of oceanic and aquatic ecosystems. "Blue economy" includes but is not limited to industries such as marine construction, ship and boat building, marine transportation, energy, tourism and recreation, fisheries and

fishery-related businesses, aquaculture, marine biotechnology, ocean and coastal management, and conservation.

"Coordinator" means the marine affairs coordinator.

"Office" means the office of marine affairs.

"Task force" means the marine affairs task force.

§206M-C Office of marine affairs; marine affairs task force; establishment. (a) There is established the office of marine affairs within the development corporation for administrative purposes only. The purpose of the office shall be to facilitate the development of marine affairs-related industries in the State. Its duties shall include but not be limited to:

(1) Developing and implementing a statewide marine affairs strategy that prioritizes the sustainable use, conservation, and stewardship of marine resources and encompasses:

(A) Research and education;

(B) Ecosystem management;

(C) Coastal resilience;

(D) Fisheries and ocean-based food systems;

(E) Marine tourism and recreation;

(F) Conservation and stewardship; and

(G) Marine transportation and logistics;

(2) Conducting comprehensive reviews of the state of marine policy in the State at regular intervals;

(3) Identifying key challenges and opportunities for the State in marine affairs;

(4) Collaborating with and supporting other public entities working to develop the State's marine industries;

(5) Promoting and developing technology-enabled marine industries within the blue economy by:

(A) Developing and implementing a statewide ocean technology and innovation development strategy that complements the statewide marine affairs strategy developed pursuant to paragraph (1);

(B) Conducting regular blue economy value chain assessments, including but not limited to maritime, aquaculture, coastal resilience, and ocean observation data to determine constraints, capital requirements, workforce gaps, and commercialization pathways;

(C) Identifying, evaluating, and proposing solutions to regulatory, capital, workforce, infrastructure, and permitting barriers to the growth and competitiveness of technology-enabled ocean industries in the State;

(D) Establishing a blue economy project and investment readiness program to facilitate the conversion of ocean innovation concepts into investable and deployable projects;

(E) Pursuing public, private, and federal funding to support ocean innovation and commercialization and the development of a robust ocean technology ecosystem;

(F) Developing advanced technologies to support marine industries, including but not limited to:

(i) Autonomous maritime navigation;

(ii) Digital and physical modernization of ocean and coastal infrastructure;

(iii) Electrification of ports and harbors;

(iv) Marine biotechnology;

(v) Ocean and coastal monitoring and observation systems; and

(vi) Regenerative technology innovations; and

(G) Recommending legislation and policies to strengthen the State's competitiveness in the blue economy and ocean technologies sectors;

(6) Serving as the State's coordinating entity for technological advancement and economic development in the blue economy; and

(7) Developing actionable recommendations for the governor and legislature to reinvigorate the State's marine affairs development strategy.

(b) The governing body of the office shall consist of a marine affairs task force consisting of the following members:

(1) The chairperson of the board of land and natural resources or the chairperson's designee;

(2) The chairperson of the board of agriculture and biosecurity or the chairperson's designee;

(3) The deputy director of the harbors division of the department of transportation or the deputy director's designee;

(4) The executive director of the natural energy laboratory of Hawaii authority or the executive director's designee;

(5) The chief executive officer of the Hawaii technology development corporation or the chief executive officer's designee;

(6) The executive director of the agribusiness development corporation or the executive director's designee;

(7) The chief energy officer of the Hawaii state energy office or the chief energy officer's designee;

(8) The chief executive officer of the office of Hawaiian affairs or the chief executive officer's designee;

(9) Two representatives from the university of Hawaii system, including:

(A) The dean of the school of ocean and earth science and technology or the dean's designee; and

(B) The vice president of research and innovation or the vice president's designee; and

(10) Three representatives of the business sector with experience in the marine affairs field, including ocean shipping, ocean engineering, marine science and

technology, consulting and public affairs, and marine research.

(c) Members shall be appointed in accordance with section 26-34. The terms of the members shall be for four years. The task force shall select one of its members to serve as chair. No member of the task force shall receive any compensation for task force services, but shall be allowed necessary expenses for travel, board, and lodging incurred in the performance of task force duties.

§206M-D Marine affairs coordinator; appointment; duties. (a) The office of marine affairs established pursuant to section 206M-C(a) shall appoint a marine affairs coordinator for the proper administration, enforcement, and facilitation of this part. The appointment shall be made without regard to chapter 76; provided that the coordinator shall be eligible for participation in state employee benefit plans. Notwithstanding section 76-16(b)(17), this exemption from chapter 76 shall not expire. The salary of the coordinator shall be set by the office.

(b) The marine affairs coordinator shall:

(1) Develop plans for future projects that align with the office's marine affairs strategy and statewide ocean technology and innovation development strategy, including objectives and criteria to measure the accomplishment of objectives; develop and implement programs through which the objectives are to be attained; and determine financial requirements for the total and optimum development of the State's marine resources based on the goals and needs of the State;

(2) Conduct systematic analyses of existing and proposed marine programs, evaluate the analyses conducted by state agencies, and recommend to the office, governor, and legislature programs that represent the most effective allocation of resources for the development of the marine environment;

(3) Assist those departments having interests in marine affairs, including by assisting state agencies to develop and analyze plans for future economic development projects relating to marine resources or technologies; coordinate activities that involve the responsibilities of multiple state agencies; and

insure the timely and effective implementation of all authorized marine projects and programs;

(4) Coordinate the dissemination of information to the federal government, other state governments, governments of nations with interests in the Pacific basin, private and public organizations involved in marine science and technology, and commercial enterprises of the office's activities and the State's leadership potential as the center for marine affairs;

(5) Coordinate the State's involvement in national and international efforts to investigate, develop, and utilize the marine resources of the Pacific basin;

(6) Develop programs to continuously encourage private and public marine exploration and research projects that will result in the development of improved technological capabilities in the State;

(7) Formulate specific program and project proposals to solicit increased investment by the federal government and other sources to develop the State's marine resources and technologies and coordinate the

preparation and submission of program and project proposals of state agencies;

(8) Serve as consultant on behalf of the office to the governor, state agencies, and private industry on matters relating to the preservation and enhancement of the quality of the State's marine environment;

(9) Perform other services as may be required by the office, governor, or legislature;

(10) Contract for services when required for the implementation of this part; and

(11) Prepare and submit an annual report to the governor and legislature on the implementation of this part and all matters related to marine affairs, including the office's findings, recommendations, and any proposed legislation."

SECTION 3. Section 201-13, Hawaii Revised Statutes, is repealed.

["~~§201-13 Powers and duties of the department of business, economic development, and tourism in marine affairs. The department of business, economic development, and tourism shall:~~

~~(1) Assist state agencies in developing and analyzing plans, including objectives, criteria to measure the accomplishment of objectives, programs through which the objectives are to be attained, and financial requirements for the total and optimum development of Hawaii's marine resources based on the needs and goals of the State;~~

~~(2) Develop and analyze plans for future economic development projects, including objectives and criteria to measure the accomplishment of objectives; develop and implement programs through which the objectives are to be attained; and determine financial requirements for the total and optimum development of Hawaii's marine resources based on the needs and goals of the State;~~

~~(3) Assist those departments having interests in marine affairs, coordinate those activities which involve the responsibilities of multiple state agencies, and encourage the timely and effective implementation of all authorized marine projects and programs;~~

~~(4) Coordinate the dissemination of information to the federal government, other state governments, governments of nations with interests in the Pacific basin, private and public organizations involved in marine science and technology, and commercial enterprises of Hawaii's leadership potential as the center for marine affairs;~~

~~(5) Coordinate the State's involvement in national and international efforts to investigate, develop and utilize the marine resources of the Pacific basin;~~

~~(6) Develop programs to continuously encourage private and public marine exploration and research projects which will result in the development of improved technological capabilities in Hawaii; and~~

~~(7) Formulate and assist state agencies in formulating specific program and project proposals to solicit increased investment by the federal government and other sources to develop Hawaii's marine resources.~~"]

SECTION 4. The governor's advisory committee on marine affairs established by executive order is redesignated as the office of marine affairs established by section 206M-C, Hawaii

Revised Statutes, and shall assume the functions prescribed by section 206M-C, Hawaii Revised Statutes.

The members presently serving on the governor's advisory committee on marine affairs shall continue to serve; provided that subsequent appointments to the office of marine affairs shall conform with the requirements of section 206M-C, Hawaii Revised Statutes. The chairperson of the board of land and natural resources, chairperson of the board of agriculture and biosecurity, deputy director of the harbors division of the department of transportation, executive director of the natural energy laboratory of Hawaii authority, chief executive officer of the Hawaii technology development corporation, executive director of the agribusiness development corporation, chief energy officer of the Hawaii state energy office, chief executive officer of the office of Hawaiian affairs, and representatives of the university of Hawaii system shall begin their service upon the effective date of this Act.

All officers and employees whose functions relate to the governor's advisory committee on marine affairs shall continue to serve but shall upon and after the effective date of this Act be considered employees of the office of marine affairs. The

status of the employees shall not be affected by this Act, except for the redesignation of the committee.

SECTION 5. All rights, powers, functions, and duties of the governor's advisory committee on marine affairs are transferred to the Hawaii technology development corporation.

All officers and employees whose functions are transferred by this Act shall be transferred with their functions and shall continue to perform their regular duties upon their transfer, subject to the state personnel laws and this Act.

No officer or employee of the State having tenure shall suffer any loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefit or privilege as a consequence of this Act, and such officer or employee may be transferred or appointed to a civil service position without the necessity of examination; provided that the officer or employee possesses the minimum qualifications for the position to which transferred or appointed; and provided that subsequent changes in status may be made pursuant to applicable civil service and compensation laws.

An officer or employee of the State who does not have tenure and who may be transferred or appointed to a civil

service position as a consequence of this Act shall become a civil service employee without the loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefits or privileges and without the necessity of examination; provided that such officer or employee possesses the minimum qualifications for the position to which transferred or appointed.

If an office or position held by an officer or employee having tenure is abolished, the officer or employee shall not thereby be separated from public employment, but shall remain in the employment of the State with the same pay and classification and shall be transferred to some other office or position for which the officer or employee is eligible under the personnel laws of the State as determined by the head of the department or the governor.

SECTION 6. All appropriations, records, equipment, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the governor's advisory committee on marine affairs relating to the functions transferred to the office of

marine affairs shall be transferred with the functions to which they relate.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of $150,000 or so much thereof as may be necessary for fiscal year 2026-2027 to fund one full-time equivalent (1.0 FTE) marine affairs coordinator position within the Hawaii technology development corporation to support the office of marine affairs.

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

SECTION 8. In codifying the new sections added by section 2 and referenced in section 4 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 9. Statutory material to be repealed is bracketed and stricken.

SECTION 10. This Act shall take effect on July 1, 2026.

INTRODUCED BY: _____

S.B. NO. 2907

Report Title:
HTDC; Ocean Cluster; Office of Marine Affairs; Marine Affairs Task Force; Marine Affairs Coordinator; Reports; Transfer; Appropriation

Description:
Declares that the State is an ocean cluster. Establishes the Office of Marine Affairs under the Hawaii Technology Development Corporation for administrative purposes only. Establishes the Marine Affairs Coordinator position. Requires the Marine Affairs Coordinator to submit annual reports to the Governor and Legislature. Transfers the employees and functions of the Governor's Advisory Committee on Marine Affairs to the Office of Marine Affairs. Appropriates funds for one full-time equivalent (1.0 FTE) Marine Affairs Coordinator position.

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

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3167

JAN 2 8 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that established ocean industries, including shipping and fishing, have evolved into innovation-driven sectors such as ocean technology, marine robotics, offshore energy, and ocean data systems. The World Bank defines the "blue economy" as the sustainable use of ocean resources to support economic growth, improve livelihoods, and create jobs, while maintaining the long-term health of ocean ecosystems.

The legislature further finds that the blue economy represents one of the fastest-growing economic opportunities globally, encompassing industries such as marine construction, ship and boat building, marine transportation, energy, tourism and recreation, fisheries and fishery-related businesses, aquaculture, marine biotechnology, ocean and coastal management, and conservation. The blue economy is projected to double in value to an estimated $3 trillion by 2030, with growth increasingly driven by technological innovation.

The legislature also finds that Hawaii is uniquely positioned to be a nationally competitive leader in the blue economy. Located at the center of the Pacific Ocean, Hawaii serves as a strategic crossroads for ocean-based industries, research, and innovation, building upon the longstanding knowledge and stewardship Native Hawaiians have maintained with the ocean.

However, the legislature finds that, to remain competitive with other coastal states and international regions, the State must modernize its approach and more strategically leverage its technological, infrastructure, and manufacturing capabilities, including marine biotechnology, autonomous maritime systems, maritime cybersecurity, shipping, ports and harbors, and ocean data and observation systems.

The legislature further finds that numerous states, including Alaska, California, Connecticut, Florida, Maine, Michigan, Mississippi, Oregon, Rhode Island, and Washington, have advanced their participation in the blue economy through strategic initiatives, enacted legislation, and the development of ocean technology hubs.

The legislature further finds that the Hawaii technology development corporation, as the state agency supporting technology development and commercialization, is an appropriate entity to coordinate efforts to advance the blue economy. The Hawaii technology development corporation has existing relationships across public, private, academic, and federal partners and has the capacity to support strategy development, facilitate access to capital, support workforce development, and advance the commercialization of ocean-related technologies.

Accordingly, the purpose of this Act is to require the Hawaii technology development corporation to conduct a study supporting the development and coordination of the State's blue economy strategy, including activities related to maritime, aquaculture, coastal resiliency, and ocean observation and sensing technologies.

SECTION 2. (a) The Hawaii technology development corporation shall procure the services of a third-party consultant to develop a statewide blue economy and ocean technology and innovation strategy that supports the State's blue economy objectives and the development, coordination, and

implementation of ocean technology and ocean initiatives, including but not limited to:

(1) Developing a strategy that provides a clear vision, implementation roadmap with milestones, defined stakeholder roles, and actionable implementation steps;

(2) Coordinating cross-agency collaboration with missions that intersect with the blue economy, including but not limited to the department of business, economic development, and tourism; department of land and natural resources; department of transportation; department of agriculture; Hawaii emergency management agency; office of Hawaiian affairs; university of Hawaii; natural energy laboratory of Hawaii; and other relevant entities;

(3) Conducting research and analysis of ocean-related industries, including regulatory and permitting frameworks, capital needs, workforce requirements, infrastructure gaps, innovative solutions, and opportunities for public-private partnerships and community engagement;

(4) Pursuing public, private, and federal funding opportunities to support the development, deployment, and commercialization of ocean technology and innovation;

(5) Providing technical, operational, and project management support to the corporation to accelerate its ocean innovation initiatives during the interim period before the establishment of permanent staff and sustained resources;

(6) Designing workforce development programs aligned with maritime, coastal resiliency, and aquaculture sector needs; and

(7) Supporting planning, feasibility analysis, and the development of conceptual, architectural, and site plans necessary to advance the establishment of a statewide ocean technology innovation hub to support research, commercialization, workforce training, and public-private collaboration in ocean and maritime technologies.

(b) The Hawaii technology development corporation shall submit an annual report of its findings and recommendations,

including any proposed legislation, to the legislature no later than twenty days prior to the convening of each regular session for the duration of the third-party consultant's contract.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $500,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the Hawaii technology development corporation to procure a third-party consultant to support the development, coordination, and implementation of ocean technology and innovation initiatives.

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

SECTION 4. This Act shall take effect on July 1, 2026.

INTRODUCED BY: Lyn DeCosta

S.B. NO. 3167

Report Title:
Department of Business, Economic Development, and Tourism; HTDC; Blue Economy; Ocean and Maritime Technology; Workforce Development; Coastal Resiliency; Aquaculture; Report; Appropriation

Description:
Requires the Hawaii Technology Development Corporation to procure a third-party consultant to develop a statewide blue economy and ocean technology and innovation strategy. Requires an annual report to the Legislature. Appropriates funds.

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

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3166

JAN 2 8 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that the Hawaii technology development corporation's statutory mandate under chapter 206M, Hawaii Revised Statutes, includes facilitating the growth of the technology industry, supporting startups, developing technology infrastructure, encouraging commercialization, coordinating statewide innovation efforts, and promoting Hawaii as a location for technology-based economic activity.

In 2025, the legislature adopted S.C.R. No. 40 (2025) and H.C.R. No. 156 (2025) urging the Hawaii technology development corporation to increase its focus on advanced manufacturing and cybersecurity. This direction reflects the legislature's recognition that advanced manufacturing and cybersecurity are critical enablers of economic resilience, supply-chain security, workforce development, and national competitiveness.

The legislature also finds that the Hawaii technology development corporation previously relied on federal funding

through the National Institute of Standards and Technology's Manufacturing Extension Partnership to support advanced manufacturing initiatives statewide. With the termination of this funding, the corporation currently lacks sufficient internal capacity to continue these efforts, respond to legislative direction, and support Hawaii manufacturers, defense-adjacent industries, and emerging technology companies. The legislature further finds that effective technology and innovation ecosystem development also requires sustained investment in marketing, branding, and outreach to increase awareness of Hawaii's technology programs, attract talent and investment, and ensure participation across all islands.

Accordingly, the purpose of this Act is to strengthen the State's technology and innovation ecosystem by appropriating funds to the Hawaii technology development corporation for the establishment of necessary positions.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of $100,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the establishment of one full-time equivalent (1.0 FTE) permanent advance manufacturing and cybersecurity specialist position

within the Hawaii technology development corporation to lead statewide initiatives, including but not limited to:

(1) Supporting activities formerly funded through the National Institute of Standards and Technology's Manufacturing Extension Partnership;

(2) Advancing legislative priorities related to advanced manufacturing and cybersecurity, including ecosystem coordination and industry support;

(3) Providing technical assistance to Hawaii manufacturers, suppliers, and technology companies to improve productivity, security, and resilience; and

(4) Supporting workforce development, cybersecurity readiness, and federal grant competitiveness in advanced manufacturing and related sectors.

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

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $100,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the establishment of one full-time equivalent (1.0 FTE) permanent marketing and branding specialist position with the Hawaii

technology development corporation to support the corporation's strategic plan, including but not limited to:

(1) Marketing technology programs, facilities, and funding opportunities administered or supported by the corporation;

(2) Developing and managing statewide branding efforts to strengthen the State's technology and innovation ecosystem;

(3) Managing public information, outreach, communications, and stakeholder engagement;

(4) Supporting conferences, events, talent-attraction initiatives, and ecosystem convenings; and

(5) Advancing the objectives of the corporation's strategic plan and legislative priorities.

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

SECTION 4. This Act shall take effect on July 1, 2026.

INTRODUCED BY: Lyn DeCoite

S.B. NO. 3166

Report Title:
HTDC; Advanced Manufacturing; Cybersecurity; Marketing and Branding; Positions; Appropriation

Description:
Appropriates funds to establish one full-time equivalent (1.0 FTE) permanent Advanced Manufacturing and Cybersecurity Specialist position and one full-time equivalent (1.0 FTE) permanent Marketing and Branding Specialist position within the Hawaii Technology Development Corporation.

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

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HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

H.B. NO. 2211

A BILL FOR AN ACT

RELATING TO TECHNOLOGY ENABLEMENT.

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

SECTION 1. The legislature finds that the tourism sector, a pillar of the State's economy, is highly seasonal and increasingly exposed to global economic volatility, natural disasters, public health emergencies, and rapid technological disruption. These dynamics create uneven revenue streams and heighten operating risks for small businesses, many of which operate on thin margins and lack the internal capacity to continuously adapt to changing market conditions.

The legislature further finds that the accelerated adoption of advanced digital tools, including artificial intelligence, data analytics, automation, and digital marketing technologies, is reshaping how tourism-related businesses manage operations, reach customers, price services, forecast demand, and respond to disruptions. Artificial intelligence-enabled tools are increasingly used across the visitor industry to optimize bookings, personalize visitor experiences, manage labor and inventory, detect fraud, automate customer service, and improve

decision-making in real time. Small businesses that lack access to these tools risk falling behind competitors within and outside the State.

The legislature additionally finds that for Hawaii-based small businesses, particularly those in the tourism sector, access to artificial intelligence-enabled and digital technologies is critical to overcoming geographic isolation, workforce constraints, and rising operating costs. Strategic technology enablement can improve productivity, reduce administrative burdens, expand market reach, support remote and hybrid business models, and enhance resilience during economic or environmental shocks. Failure to proactively support technology and artificial intelligence adoption will exacerbate existing vulnerabilities, limit competitiveness, and constrain long-term economic growth.

The legislature also finds that the Hawaii technology development corporation was established to foster innovation, economic diversification, and technology adoption statewide. With decades of experience administering state-funded programs, the Hawaii technology development corporation has demonstrated expertise in managing competitive grants, supporting small

businesses and startups, facilitating public-private partnerships, and deploying advanced technologies across multiple industries. This experience positions the corporation to effectively support responsible, practical, and outcome-driven adoption of artificial intelligence and related technologies tailored to Hawaii's unique economic and workforce needs.

Accordingly, the purpose of this Act is to promote economic development and strengthen the resilience and competitiveness of Hawaii's tourism sector by appropriating funds to the Hawaii technology development corporation to assist small businesses, including those related to the tourism sector, with technology enablement, including the adoption of artificial intelligence and advanced digital tools.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of $300,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the Hawaii technology development corporation to assist small businesses, including those related to the tourism sector, with technology enablement, including the adoption of artificial intelligence and advanced digital tools.

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

SECTION 3. (a) The Hawaii technology development corporation may collaborate with other state or county agencies as necessary for the implementation of any projects using the funds appropriated pursuant to this Act.

(b) The Hawaii technology development corporation shall submit a report to the legislature on the status of assisting small businesses, including those related to the tourism sector, with technology enablement using the funds appropriated pursuant to this Act no later than twenty days prior to the convening of the regular session of 2027.

SECTION 4. This Act shall take effect on July 1, 2026.

INTRODUCED BY: _____

JAN 26 2026

H.B. NO. 2211

Report Title:
HTDC; Small Businesses; Artificial Intelligence; Advanced Digital Tools; Technology Enablement; Report; Appropriation

Description:
Appropriates funds to the Hawaii Technology Development Corporation to assist small businesses, including those related to the tourism sector, with technology enablement, including the adoption of artificial intelligence and advanced digital tools. Requires the Hawaii Technology Development Corporation to submit a report to the Legislature.

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

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S.B. NO. 3084

JAN 28 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that Hawaii's research and development ecosystem requires flexible funding to leverage federal investment opportunities. Federal and non-federal programs administered by the Advanced Research Projects Agency, United States Department of Energy, National Oceanic and Atmospheric Administration, United States Department of Defense, and other agencies and organizations offer competitive awards to advance high-impact technologies. These awards often require matching funds from state or private sources as a condition of participation.

The legislature further finds that section 206M-15, Hawaii Revised Statutes, currently authorizes the Hawaii technology development corporation to provide grants to businesses applying for federal small business innovation research or small business technology transfer awards, but does not expressly permit the use of state funds to support applicants for other federal

research and development grant programs or to meet matching requirements for those awards.

The purpose of this Act is to expand the allowable uses of funds under section 206M-15, Hawaii Revised Statutes, to include providing grants to applicants for qualifying federal research and development awards and matching funds for recipients of those awards and related contracts.

SECTION 2. Section 206M-15, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The development corporation may provide grants to any business in Hawaii that:

(1) Receives a federal small business innovation research phase I or II award or contract from any participating federal agency, up to fifty per cent of the amount of the federal award or contract;

(2) Receives a federal small business technology transfer program award or contract from any participating federal agency, up to fifty per cent of the amount of the federal award or contract;

(3) Receives a federal small business innovation research phase III or small business technology transfer program phase III award or contract, up to fifty per

S.B. NO. 3084

cent of the amount of the award or contract funded by private sector or government sources outside of the program; [~~or~~]

(4) Applies for a [~~small business innovation research federal grant or a small business technology transfer program federal grant,~~] federal research and development grant, in an amount not to exceed $3,000[~~.~~]; or

(5) Receives a federal research and development award or contract from a United States government agency that requires a non-federal match on a matching basis, in an amount not to exceed fifty percent of the amount of the required non-federal share,

subject to the availability of funds."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: _____

BY REQUEST

S.B. NO. 3084

Report Title:
Hawaii Technology Development Corporation; Matching Funds; Research and Development Grants

Description:
Expands the allowable uses of Hawaii Technology Development Corporation grant funds to include providing grants to applicants for qualifying federal research and development awards and matching funds for recipients of those awards and related contracts.

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

SB. NO. 3084

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

PURPOSE: To expand the allowable uses of Hawaii Technology Development (HTDC) grant funds to include providing grants to applicants for qualifying federal research and development awards and matching funds for recipients of those awards and related contracts.

MEANS: Amend section 206M-15(b), Hawaii Revised Statutes (HRS).

JUSTIFICATION: With the changing landscape of federal funding programs, more opportunities are emerging for small businesses to receive research and development funding from the federal government. Section 206M-15, HRS, authorizes HTDC to provide grants to businesses applying for federal Small Business Innovation Research or Small Business Technology Transfer awards, but does not expressly permit the use of state funds to support applicants for other federal research and development grant programs or to meet matching requirements for those awards. This inflexibility limits HTDC's ability to respond to new opportunities and may result in Hawaii's businesses missing out on competitive federal funding.

This bill allows awards for federal research and development grant programs beyond the Small Business Innovation Research and Small Business Technology Transfer programs, enabling HTDC to act more strategically and support Hawaii's small businesses in pursuing impactful opportunities.

Impact on the public: More small businesses will be eligible to receive funding from HTDC. Additional small businesses that receive federal dollars for research and development can now be awarded funding.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED-143.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3271

JAN 28 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that the Hawaii technology development corporation is advancing economic diversification and strengthening the innovation economy by supporting more than sixty-five small businesses, catalyzing the creation of high-wage jobs, and fostering new research and development in emerging sectors. The legislature further finds that the small business innovation research program has demonstrated measurable success, rising in national ranking from ninth place in 2012 to 2014 to sixth place in 2022 to 2024 in the country for small business innovation research funding per $1,000,000 gross domestic product. This shows a significant economic return on investment. In 2024, the twenty-seven Hawaii companies that received a total of $2,500,000 in state funds leveraged approximately $33,000,000 in federal awards.

The legislature also finds that the high cost of living in Hawaii necessitates the creation of higher-salary jobs in fields such as artificial intelligence, computer software,

biotechnology, ocean science, renewable energy, nanotechnology, medical testing and devices, aerospace, and defense.

The legislature finds that states underserved by venture-capital markets, including Hawaii, benefit disproportionately from the federal Small Business Innovation Research and Small Business Technology Transfer programs, which help build regional innovation ecosystems. A 2026 review by the National Academies of Sciences, Engineering, and Medicine concluded that these programs generate strong returns by enabling participating firms to attract significant additional federal research and development funding, serving as key entry points into the defense innovation ecosystem, and supporting higher rates of patenting, follow-on financing, and successful technology transition—particularly for firms receiving multiple awards. The review further found that companies receiving state matching support are more likely to secure federal contracts, generate intellectual property, and contribute to national security capabilities.

The legislature notes that Hawaii's strategic Indo-Pacific location, together with the presence of federal facilities, military installations, and research institutions, presents

exceptional opportunities for Hawaii-based companies to contribute to defense and dual-use technology development. The federal competitive review process already provides rigorous technical and business evaluation, and additional state-level review would impose unnecessary administrative burden and delay time-sensitive innovation.

Accordingly, the purpose of this Act is to promote economic diversification by:

(1) Requiring the Hawaii technology development corporation to establish the small business innovation research matching program;

(2) Requiring the Hawaii technology development corporation to establish a science, technology, engineering, and mathematics education outreach program in collaboration with the department of education;

(3) Requiring the Hawaii technology development corporation to develop an economic diversification strategic plan for the State; and

(4) Appropriating funds.

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

"**§206M- Small business innovation research matching program.** (a) There is established within the development corporation the small business innovation research matching program to provide matching grants to companies based in the State that have received federal small business innovation research or small business technology transfer awards.

(b) Any company with a principal place of business in the State that has received a federal phase I or phase II small business innovation research and small business technology transfer awards from any federal agency shall be eligible for state matching funds under this section without additional state technical or business review. Receipt of a federal small business innovation research and small business technology transfer award shall constitute sufficient evidence of technical and business merit.

(c) New small business innovation research and small business technology transfer participants and companies with

demonstrated track records in the programs shall be eligible for matching funds under this section.

(d) State matching funds shall equal fifty per cent of the federal small business innovation research and small business technology transfer award amount.

(e) Companies shall submit a simple application to the corporation within ninety days of receiving a federal small business innovation research and small business technology transfer award notification, including:

(1) A copy of federal award notice;

(2) Documentation of principal place of business operating in the State;

(3) A brief description of how state matching funds will be used to advance the project; and

(4) Acknowledgment of annual reporting requirements.

(f) The development corporation shall approve or deny applications within thirty days of receipt. Companies meeting eligibility requirements in subsection (b) shall be automatically approved unless insufficient funds remain.

(g) The development corporation shall establish an annual application period for matching fund requests. If applications

for matching funds exceed available appropriations, the development corporation shall distribute funds as follows:

(1) All eligible applications received within the application period shall be considered together;

(2) If total requested matching funds exceed available funds, the corporation shall distribute available funds on a pro-rata basis to all eligible applicants, calculated proportionally based on each applicant's requested matching amount relative to the total requested matching funds; and

(3) Any funds remaining unallocated at the end of the fiscal year may carry forward to the next fiscal year, subject to any constitutional limitations and applicable appropriation laws.

(h) The development corporation shall establish a science, technology, engineering, and mathematics education outreach program in collaboration with the department of education to promote science, technology, engineering, and mathematics education and career awareness. Under this program:

(1) Each company receiving matching funds pursuant to this section shall deliver a minimum of two presentations

to public school students within one year of receiving matching funds;

(2) Presentations shall showcase innovation and technology development occurring in the State, describe career pathways in science and technology fields, and encourage students to pursue science, technology, engineering, and mathematics education and careers; and

(3) The development corporation shall coordinate with the department of education to schedule presentations and identify appropriate grade levels and schools, with priority given to schools in underserved communities.

(i) The development corporation shall track and report annually to the legislature no later than twenty days prior to the convening of each regular session on:

(1) The total state matching funds provided and total federal small business innovation research and small business technology transfer awards leveraged;

(2) The number of applications received, approved, and denied, including reasons for denial;

(3) The average time from application to approval;

(4) Distribution of awards by company;

(5) Any instances where insufficient funds required equitable distribution measures under subsection (g);

(6) Follow-on federal research and development contracts and procurement awards received by supported companies;

(7) Number of phase I to phase II transitions;

(8) Patents filed and awarded;

(9) Private sector investment attracted;

(10) Jobs created and retained in the State, including the number of jobs and salary ranges reported in the following bands:

(A) under $50,000;

(B) $50,000 to $79,999;

(C) $80,000 to $99,999;

(D) $100,000 to $124,999;

(E) $125,000 to $149,999;

(F) $150,000 to $199,999; and

(G) $200,000 or more;

(11) Technologies transitioned into defense or commercial use;

(12) Partnerships established with defense prime contractors and federal facilities;

(13) Geographic distribution of supported companies across all counties;

(14) Total payroll dollars generated by supported companies in the State;

(15) Company revenue growth, including total annual revenues and percentage change from prior year;

(16) Number of science, technology, engineering, and mathematics education presentations delivered to public school students pursuant to subsection (h), including the number of schools reached, students engaged, and grade levels served;

(17) Technology sector and industry classification of supported companies; and

(18) Return on investment ratio, calculated as total federal funding secured per state dollar invested."

SECTION 3. (a) The Hawaii technology development corporation shall develop an economic diversification strategic plan for the State. The economic diversification strategic plan shall include:

(1) Clear goals and objectives;

(2) Measurable outcomes and performance indicators; and

(3) Recommended timelines and actions to strengthen emerging industries and high-wage job sectors.

(b) The Hawaii technology development corporation shall submit the strategic plan and any proposed legislation to the legislature no later than twenty days prior to the convening of the regular session of 2027.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2026-2027 for economic diversification and defense ecosystem development pursuant to this Act, to be allocated as follows:

(1) $ for the Hawaii technology development corporation to develop an economic diversification strategic plan pursuant to section 3 of this Act;

(2) $ for the Hawaii small business innovation research matching program established in section 2 of this Act;

(3) $ for the manufacturing assistance program, to help Hawaii-based manufacturers become globally

competitive and support the scale-up and transition of technologies developed under the federal small business innovation research and small business technology transfer programs into production; and

(4) $ for commercialization and technology transition support, including:

(A) Accelerator and small business training programs to help develop companies that are solving large-scale problems in the community using innovative, advanced manufacturing, and technology-based solutions;

(B) Support for intellectual property protection, market research, and business development activities identified by the National Academies of Sciences, Engineering, and Medicine as critical success factors for small business innovation research and small business technology transfer commercialization;

(C) Facilitation of partnerships between Hawaii small business innovation research and small business technology transfer companies and defense prime

contractors, acquisition program offices, and research institutions to support technology transition; and

(D) Assistance in navigating federal procurement processes and transitioning technologies into programs of record.

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

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2026.

INTRODUCED BY: _____

S.B. NO. 3271

Report Title:
HTDC; Small Business Innovation Research Matching Program; STEM Education Outreach Program; Economic Diversification Strategic Plan; Appropriations

Description:
Requires the Hawaii Technology Development Corporation to establish the Small Business Innovation Research Matching Program. Requires the Hawaii Technology Development Corporation, in collaboration with the Department of Education, to establish a STEM education outreach program. Requires and appropriates funds for the Hawaii Technology Development Corporation to develop an economic diversification strategic plan. Appropriates funds for economic diversification and defense ecosystem development.

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

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3284

JAN 30 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that the Hawaii technology development corporation serves as a facilitative catalyst for technology and innovation in the State and will align the State with emerging technologies, including computer software, biotechnology, ocean science, energy, nanotechnology, artificial intelligence, sensor and communication systems, health, medical devices, medical tests or other health care technologies, and aerospace and defense.

The legislature further finds that, according to the National Academies of Sciences, Engineering, and Medicine's 2026 review of the Department of Defense Small Business Innovation Research and Small Business Technology Transfer programs:

(1) States underserved by venture capital markets, such as Hawaii, benefit disproportionately from the programs in building their own innovation ecosystems;

(2) For every dollar invested in the programs, participating firms attract more than four dollars in additional federal research and development funding;

(3) The programs serve as gateways for small firms to enter the defense innovation ecosystem and defense industrial base;

(4) Firms receiving five or more Small Business Innovation Research and Small Business Technology Transfer program awards demonstrate higher rates of patent generation, follow-on financing, and successful technology transition; and

(5) Firms receiving state matching support are more likely to secure follow-on federal contracts, generate intellectual property, and contribute to national security capabilities.

The legislature additionally finds that the State's unique strategic position in the Indo-Pacific, combined with federal facilities including military bases and research institutions, creates exceptional opportunities for Hawaii-based companies to support critical defense and dual-use technology development.

The legislature also finds that the federal government's rigorous Small Business Innovation Research and Small Business Technology Transfer review process provides sufficient technical and business merit evaluation, and requiring an additional state-level review would create an unnecessary administrative burden and delay time-sensitive technology development.

The legislature believes that a permanent state Small Business Innovation Research and Small Business Technology Transfer matching program with streamlined approval will enable the State to leverage federal investments, build a sustainable innovation ecosystem, and contribute to both economic diversification and national security priorities.

Accordingly, the purpose of this Act is to:

(1) Establish the Hawaii small business innovation research matching program within the Hawaii technology development corporation to provide matching grants to Hawaii-based companies that have received federal Small Business Innovation Research or Small Business Technology Transfer program awards;

(2) Establish the science, technology, engineering, and mathematics education outreach program within the

Hawaii technology development corporation to be administered in collaboration with the department of education, to require participants in the Hawaii small business innovation research matching program to deliver presentations to public school students in the State; and

(3) Require the development corporation to submit annual reports to the legislature.

SECTION 2. Chapter 206M, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"**§206M-A Hawaii small business innovation research matching program; established.** (a) There is established the Hawaii small business innovation research matching program within the development corporation to provide matching grants to Hawaii-based companies that have received federal Small Business Innovation Research or Small Business Technology Transfer awards.

(b) Any company with a principal place of business in the State that has received a federal phase I or phase II award from the Small Business Innovation Research or Small Business

Technology Transfer programs from any federal agency shall be eligible for state matching funds without additional state technical or business review. The Hawaii small business innovation research matching program shall be open to companies that are first-time participants to the Small Business Innovation Research or Small Business Technology Transfer programs and companies that have previously received funding from the Small Business Innovation Research or Small Business Technology Transfer programs.

Receipt of a federal Small Business Innovation Research or Small Business Technology Transfer program award shall constitute sufficient evidence of technical and business merit.

(c) The Hawaii small business innovation research matching program shall match funds equal to fifty per cent of the federal Small Business Innovation Research or Small Business Technology Transfer program award amount.

(d) Companies seeking to participate in the Hawaii small business innovation research matching program shall submit an application to the development corporation within ninety days of receiving the Small Business Innovation Research or Small

Business Technology Transfer program award notification. The application shall include:

(1) A copy of federal award notice;

(2) Documentation of the company's principal place of business in the State;

(3) A brief description of how state matching funds will be used to advance the project; and

(4) An acknowledgement of the Hawaii small business innovation research matching program's reporting requirements.

(e) The development corporation shall approve or deny applications within thirty days of receipt. Applications meeting the requirements of subsection (b) shall be automatically approved unless insufficient funds remain.

(f) The development corporation shall establish an annual application period for matching fund requests. If applications for matching funds exceed available funding, the corporation shall distribute funds as follows:

(1) All eligible applications received within the application period shall be considered together; and

(2) If the total requested matching funds exceed available funds, the development corporation shall distribute the available funds on a pro-rata basis to all eligible applicants, calculated proportionally based on each applicant's requested matching amount relative to the total requested matching funds.

Any unallocated funds remaining at the end of each fiscal year shall carry forward to the next fiscal year, subject to any applicable appropriations law.

(g) The development corporation shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session containing:

(1) The total state matching funds provided under the Hawaii small business innovation research matching program and the total federal Small Business Innovation Research or Small Business Technology Transfer program awards leveraged;

(2) The number of applications received, approved, and denied, including reasons for denial;

(3) The average time each approved application took for approval;

(4) The distribution of awards by company;

(5) Any instances where insufficient funds required equitable distribution measures pursuant to subsection (f);

(6) Any follow-on federal research and development contracts and procurement awards received by a company that received matching funding under the Hawaii small business innovation research matching program;

(7) The number of phase I to phase II Small Business Innovation Research or Small Business Technology Transfer programs award transitions;

(8) The number of patents filed and awarded by companies received matching funding under the Hawaii small business innovation research matching program;

(9) Any private sector investment attracted due to the program;

(10) The number of jobs created and retained in the State as a result of the program, including the annual salary ranges reported in the following ranges:

(A) Under $50,000;

(B) $50,000 to $79,999;

(C) $80,000 to $99,999;

(D) $100,000 to $124,999;

(E) $125,000 to $149,999;

(F) $150,000 to 199,999; and

(G) $200,000 or more;

(11) Any technologies transitioned into defense or commercial use;

(12) Any partnerships established with defense prime contractors and federal facilities;

(13) The geographic distribution of supported companies across the State's counties;

(14) The total payroll dollars generated by companies supported by the Hawaii small business innovation research matching program;

(15) Participating company revenue growth, including total annual revenues and percentage change from the prior year;

(16) The number of science, technology, education, and mathematics education presentations delivered to public school students in the State under the science,

technology, engineering, and mathematics outreach program established under section 206M-B;

(17) The technology sector and industry classifications of supported companies; and

(18) The return on investment ratio, calculated as total federal funding secured per state dollar invested.

§206M-B Science, technology, engineering, and mathematics outreach program; established. There is established within the development corporation the science, technology, engineering, and mathematics outreach program to promote science, technology, engineering, and mathematics education and career awareness in the State. The development corporation shall collaborate with the department of education to administer the program. Under the program:

(1) Each company receiving matching funds from the Hawaii small business innovation research matching program established under section 206M-A shall deliver a minimum of two presentations to public school students in the State within one year of receiving the matching funds. The presentations shall:

(A) Showcase innovation and technology development occurring in the State;

(B) Describe career pathways in science and technology fields; and

(C) Encourage students to pursue education and careers in science, technology, engineering, and mathematics; and

(2) The development corporation shall coordinate with the department of education to schedule the presentations required pursuant to paragraph (1) and identify appropriate grade levels and schools, with priority being given to schools in underserved communities."

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2026-2027 to support the economic diversification of, and the development of a defense innovation ecosystem in the State, to be allocated as follows:

(1) $ for the Hawaii small business innovation research matching program established by section 2 of this Act;

(2) $ for the manufacturing development program established by section 206M-15.1, Hawaii Revised Statutes, to help Hawaii-based manufacturers become globally competitive and support the scale-up and transition of Small Business Innovation Research or Small Business Technology Transfer program-developed technologies into production; and

(3) $ for commercialization and technology transition support, including:

(A) Accelerator and small business training programs to help develop companies that are solving large-scale problems in the community using innovative, advanced manufacturing, and technology-based solutions;

(B) Support for intellectual property protection, market research, and business development activities identified by the National Academies of Science, Engineering, and Medicine as critical success factors for Small Business Innovation Research or Small Business Technology Transfer program commercialization;

(C) Facilitation of partnerships between the Small Business Innovation Research or Small Business Technology Transfer companies in the State and defense prime contractors, acquisition program offices, and research institutions to support technology transition; and

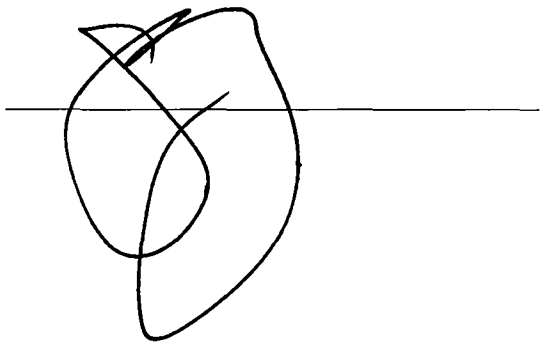
(D) Assistance in navigating federal procurement processes and transitioning technologies into programs of record.

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

SECTION 4. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2026.

INTRODUCED BY: 

S.B. NO. 3284

Report Title:
HTDC; DOE; Hawaii Small Business Innovation Research Matching Program; Science, Technology, Engineering, and Mathematics Education Outreach Program; Establishment; Reports; Appropriation

Description:
Establishes the Hawaii Small Business Innovation Research Matching Program within the Hawaii Technology Development Corporation to provide matching grants to Hawaii-based companies that have received federal Small Business Innovation Research or Small Business Technology Transfer awards. Establishes the Science, Technology, Engineering, and Mathematics Education Outreach Program within HTDC to be administered in collaboration with the Department of Education to require participants in the Hawaii Small Business Innovation Research Matching Program to deliver presentations to public school students in the State. Requires HTDC to submit annual reports to the Legislature. Appropriates funds.

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

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3227

JAN 28 2026

A BILL FOR AN ACT

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

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

SECTION 1. The legislature finds that the Hawaii technology development corporation serves as a facilitative catalyst for technology and innovation in the State and will align the State with emerging technologies such as computer software, biotechnology, ocean science, energy, nanotechnology, artificial intelligence, sensor and communication systems, health, medical devices, medical tests or other healthcare technologies and aerospace and defense.

Accordingly, the purpose of this Act is to promote economic diversification by:

(1) Requiring the Hawaii technology development corporation to establish state goals and implement projects to promote economic diversification through innovation and technology;

(2) Appropriating funds to the Hawaii technology development corporation to implement projects to achieve these goals; and

(3) Requiring the Hawaii technology development corporation to submit annual reports to the legislature on the projects implemented pursuant to the Act.

SECTION 2. The Hawaii technology development corporation shall establish state goals and implement projects to promote economic diversification through innovation and technology. The Hawaii technology development corporation shall adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to effectuate the purposes of this Act.

SECTION 3. The Hawaii technology development corporation shall submit annual reports of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of each regular session.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $ or so much thereof as may be necessary for fiscal year 2026-2027 to be allocated as follows:

(1) $ to the Hawaii small business innovation research program, to provide matching grants to help companies that received federal small business

innovative research or small business technology transfer grants further develop new products to solve critical issues;

(2) $ to the manufacturing assistance program of the Hawaii technology development corporation to help Hawaii-based manufacturers become more globally competitive; and

(3) $ to the accelerator and small business training programs of the Hawaii technology development corporation to help develop companies that are solving large-scale problems in the community using innovative, advanced manufacturing, and technology-based solutions.

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

SECTION 5. This Act shall take effect on July 1, 2026.

INTRODUCED BY: Lynn DeCoite

S.B. NO. 3227

Report Title:
HTDC; Economic Development; Economic Diversification; Reports; Appropriations

Description:
Requires the Hawaii Technology Development Corporation to establish state goals and implement projects to advance economic diversification through innovation and technology. Appropriates funds to support the Hawaii Small Business Innovation Research Program, Manufacturing Assistance Program, and accelerator and small business training programs. Requires annual reporting to the Legislature.

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

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THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3213

JAN 2 8 2026

A BILL FOR AN ACT

RELATING TO TAX CREDIT FOR RESEARCH ACTIVITIES.

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

SECTION 1. The legislature finds that Hawaii must diversify its economy by encouraging and promoting research and development activities. These efforts will help attract and retain technology companies in the State and provide high-paying jobs that are necessary for residents to thrive in Hawaii.

The legislature further finds that Hawaii has an opportunity to create careers that allow its young people to build their futures at home. When local graduates can find work that matches their education and ambition, they are more likely to remain in the State, raise families, start businesses, and strengthen the communities that raised them. Research and development jobs offer these meaningful careers rooted in imagination and skill.

The legislature also finds that while tourism remains vital to Hawaii's economy, the State can and should build additional engines of growth. An economy grounded in research and innovation creates value from ideas - drawing on the creativity,

education, and talent of its people. This approach increases economic resilience by ensuring that when one sector faces disruption, as tourism did during the COVID-19 pandemic and following the Lahaina wildfire, other industries can help sustain families and communities.

The legislature additionally finds that economic research supports this approach. The 2018 Nobel Prize in Economic Sciences was awarded for research demonstrating that sustained economic growth comes from investing in people and ideas. The 2025 Nobel Prize in Economic Sciences further showed how innovation drives long-term growth by creating new technologies, products, and production methods that replace old ones. Economies that support research and development grow from within, generating prosperity that compounds over generations.

The legislature further finds that Hawaii's research activities tax credit has proven its value, as demand consistently exceeds available funding. For the past three years, the $5,000,000 annual cap has been reached almost immediately upon opening applications, demonstrating strong interest from companies ready to invest in Hawaii. Additionally, removing the federal base-amount calculation will

encourage companies to expand their research activities year after year without being penalized for prior investments and eliminates the uncertainty for businesses planning multi-year research investments in Hawaii.

The legislature also finds that strengthening this credit will position Hawaii to compete more effectively for innovation-driven companies. Other states like Florida, Maryland, and Michigan have made significant commitments to research incentives, with annual caps ranging from $9,000,000 to $100,000,000. Increasing Hawaii's cap and simplifying the credit will send a clear signal that the State believes in its people and invests in their potential.

The purpose of this Act is to strengthen the research activities tax credit and invest in Hawaii's future by:

(1) Allowing taxpayers to claim credits for all qualified research expenses without reduction for prior-year spending; and

(2) Increasing the annual statewide cap from $5,000,000 to $15,000,000 to meet demonstrated demand and support an economy in which Hawaii's families can thrive.

SECTION 2. Section 235-110.91, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (b) to read:

"(b) All references to Internal Revenue Code sections within sections 41 and 280C(c) of the Internal Revenue Code shall be operative for purposes of this section[~~.~~]; provided that references to the base amount in section 41 of the Internal Revenue Code shall not apply, and a credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years."

2. By amending subsection (f) to read:

"(f) If in any taxable year the annual amount of certified credits reaches [~~$5,000,000~~] $15,000,000 in the aggregate, the department of business, economic development, and tourism shall immediately discontinue certifying credits and notify the department of taxation. In no instance shall the department of business, economic development, and tourism certify a total amount of credits exceeding [~~$5,000,000~~] $15,000,000 per taxable year. To comply with this restriction, the department of business, economic development, and tourism shall certify

credits on a [~~first come, first served~~] first-come, first-served basis.

The department of taxation shall not allow the aggregate amount of credits claimed to exceed that amount per taxable year."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall apply to taxable years beginning after December 31, 2025.

INTRODUCED BY: _____

S.B. NO. 3213

Report Title:
Tax Credit; Research Activities

Description:
Restores the provision that makes references to the Internal Revenue Code's base-amount requirement inapplicable to the Research Activities Tax Credit, allowing all qualified research expenses to be claimed without regard to prior-year expenses. Increases the annual cap for the Research Activities Tax Credit.

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

THE SENATE
THIRTY-THIRD LEGISLATURE, 2026
STATE OF HAWAII

S.B. NO. 3168

JAN 2 8 2026

A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

SECTION 1. The legislature finds that the Hawaii technology development corporation (HTDC) established in 1983 under chapter 206M, Hawaii Revised Statutes, serves as the State's lead agency for supporting the growth and diversification of the State's technology, innovation, and manufacturing sectors. Over the past four decades, HTDC has advanced statewide initiatives that have helped small businesses and entrepreneurs expand into global markets, supported the development of clean and renewable energy technologies, and strengthened the State's manufacturing and innovation ecosystem through programs such as the Hawaii small business innovation research program, the manufacturing assistance program, and the accelerator program.

The legislature further finds that HTDC has played a critical role in positioning innovation and technology as key pillars of the State's economic development strategy. Through partnerships with federal agencies, universities, and local

businesses, HTDC has helped attract federal investment, foster workforce development, and cultivate high-growth industries that contribute to long-term job creation and the State's economic resilience.

The legislature, however, finds that many federal grants require state matching funds, often ranging from one-to-one to one-to-five ratios between state and federal contributions. The current process securing these matching funds is not aligned with federal grant timelines, forcing state agencies to seek emergency or ad hoc appropriations after federal awards are announced. This misalignment reduces the State's competitiveness and risks forfeiting millions in potential federal dollars that could support the State's economic diversification goals.

The legislature further finds that consistent and predictable state support is essential for HTDC to continue fulfilling its mission as an economic driver. By providing access to timely matching funds, the legislature can ensure that the State remains competitive in securing federal awards that amplify local investment, support small businesses, and advance the goals of a diversified and innovation-based economy.

The legislature also finds that the establishment of a revolving fund will ensure that HTDC has timely access to matching funds when applying for and administering eligible federal grants. The fund shall only be allocated if HTDC successfully secures a federal award that requires a state match, thereby safeguarding state resources while enhancing the State's ability to leverage federal investment.

Accordingly, the purpose of this Act is to provide a dedicated source of funds to be used by the Hawaii technology development corporation to finance the State's matching contributions required by federal grants supporting innovation, technology, research, and manufacturing initiatives by establishing the Hawaii technology development corporation revolving fund, which shall be administered by the Hawaii technology development corporation.

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

"**§206M- Hawaii technology development corporation revolving fund.** (a) There is established within the state treasury the Hawaii technology development corporation revolving

fund to be administered by the Hawaii technology development corporation.

(b) The purpose of the revolving fund shall be to provide state matching funds required for federal grants awarded to the Hawaii technology development corporation that support innovation, technology, research, manufacturing, or other economic development initiatives consistent with the corporation's mission and statutory authority.

(c) Moneys in the revolving fund shall be expended by the corporation for the following purposes:

(1) To provide state matching funds for federal grants awarded to the corporation that require a state contribution as a condition of the award;

(2) To cover administrative costs directly associated with the management of the grants or the revolving fund; and

(3) To support related activities approved by the board of directors that are necessary to fulfill federal grant obligations.

(d) The revolving fund shall consist of:

(1) Legislative appropriations;

(2) Transfers from other funds as authorized by law;

(3) Federal funds received by the corporation as part of grant awards;

(4) Repayments or reimbursements associated with prior grant activities; and

(5) Any interest earned on the revolving fund balance.

(e) Moneys in the revolving fund shall not lapse at the end of any fiscal year and shall remain available for expenditure until the conclusion of the application federal grant contract or until otherwise terminated in accordance with federal and state law."

SECTION 3. Notwithstanding any other law to the contrary, the moneys appropriated by this Act shall not be allocated or expended unless the Hawaii technology development corporation has been formally awarded a federal grant requiring a state match. Upon notice of a federal grant award to the corporation requiring a state match, the director of finance shall transfer from the general fund to the Hawaii technology development corporation revolving fund an amount not to exceed the matching requirement, up to the available balance authorized by this Act.

If the corporation does not receive a qualifying federal award during the fiscal period, no allocation shall be made.

SECTION 4. The Hawaii technology development corporation shall submit an annual report to the legislature no later than twenty days prior to the convening of each regular session. The annual report shall include:

(1) The balance of the Hawaii technology development corporation revolving fund;

(2) A list of federal grant applications and awards requiring matching funds;

(3) The amount of state funds used as matching funds; and

(4) The outcomes and economic impact of each federally matched project.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of $10,000,000 or so much thereof as may be necessary for fiscal year 2026-2027 to be deposited into the Hawaii technology development corporation revolving fund.

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

SECTION 6. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2026.

INTRODUCED BY: Lyn D. Côté

S.B. NO. 3168

Report Title:
HTDC; Revolving Fund; Innovation and Manufacturing; Reports; Appropriation

Description:
Establishes the Hawaii Technology Development Corporation Revolving Fund to provide state matching funds for federal grants awarded to the Hawaii Technology Development Corporation that support innovation, technology, research, and manufacturing initiatives. Requires annual reports to the Legislature. Appropriates funds.

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Hawai'i Technology Development Corporation
521 Ala Moana Blvd, Ste 255
Honolulu, Hawaii 96813
808–539–3806
www.htdc.org

To: Hawai'i Technology Development Corporation Board of Directors

From: Trung Lam, HTDC Executive Director

Date: February 18, 2026

Subject: Delegate Legislative Session Authority

Action Requested

Delegate authority to the Executive Director to provide testimony consistent with HTDC's mission on legislation, bills and/or budget items related to HTDC when it is impracticable to consult with the Board prior to the scheduled Hearing. The Executive Director will inform the Board at the next regularly scheduled meeting on testimony provided.

Recommended Effective Date

Upon approval.

Background

One of HTDC's important statutory responsibilities is to advise on policy. During the legislative session, the Executive Director is delegated responsibility to offer opinion on bills and budget and to report back to the board at the next regularly scheduled meeting.

HRS 206M-2 (5) Developing policy and resource allocations to enable and support start-up companies, sustain existing companies, and attract companies to relocate or establish offices in Hawai'i.

HTDC offers its policy opinion through oral and written testimony on bills being considered by the legislature. Last session HTDC was assigned by DBEDT to review a significant volume of bills, and in some years this can be 100+. The majority of the bills are introduced without input or consultation from HTDC. The legislature uses testimony provided during the hearings to refine the language in the bills and to decide if the bills should advance and ultimately become law.

Hawai'i Technology Development Corporation
521 Ala Moana Blvd, Ste 255
Honolulu, Hawaii 96813
808–539–3806
www.htdc.org

Hearings for the bill review are scheduled with a minimum of 48 hours notice. Written testimonies must be submitted 24 hours prior to the hearing. State departments are strongly encouraged to coordinate with other state departments prior to submission. HTDC coordinates testimony with assigned legislative points of contact for other departments prior to drafting testimony. Draft testimonies are next reviewed by the DBEDT Director before being submitted to the legislature. As an attached agency, HTDC is not required to obtain approval from the DBEDT Director. In most cases, the HTDC and DBEDT positions are exactly aligned. At the minimum, testimonies are coordinated so they do not offer conflicting facts.

During session, it is common practice for individual legislators to request meetings with the departments. It is also common practice for HTDC to request meetings with the legislative chairs to discuss the bills prior to the hearing.

Besides offering its own opinion on bills, HTDC advocates for entrepreneurs and small businesses to submit testimony on bills that impact them. Every year HTDC prepares templates and sends out deadline reminders for companies to advocate for HTDC programs such as HSBIR, MAP and Small Business Training appropriations, as well as garner support for other HTDC related bills.

Action Recommended

Approve.

HTDC Financials as of Receipts	FY26 Budget	Q1 26	Q2 26	1H 26
Carryover				
G-24-143	$ 2,205,007	$ -	$ -	**$ -**
SSBCI 2.0	$ 5,387,236	$ -	$ -	**$ -**
Carryover Total	$ 7,592,243		$ -	**$ -**
General Funds				
G-26-143	$ 1,701,795	$ 1,531,615	$ -	**$ 1,531,615**
Restrictions	$ (67,169)	$ -	$ -	**$ -**
HSBIR Phase 2/3 Grant	$ 865,663	$ -	$ -	**$ -**
MAP Grant	$ 865,663	$ -	$ -	**$ -**
Accelerator Grant	$ 865,663	$ -	$ -	**$ -**
Geothermal	$ -	$ -	$ -	**$ -**
Aerospace	$ -	$ -	$ -	**$ -**
General Funds Total	$ 4,231,615	$ 1,531,615	$ -	**$ 1,531,615**
Special Funds Federal				
SSBCI 2.0	$ 21,667,654	$ 79,664	$ -	**$ 79,664**
SSBCI 1.0	$ -	$ -	$ 237,000	**$ 237,000**
SSBCI TA	$ 261,668	$ 261,668	$ -	**$ 261,668**
SBOP	$ 535,112	$ -	$ -	**$ -**
FAST Grant	$ 120,815	$ 23,240	$ -	**$ 23,240**

HTDC Financials as of	**FY26 Budget**	**Q1 26**	**Q2 26**	**1H 26**
MEP	$ 607,350	$ -	$ 160,000	**$ 160,000**
HCATT	$ 925,644	$ 1,694,639	$ 109,914	**$ 1,804,553**
Special Funds Federal Total	$ 24,118,244	$ 2,059,211	$ 506,914	**$ 2,566,125**
Other Funds				
B&F Investment Pool	$ 300,000	$ 100,377	$ -	**$ 100,377**
Kauai Ground Lease	$ 27,700	$ -	$ 55,400	**$ 55,400**
Studio Space at Sandbox	$ 60,000	$ -	$ -	**$ -**
MEP Program Income	$ -	$ -	$ 10,697	**$ 10,697**
MRTC Disbursement	$ -	$ -	$ -	**$ -**
Sandbox Disbursement	$ -	$ -	$ -	**$ -**
Other Funds Total	$ 387,700	$ 100,377	$ 66,097	**$ 166,474**
		$ -		**$ -**
Total Receipts	**$ 36,329,801**	**$ 3,691,204**	**$ 573,011**	**$ 4,264,214**
Disbursements				
General Funds				
Payroll - General Funds	$ 1,073,365	$ 219,412	$ 204,567	**$ 423,979**
HSBIR Phase 0/1 Grant	$ 432,831	$ -	$ -	**$ -**
HSBIR Phase 2/3 Grant	$ 1,167,263	$ -	$ -	**$ -**
MAP Grant	$ 865,663	$ -	$ -	**$ -**

HTDC Financials as of	FY26 Budget	Q1 26	Q2 26	1H 26
Accelerator Grant	$ 1,365,663	$ -	$ -	**$ -**
Geothermal	$ 1,380,000	$ -	$ -	**$ -**
Aerospace	$ 23,388	$ -	$ -	**$ -**
Tech Niche Consultant	$ 38,025	$ -	$ -	**$ -**
General Spend Total	$ 6,346,198	$ 219,412	$ 204,567	**$ 423,979**
Special Funds Federal				
SSBCI 2.0	$ 27,054,654	$ 2,144,319	$ 94,509	**$ 2,238,828**
SSBCI TA	$ 237,006	$ 237,006	$ -	**$ 237,006**
SBOP	$ 511,124	$ 511,124	$ -	**$ 511,124**
FAST Grant	$ 120,815	$ 107,000	$ 21,096	**$ 128,097**
MEP Program	$ 607,350	$ 121,136	$ 108,979	**$ 230,116**
DOE Grant	$ -	$ -	$ -	**$ -**
HCATT Program	$ 925,644	$ 80,397	$ 1,585,268	**$ 1,665,665**
Special Spend Total	$ 29,456,594	$ 3,200,983	$ 1,809,852	**$ 5,010,836**
Operations				
Rent/Facility	$ 60,420	$ 900	$ 1,350	**$ 2,250**
Property Management	$ 160,197	$ 3,874	$ 28,688	**$ 32,562**
Insurance/Assessment	$ 50,000	$ -	$ -	**$ -**
Supplies/Office Expenses	$ 36,128	$ 4,008	$ 12,892	**$ 16,900**
Travel/Transportation	$ 15,750	$ 462	$ 3,868	**$ 4,330**

HTDC Financials as of	FY26 Budget	Q1 26	Q2 26	1H 26
Training/Registration	$ 12,000	$ -	$ -	**$ -**
Sandbox Parking Lease	$ 20,000	$ -	$ -	**$ -**
Equipment	$ 10,000	$ 2,302	$ -	**$ 2,302**
Misc	$ 5,178	$ 220	$ -	**$ 220**
Operations Spend Total	$ 369,673	$ 11,765	$ 46,798	**$ 58,563**
Programs				
Sponsorship	$ 41,500	$ 12,500	$ 7,500	**$ 20,000**
Events/Conference	$ 8,000	$ -	$ -	**$ -**
HTDC Contractors	$ 69,370	$ -	$ -	**$ -**
Marketing/PR	$ 38,467	$ -	$ (656)	**$ (656)**
Programs Spend Total	$ 157,337	$ 12,500	$ 6,844	**$ 19,344**
Other Entries				
PY Encumbrances	$ -	$ 937,330	$ 1,211,201	**$ 2,148,530**
Apaman	$ -	$ 18,000	$ 18,000	**$ 36,000**
		$ -		
Total Disbursements	**$ 36,329,801**	**$ 3,444,660**	**$ 2,068,062**	**$ 5,512,722**