

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

**Adoption of Chapter 15-32
Hawaii Administrative Rules**

October 13, 1989

SUMMARY

Chapter 15-32, Hawaii Administrative Rules, entitled, "Hawaii Small Business Innovation Research Grant Program", is adopted.

HAWAII ADMINISTRATIVE RULES

TITLE 15 DEPARTMENT OF BUSINESS AND

ECONOMIC DEVELOPMENT

SUBTITLE 6 HIGH TECHNOLOGY DEVELOPMENT CORPORATION

CHAPTER 32

HAWAII SMALL BUSINESS INNOVATION RESEARCH GRANT PROGRAM

Subchapter 1 Rules of General Applicability

- Sec. 15-32-1 Purpose
- Sec. 15-32-2 Definitions
- Sec. 15-32-3 Purpose of program
- Sec. 15-32-4 Grants; purpose; use of

Subchapter 2 Eligibility and Selection Process

- Sec. 15-32-5 Eligibility requirements
- Sec. 15-32-6 Application procedure
- Sec. 15-32-7 Consideration and review of applications
- Sec. 15-32-8 Preferences and priorities in making grants
- Sec. 15-32-9 Maximum grant amount; disbursement

Subchapter 3 Inspection and Completion

- Sec. 15-32-10 Inspection of premises and records
- Sec. 15-32-11 Completion of research activities

SUBCHAPTER 1

RULES OF GENERAL APPLICABILITY

Sec. 15-32-1 Purpose. The purpose of this chapter is to provide rules governing implementation of the Hawaii small business innovation research grant program authorized by chapter 206M, HRS.
[Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-2 Definitions. As used in this chapter, unless a different meaning clearly appears in context:

"Board" means the board of directors of the development corporation.

"Development corporation" means the high technology development corporation established by chapter 206M, HRS.

"HRS" means the Hawaii Revised Statutes.

"Hawaii Small Business Innovation Research Grant Program" means the programs administered by the development corporation to encourage participation by Hawaii companies in the federal SBIR program.

"Grant" means financial assistance provided to Phase I SBIR awardees under the terms and conditions provided in this chapter.

"Phase I SBIR award" means an award granted by an agency of the federal government for preliminary investigation under the Small Business Innovation Research Program.

"Phase II SBIR award" means an award granted by an agency of the federal government for further investigation of selected phase I SBIR projects.

"Recipient" means any business receiving a grant under this chapter.

"SBIR" means Small Business Innovation Research.

"State" means the State of Hawaii.

[Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-3 Purpose of program. The purpose of the Hawaii small business innovation research grant program is to provide funds to complement federal phase I SBIR awards to increase the competitiveness of small businesses in Hawaii and to enhance their prospects for bringing phase II SBIR awards of federal funds into the State. [Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-4 Grants; purpose; use of. (a) The development corporation may provide grants of fifty per cent of the phase I SBIR award made by any participating federal agency to each technology-oriented business that conducts phase I SBIR program activities in Hawaii and agrees that if selected for a

phase II SBIR award, it will continue to perform those activities in Hawaii as well.

(b) Grants may be used by any recipient for any of the following purposes:

- (1) To purchase equipment or services, augment staff to add expertise required to expedite or enhance the quality of the phase I SBIR program work, prepare a phase II SBIR program proposal, or prepare for phase II SBIR program activities.
- (2) To establish financial responsibility and to undertake the approved phase I SBIR program work while awaiting funding from the federal agency granting the phase I SBIR award.
- (3) To serve as a "bridge" to permit the recipient to continue its operations during the time period between the completion of the phase I SBIR award submission and receipt of phase II SBIR award funds.

(c) Grants shall not be used by any recipient for any of the following purposes:

- (1) Where the direct or indirect purpose or result of the grant would be to:
 - (A) Repay a creditor or creditors of the recipient for any reason; or
 - (B) Provide funds directly or indirectly as a loan to owners, partners, or shareholders of the recipient;
- (2) Effect a change in ownership of the recipient; or
- (3) Provide or free funds for speculation in any kind of property, real or personal, tangible or intangible.

[Eff. DEC 21 1989]
 (Auth: HRS secs. 91-2, 206M-15) (Imp:
 HRS secs. 91-2, 206M-15)

SUBCHAPTER 2

ELIGIBILITY AND SELECTION PROCESS

Sec. 15-32-5 Eligibility requirements. Any business applying for a grant shall meet all of the following qualifications:

- (1) Receive a phase I SBIR award and furnish appropriate documentation as determined by the development corporation that the award has been made;
- (2) Conduct the phase I SBIR program activities and any related phase II SBIR program activities in the State. The phase I SBIR program activities must be in progress at some time during the calendar year in which the grant is awarded; and
- (3) Meet the qualifying standards provided in section 42-2, HRS.
[Eff. DEC 21 1989] (Auth: HRS secs. 42-2, 91-2, 206M-15) (Imp: HRS secs. 42-2, 91-2, 206M-15)

Sec. 15-32-6 Application procedure. Upon receipt of notification by the awarding federal agency that a phase I SBIR award has been approved and funded, any business applying for a grant shall forward a copy of the accepted proposal and a copy of the notification of award to the chief executive officer of the development corporation as part of its application.
[Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-7 Consideration and review of applications. (a) As soon as practicable following receipt of the application, the chief executive officer of the development corporation shall cause the review of the application and resolution of any questions relating to the application through contact with the grant applicant.

(b) As soon as practicable following such review and resolution, the board shall fully review and evaluate the application.

(c) The application shall be considered by the board for decision at its first meeting after its review of the application. [Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-8 Preferences and priorities in making grants. (a) In the event that insufficient funds are available to fund all anticipated phase I SBIR award grantees, preference shall be given to all qualified businesses that received a single award in one calendar year over multiple award grantees.

(b) In the event that insufficient funds are available to provide one grant to each phase I SBIR award grantee, the development corporation shall be guided by the nature of the innovation and research activity of each grant applicant and the potential economic advantage or job creation prospects offered to the State in determining the proportionate distribution of remaining funds among all grant applicants.

[Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

Sec. 15-32-9 Maximum grant amount; disbursement. (a) Any grant shall be fifty per cent of the phase I SBIR award up to a maximum limit of \$25,000.

(b) The grant amount may be provided as a lump sum payment upon approval.
[Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

SUBCHAPTER 3

INSPECTION AND COMPLETION

Sec. 15-32-10 Inspection of premises and records. The development corporation shall have the right to inspect at reasonable hours, the plant, physical facilities, equipment, premises, books and records of any grant applicant either in the processing of the grant application or in the administration of the grant to the recipient. [Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)


Sec. 15-32-11 Completion of research activities. (a) Upon completion of the phase I SBIR program activities, recipients shall forward to the development corporation a copy of the transmittal letter that forwarded the completed report to the federal agency.

(b) The development corporation shall seek information regarding problems encountered with the phase I SBIR program and recommendations for its improvement by encouraging recipients to provide information on their experiences with the phase I SBIR program at their discretion. [Eff. DEC 21 1989] (Auth: HRS secs. 91-2, 206M-15) (Imp: HRS secs. 91-2, 206M-15)

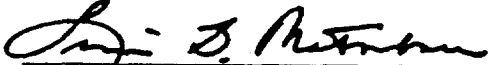
STATE OF HAWAII
DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

Chapter 15-32, State of Hawaii Department of Business and Economic Development Administrative Rules, on the Summary Page dated October 13, 1989, was adopted on October 13, 1989, following a public hearing held on October 13, 1989, after public notice was given in the Honolulu Advertiser on September 13, 1989, and in the Honolulu Star Bulletin on September 13, 1989.

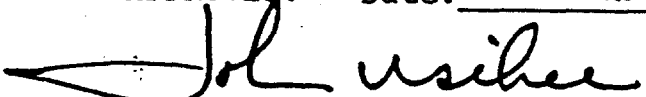
These rules shall take effect ten days after filing with the Office of the Lieutenant Governor.


Thomas B. Hayward, Chairperson
High Technology Development
Corporation Board of Directors

APPROVED: Date: NOV 22


for Roger A. Ulveling, Director
Department of Business and
Economic Development

APPROVED: Date: DEC 11 1989


John Waihee, Governor
State of Hawaii

APPROVED AS TO FORM:


Deputy Attorney General

Filed

32-6

REC'D. BY
1029 DEC 11 AM 10 09
GOVERNOR'S OFFICE