DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

Adoption of Chapter 15-33
Hawaii Administrative Rules

January 7, 2016

SUMMARY

Chapter 15-33, Hawaii Administrative Rules, entitled "Hawaii Manufacturing Development Program" is adopted.

HAWAII ADMINISTRATIVE RULES

TITLE 15

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

SUBTITLE 6

HIGH TECHNOLOGY DEVELOPMENT CORPORATION

CHAPTER 33

HAWAII MANUFACTURING DEVELOPMENT PROGRAM

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SUBCHAPTER 1

RULES OF GENERAL APPLICABILITY

§15-33-1 Purpose. The purpose of this chapter is to provide rules governing implementation of the Hawaii manufacturing development program authorized by chapter 206M, HRS. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-2 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.

"Grant" means financial assistance provided to manufacturers in the State of Hawaii under the terms and conditions provided in this chapter.

"HRS" means the Hawaii Revised Statutes.

"Manufacturer" means a business categorized as a manufacturer, including primary, secondary, or tertiary codes, as defined by the federal North American Industry Classification System (NAICS) codes 31, 32, and 33;

"Manufacturing equipment" means equipment integral to the manufacturing process.

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

"State" means the State of Hawaii. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-3 Purpose of program. The purpose of the Hawaii manufacturing development program is to provide grants to businesses in Hawaii that are manufacturers in the State and require assistance for specific activities related to manufacturing that shall result in economic and employment growth in Hawaii. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-4 Grants; purpose; use of. (a) The development corporation may provide grants in accordance with section 206M-15.1, HRS.

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

(1) Purchase of manufacturing equipment;
(2) Training of employees on the use of manufacturing equipment;
(3) Improving existing energy efficiency manufacturing equipment or the purchase of improved energy efficiency equipment in the manufacturing process; or
(4) Studying or planning the implementation of a new manufacturing facility.

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

(1) Travel that is not directly related to, and necessary for, the purposes set forth in subsection (b);
(2) Expenses related to general operations of the manufacturing facility;
(3) Wage, compensation, or allowance for employees of the business;
(4) Effect a change in ownership of the recipient;
(5) Provide or free up funds for acquisition of any kind of real property;
(6) Entertainment or lobbying activities; or
(7) Payment for goods or services for which moneys were granted under the Hawaii small business innovation research and small business technology transfer program pursuant to section 206M-15, HRS, or the alternative energy research and development program pursuant to Act 159, Session Laws of Hawaii 2015.

[Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

SUBCHAPTER 2

ELIGIBILITY AND SELECTION PROCESS

§15-33-5 Eligibility requirements. (a) Any business applying for a grant shall meet all of the following qualifications:

(1) Conducts manufacturing activities in the State;
(2) Is categorized as a manufacturer as defined by the federal North American Industry Classification System (NAICS) codes 31, 32, and 33;
(3) Agrees that if selected for an award for manufacturing equipment,

it will own and operate the equipment in the State for a minimum of two years;

(4) Can demonstrate financial viability of the business and the ability to cover the balance of the cost of the good or service for which the business is applying for a grant;

(5) Is either incorporated under the laws of the State, or registered to do business in the State;

(6) Has bylaws or policies that describe the manner in which the activities or services for which the grant is awarded shall be conducted or provided;

(7) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which the grant is awarded;

(8) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability; and

(9) Allows the development corporation, legislative committees and their staff, and the auditor full access to its records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditures of the grant.

(b) The minimum grant application amount that will be considered is $1,500. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-6 Grant procedure. Any business applying for a grant shall provide prior to the receipt of any award funds, as applicable:

(1) A Dun and Bradstreet number;

(2) For the purchase of new manufacturing equipment – cost justification, proof of purchase, and financing documentation;

(3) For the purchase of used manufacturing equipment – cost justification, proof of purchase, and financing documentation;

(4) For the training of employees on the use of manufacturing equipment – cost justification, training curriculum details, hours, number of employees, third party instructor biography, resume, or curriculum vitae, and proof of purchase;

(5) For the improvement of existing energy efficiency manufacturing equipment or the purchase of improved energy efficiency equipment in the manufacturing process – cost justification, analysis from a third party consultant proving the foregoing, and proof of purchase; or

(6) For studying or planning the implementation of a new manufacturing facility – cost justification, contract for services of third party consultant, and proof of purchase. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-7 Consideration and review of applications. (a) 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) Following such review and resolution, the board shall consider and make a decision on qualified applications. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-8 Preferences and priorities in making grants. (a) In determining the distribution of funds, the development corporation shall be guided by the nature and economic significance of the activity of each grant application, the importance of the grant to the activity's success, and the potential economic advantage or job creation prospects offered to the State.

(b) Preference shall be given to businesses receiving their first manufacturing development program award.

(c) The development corporation shall not grant more than one manufacturing development program award to any business in a fiscal year. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

SUBCHAPTER 3

INSPECTION AND COMPLETION

§15-33-9 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 MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-10 Completion of surveys. (a) Recipients shall complete surveys from the development corporation designed to measure the economic and employment impact of this program and to assist the National Institute of Standards and Technology's Manufacturing Extension Partnership program. Recipients shall complete the surveys annually for five years following the award.

(b) The development corporation may request recipients to provide information regarding issues encountered with the manufacturing development program and recommendations for its improvement. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

§15-33-11 Acknowledgment. Recipients shall acknowledge the development corporation in a proper and appropriate manner as a funder in all promotional publications, press releases, and other informational materials relating to the recipient's award for a period of two years following the award. Recipients shall provide such materials to the development corporation prior to their release to the public. [Eff MAR 11 2016] (Auth: HRS §206M-3) (Imp: HRS §206M-15.1)

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM

Chapter 33, Title 15, Hawaii Administrative Rules, on the Summary Page dated January 7, 2016 were adopted on January 7, 2016 following a public hearing held on January 5, 2016, after public notice was given in the Star Advertiser, West Hawaii Today, The Garden Island, Hawaii Tribune Herald and the Maui News on December 3, 2015.

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

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RACE RANDLE, Chair
High Technology Development Corporation

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LUIS P. SALAVERIA
Director, Department of Business, Economic Development, and Tourism

APPROVED:

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DAVID Y. IGE
Governor
State of Hawaii

APPROVED AS TO FORM:

Dated: _____

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Deputy Attorney General

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Filed