



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

GOV. MSG. NO. 850

July 11, 2006

The Honorable Robert Bunda, President
and Members of the Senate
Twenty-Third State Legislature
State Capitol, Room 003
Honolulu, Hawaii 96813

Dear Mr. President and Members of the Senate:

I am transmitting herewith HB3261 HD1 SD2 CD1, without my approval, and with the statement of objections relating to the measure.

HB3261 HD1 SD2 CD1

A BILL FOR AN ACT RELATING TO
INGENUITY CORPORATION CHARTER.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

VETO

HOUSE OF REPRESENTATIVES
TWENTY-THIRD LEGISLATURE, 2006
STATE OF HAWAII

H.B. NO. 3261
H.D. 1
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO INGENUITY CORPORATION CHARTER.

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

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 HAWAII INGENUITY CORPORATION CHARTER

6 § -1 The legislature finds and declares that:

- 7 (1) It is an essential function of government to enhance
8 and protect the quality of public education for Hawaii
9 residents;
- 10 (2) Inventors and other creators of intellectual property
11 are an important engine of economic growth;
- 12 (3) Intellectual property is one of the only remaining
13 sources of competitive advantage in the global
14 economy;
- 15 (4) Teaching innovation techniques in our schools is a
16 wise investment in the State's future prosperity;
- 17 (5) Hawaii needs to attract inventors to protect and
18 develop its economy. Protecting labor and



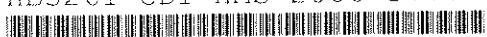
1 shall prepare the financial report included in the annual report
2 to the legislature.

3 § -18 **Amendments.** Amendments to this charter shall only
4 be made by an Act of the legislature. However, the board of
5 directors may create and amend bylaws to further elaborate the
6 corporation's corporate structure and processes, so long as the
7 bylaws do not conflict with the charter's purposes.

8 § -19 **Conflict of laws.** If there is a conflict between
9 this chapter and chapter 414, this chapter shall control. If
10 this chapter is silent as to a matter addressed by chapter 414,
11 that chapter shall control.

12 This chapter shall not supersede any existing labor laws of
13 the State. If there is any conflict between the two, the labor
14 law shall prevail."

15 SECTION 2. This Act shall take effect upon its approval.

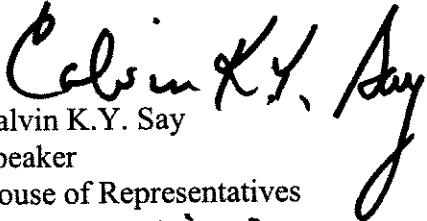


HB No. 3261 HD 1 SD 2 CD 1


THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 4, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Calvin K.Y. Say
Speaker
House of Representatives




Patricia Mau-Shimizu
Chief Clerk
House of Representatives


THE SENATE OF THE STATE OF HAWAII

Date: May 4, 2006
Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the Senate of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006.



Robert Bunda
President of the Senate



Paul Kawaguchi
Clerk of the Senate

P R O C L A M A T I O N

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 3261, entitled "A Bill for an Act Relating to Ingenuity Corporation Charter," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 3261 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 3261 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.



LINDA LINGLE
Governor of Hawaii

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3261

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3261, entitled "A Bill for an Act Relating to Ingenuity Corporation Charter."

The purpose of this bill is to establish the Hawaii Ingenuity Corporation to create a business entity that owns and licenses intellectual and other property.

This bill is objectionable for a number of reasons. First, there are concerns regarding the creation of a private, for-profit organization within Hawaii Revised Statutes that would have no attachment or oversight from a government department. This arrangement may result in a challenge under the equal protection clause of the Constitution since this entity would not be required to comply with the incorporation laws that other corporations are required to follow before being authorized to do business in the State.

Second, there is a lack of clarity relating to the State's responsibility, if any, in the event the Corporation is sued or for any other legal matters the Corporation may face. This ambiguity also creates confusion as to whether this Corporation is covered by Chapters 91 and 92 of the Hawaii Revised Statutes covering public rulemaking and sunshine laws.

Third, there would be difficulties in making any changes to the Corporation's charter because amendments to the charter of the Corporation would require the passage of a legislative act and rescission of the charter would require a two-thirds vote of both houses of the Legislature.

Fourth, it is inappropriate and outside the scope of


STATEMENT OF OBJECTIONS
HOUSE BILL NO. 3261
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law to give a for-profit corporation the ability to declare that exercising the power to collectively bargain on behalf of inventors and labor organizations is an exception to all state antitrust and federal anti-competitive practice rules and statutes.

Fifth, and most importantly, the bill may actually hurt the very entity it is intended to help--the inventor. Inventors would have no direct representation on the Corporate Board. The bill further limits the inventor's return on investment and only allows the inventor to sue the corporation after going through an elaborate and unnecessary grievance process structured to the benefit of the corporation and not the inventor. The legislation fails to increase an investor's ability to compete in a global marketplace or protect his patents beyond what is already available through federal statutes. Hawaii inventors expressed specific reservations about Mainland entities pushing this bill and attempting to organize Hawaii inventors.

For the foregoing reasons, I am returning House Bill No. 3261 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE
Governor of Hawaii