

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 2181
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 2181 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this bill is to develop existing economic and natural resources into innovative, profit-generating, and efficient entities by creating the Hawaii Innovations Fund (Fund) and the Fund Community Board within the University of Hawaii (UH). The Fund will be used to fund grants to individuals or businesses engaged in research or product development in the life sciences or advanced technology fields.

UH, The High Technology Development Corporation, UH Connections, Office of Hawaiian Affairs, Hawaii Science & Technology Council, NovaSol, Referentia Systems, PacifiCap, Trex Enterprises Corporation, and Enterprise Honolulu testified in support of this bill. The Department of Business, Economic Development, and Tourism, Hawaii Strategic Development Corporation, and Hawaii Technology Development Venture supported the intent of this measure.

Your Committee recognizes that investments in high technology research and development can positively impact the state's economy. Managing investments and the resulting enterprises must be done cautiously and with the best interest of the state in mind.

HB2181 HD1 HSCR EDB HMS 2006-2178



Accordingly, your Committee has amended this bill by deleting its content and replacing it with provisions that:

- (1) Establish the Hawaii Innovations Partnership Corporation (Corporation), to be administratively attached to the Department of Budget and Finance (B&F), to promote advanced technology, life sciences, and renewable energy in Hawaii;
- (2) Establish the Hawaii Innovations Partnership Special Fund (Special Fund) to be used for operating costs and professional investor services;
- (3) Establish the Hawaii Innovations Partnership Research and Development Fund to be used for research and development grants for the Research and Development Program established in this measure and for technical business support for funded projects;
- (4) Establish the Hawaii Innovations Partnership Investment Fund to be used for investments under the Venture Capital Investment Program established in this measure, and for technical business support for funded projects;
- (5) Appropriate \$100,000,000 to the Special Fund; and
- (6) Appropriate one-half percent of the general revenues in fiscal years 2007-2008, 2008-2009, 2009-2010, and 2010-2011 to the Special Fund.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2181, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2181, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



JCM RIKI KARAMATSU, Chair



