

Honolulu, Hawaii

March 13, 2006

RE: H.B. No. 3067
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 3067, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE FUNDS,"

begs leave to report as follows:

The purpose of this bill is to assist the agriculture industry by:

- (1) Establishing linked investments for providing loans to persons engaged in, or proposing to engage in, agriculture;
- (2) Allowing the Director of Finance to invest not more than ten percent of moneys available in the State treasury in linked investments; and
- (3) Providing that the State is not liable for payment of a loan that is made through linked investments if an eligible borrower defaults on the loan.

The Hawaii Farm Bureau Federation testified in support of this bill. The Department of Agriculture supported the intent of this measure. The Department of Budget and Finance commented on this bill.

Your Committee acknowledges the Department of Budget and Finance's concerns that linked investments by nature will yield

HB3067 HD2 HSCR FIN HMS 2006-2335

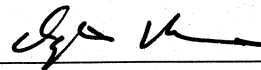


less than the market interest rate. However, given that the investment vehicle in question may spur economic activity, your Committee wishes to move this measure forward to continue discussion.

Your Committee has amended this bill by changing the effective date to July 1, 2020, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3067, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3067, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



DWIGHT TAKAMINE, Chair



