

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 2546  
S.D. 1  
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 S.B. No. 2546, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to improve Hawaii's construction industry by establishing a task force within the Department of Labor and Industrial Relations (DLIR) to study the feasibility of a Hawaii Construction Authority (Construction Authority). The Construction Authority would have the responsibility of developing and implementing a strategic, long-range construction development plan for the State of Hawaii and streamlining the construction process.

Prior to the public hearing, your Committee circulated a proposed draft that replaced the contents of this bill with the language of H.B. No. 2181, H.D. 2 (Proposed H.D. 1), and received testimony on the Proposed H.D. 1. Specifically, the Proposed H.D. 1:

- (1) Establishes the Hawaii Innovations Partnership Corporation (Corporation), to be administratively attached to the Department of Budget and Finance (B&F), to promote economic development in advanced technology, life sciences, and renewable energy;



- (2) Establishes the Hawaii Innovations Partnership Special Fund (Special Fund) to be used for operating costs and professional investor services;
- (3) Establishes the Hawaii Innovations Partnership Research and Development Fund to be used for research and development grants for the Research and Development Grant Program established in this measure and for technical business support for funded projects;
- (4) Establishes 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) Appropriates \$100,000,000 to the Special Fund; and
- (6) Appropriates one-half percent of the general revenues in fiscal years 2007-2008, 2008-2009, 2009-2010, and 2010-2011 to the Special Fund.

The High Technology Development Corporation, University of Hawaii, Hawaii Science and Technology Council, HR Biopetroleum, NovaSol, Hawaii Biotech, Inc., Hawaii Pacific Health, Nanopoint, Hawaii Venture Capital Association, Hawaii Crop Improvement Association, PacifiCap Group, LLC., and a concerned individual testified in support of this bill. Enterprise Honolulu supported this measure with amendments. The Department of Business, Economic Development, and Tourism (DBEDT) and Hawaii Strategic Development Corporation supported the intent of this measure. B&F opposed this measure. The Hawaii Building and Construction Trades Council, AFL-CIO, and Plumbers and Pipefitters Union Local 675 offered comments.

Your Committee has amended this bill by:

- (1) Replacing its contents with the Proposed H.D. 1; and
- (2) Requiring the Corporation to submit a complete and detailed annual report to the Legislature containing performance metrics.



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 S.B. No. 2546, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2546, S.D. 1, 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,

  
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JON RIKI KARAMATSU, Chair



