

Honolulu, Hawaii

APR - 7 2006

RE: H.B. No. 1723
H.D. 2
S.D. 2

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1723, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CAPITAL INVESTMENTS,"

begs leave to report as follows:

The purpose of this measure is to increase the authorized amount of tax credits in the state private investment fund to allow the Hawaii Strategic Development Corporation to increase the availability of venture capital in the State.

Specifically, the amount of tax credits authorized is increased from \$36,000,000 to \$120,000,000 and the applicability of the tax credit is expanded to include tax liability under the State's insurance code.

Your Committee finds that the state private investment fund administered by the Hawaii Strategic Development Corporation provides a significant advancement in capital formation for Hawaii's emerging technology firms and other fledgling, expansion-oriented companies. The tax credits are used to secure corporation loans to invest in venture capital funds. By increasing return-driven, venture capital investments in emerging enterprises, the state private investment fund helps to diversify the State's economic base and assists local venture capital companies by helping them build strong track records to attract additional capital.



Your Committee has amended the measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion on this matter;
- (2) Changing the amount appropriated from the capital formation revolving fund from an unspecified amount to \$1;
- (3) Changing the tax credit to a "refundable" tax credit; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1723, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1723, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:*	Committee Referral:	Date:
HB 1723 HD2 SD1	MAT/BED, WAM	4/5/06
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is to:		
<input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)		
Members	Ayes	Ayes(WR)
Nays	Excused	
TANIGUCHI, Brian T. (C)	/	
TSUTSUI, Shan S. (VC)	/	
ENGLISH, J. Kalani	/	
ESPERO, Will	/	
FUKUNAGA, Carol	/	
HOOSER, Gary L.	/	
INOUE, Lorraine R.	/	
KANNO, Brian	/	
KIM, Donna Mercado	/	
KOKUBUN, Russell S.	/	
NISHIHARA, Clarence K.	/	
SAKAMOTO, Norman		/
HEMMINGS, Fred		/
SLOM, Sam		/
TRIMBLE, Gordon		/
TOTAL	11	0
		2
		2
Recommendation:		
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
		
Distribution:		
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency
		Goldenrod Committee File Copy

*Do not list more than one measure per Record of Votes.