

Honolulu, Hawaii

MAR 23 2006

RE: H.B. No. 3261
H.D. 1
S.D. 1

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

Sir:

Your Committee on Business and Economic Development, to which was referred H.B. No. 3261, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INGENUITY CORPORATION CHARTER,"

begs leave to report as follows:

The purpose of this measure is to establish an Ingenuity Corporation Charter that will be responsible for:

- (1) Holding and using intellectual and other property;
- (2) Enabling inventors, labor unions, the American Ingenuity Alliance, and public educators to create a business entity in Hawaii that owns and licenses intellectual and other property;
- (3) Creating and maintaining businesses that provide innovation education, employment opportunities, and economic development in Hawaii;
- (4) Engaging in collective bargaining on behalf of the inventors and labor unions;
- (5) Promoting the teaching of innovation and its application in Hawaii's public schools; and



- (6) Attracting inventors to Hawaii and building Hawaii as an inventor-friendly state.

Your Committee heard testimony in support of this measure from the Hawaii Government Employees Association (HGEA), the Hawaii State Teachers Association, the American Federation of Television and Radio Artists, KMH LLP, the American Ingenuity Alliance, the Professional Inventors Alliance, and one individual. The Office of Information Practices submitted comments.

Intellectual property is one of the only remaining sources of competitive advantage in the global economy. Whether working independently or employed by corporations, the vast majority of inventors do not have the collective representation, institutional strength, or financial resources necessary to exercise and enforce their property rights. Hawaii has the opportunity to become a center for protecting the fruits of American ingenuity so inventors can fully exercise their intellectual property rights. In return, the exercise of these rights can be used to forge an anchor for good jobs in a manner that enhances labor and environmental practices nationally and internationally.

Your Committee finds that by establishing Hawaii as a domicile that provides enhanced protection of intellectual property rights, new capital and investments will be attracted to Hawaii, which will allow for a more diversified and sustainable economy. Your Committee further finds that establishing an Ingenuity Corporation will also help to support public education in Hawaii by generating needed additional funding and influencing future generations of inventors.

Your Committee has amended this measure by:

- (1) Changing the effective date from July 1, 2020 to July 1, 2006; and
- (2) Making technical, nonsubstantive amendments to correctly reflect the style of and language in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Business and Economic Development that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3261, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as H.B. No. 3261, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

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



WILL ESPERO, Chair



