

STAND. COM. REP. NO. 1307

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 1670  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committees on Economic Development and Taxation and Education, to which was referred H.B. No. 1670, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this measure is to establish the Ingenuity Company to facilitate the development of intellectual property, uphold high labor and environmental standards, and provide funds for instruction in the public schools that encourages innovation by Hawaii's students.

Testimony in support of this measure was received from the American Federation of Television and Radio Artists, International Federation of Professional and Technical Engineers AFL-CIO and CLC, Professional Inventors Alliance, Hawaii State AFL-CIO, Hawaii State Teachers Association, Hawaii Teamsters and Allied Workers Local 996, Unite Here! Local 5 Hawaii, Vivalog Technologies, and four individuals. The Department of Budget and Finance submitted testimony in opposition to this measure. The Department of Commerce and Consumer Affairs and the Department of Education submitted comments.

Your Committees find that the ingenuity company, which will be governed by a board of directors representing both the creators of intellectual property and educational or labor beneficiaries, provides an opportunity to focus the financial rewards of ingenuity on education and workforce development that will in turn

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lead to additional inventions and innovations. In this way, it will create a continuing incentive for seasoned inventors and for developing new talent in Hawaii.

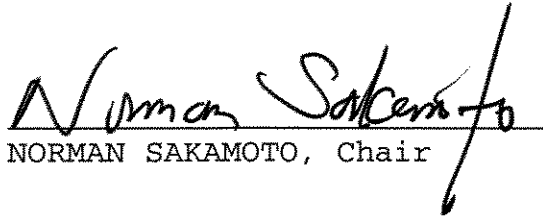
Your Committees have amended this measure by:


- (1) Adding language to clarify the purpose of the Act;
- (2) Stating that the ingenuity company is a body corporate;
- (3) Requiring that any share of the profits distributed to labor union members shall be expended for training of workers or safety and health related practices;
- (4) Deleting the references to the Department of Commerce and Consumer Affairs in the reporting requirements;
- (5) Clarifying that the company shall be limited liability company within the meaning of chapter 428, Hawaii Revised Statutes (HRS), and not subject to the registration requirements of the Department of Commerce and Consumer Affairs;
- (6) Deleting the language regarding any conflict between the new chapter and chapter 428, HRS; and
- (7) Making technical amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Taxation and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1670, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1670, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Development and Taxation and  
Education,

  
NORMAN SAKAMOTO, Chair

  
CAROL FUKUNAGA, Chair





