

STAND. COM. REP. NO. 1256

Honolulu, Hawaii

March 16, 2007

RE: S.B. No. 1365
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Economic Development & Business Concerns and Higher Education, to which was referred S.B. No. 1365, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE INNOVATION ECONOMY,"

beg leave to report as follows:

The purpose of this bill is to increase the levels of capital available to fuel the innovation sector of Hawaii's economy by:

- (1) Requiring the Board of the Employees' Retirement System (ERS) to allocate a certain percentage of funds to, and to consider Hawaii venture capital investments if it is prudent to do so; and
- (2) Appropriating funds for a joint venture between a private entity and the University of Hawaii (UH) Office of Technology Transfer and Economic Development (OTTED) to increase the commercialization of UH discoveries.

The Department of Business, Economic Development, and Tourism (DBEDT), OTTED, Hawaii Science and Technology Council, Hawaii Strategic Development Corporation, High Technology Development Corporation, Global Brain, Inc., SEE/RESCUE Corporation, International Venture Fund, Vantage Counsel LLC, AssistGuide, Inc., Oceanit, and several concerned individuals supported this bill. UH and Hoana Medical, Inc., supported this bill in part.

SB1365 HD1 HSCR EDB-HED HMS 2007-3176



1256

The ERS Board of Trustees and Department of Budget and Finance provided comments.

A stronger mandate is needed if the ERS is to place funds in Hawaii venture capital investments and similar private placements. This bill has been amended to require that as of January 1, 2008, when ERS considers any new out-of-state private placements, ERS must determine whether any available Hawaii private placements are of equal risk and return and give preference to the Hawaii investments. In addition, ERS investments in Hawaii private placements have been capped at three percent of system funds.

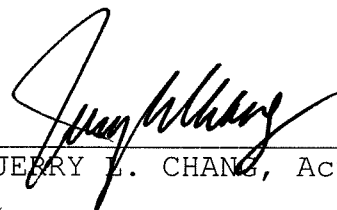
Your Committees have also amended this bill by designating OTT instead of DBEDT as the agency expending the appropriation for the joint venture between OTT and a private entity. Your Committees are concerned about the ambiguity of the language that would guide expenditures, and respectfully request the Committees on Labor and Finance to which this bill is referred, to look into tightening up that language.

As affirmed by the records of votes of the members of your Committees on Economic Development & Business Concerns and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1365, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1365, S.D. 2, H.D. 1, and be referred to the Committee on Labor & Public Employment.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business Concerns
and Higher Education,



JERRY L. CHANG, chair



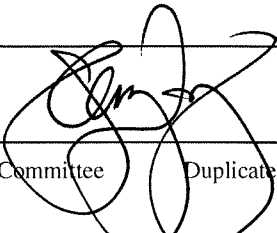
JERRY L. CHANG, Acting Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1256

Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: SB 1365 SD2 (SSCR1010)		Date: March 15, 2007		
Committee Referral: EDB/HED, LAB, FIN		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.	✓			
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N. -				✓
8. MANAHAN, Joey -				✓
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.	✓			
11. CHING, Corinne W.L. -	✓			
12. MARUMOTO, Barbara C.	✓			
TOTAL	10	∅	∅	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <div style="text-align: center; font-size: 2em; font-family: cursive; margin-top: 10px;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				

