

STAND. COM. REP. NO. 1904

Honolulu, Hawaii

AJ-05, 2007

RE: S.B. No. 1365
S.D. 2
H.D. 3

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 1365, S.D. 2, H.D. 2, entitled:

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

begs 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 Employees' Retirement System (ERS) to consider Hawaii venture capital investment opportunities unless it is not prudent to do so;
- (2) Capping ERS investments in Hawaii venture capital investments at an unspecified percent of system funds; and
- (3) Appropriating funds for a partnership between the University of Hawaii's (UH) Office of Technology Transfer and Economic Development and a qualified private sector entity to help transform UH innovations into commercial products.

The Department of Business, Economic Development, and Tourism, UH System, High Technology Development Corporation, UH's Office of Technology Transfer and Economic Development, Hawaii Strategic Development Corporation, Enterprise Honolulu, MicroNose

SB1365 HD3 HSCR FIN HMS 2007-3745



Technologies, Inc., and many concerned individuals testified in support of this bill. Several concerned individual supported the intent of this measure. The Hawaii Government Employees' Association opposed this bill. The Director of Budget and Finance offered comments.

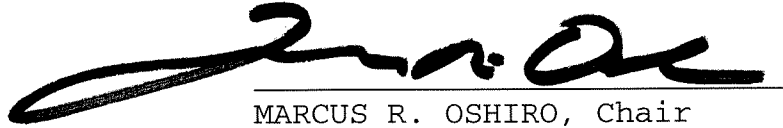
Your Committee has amended this bill by:

- (1) Requiring ERS, by January 1, 2009, to the extent that it is prudent to do so, to develop criteria to ensure that in considering any investment in an out-of-state private placement, it shall determine whether there is available, and instead invest in any Hawaii private placement that is of equal or lesser risk and equal or greater return;
- (2) Capping Hawaii private placement investments at three percent of ERS funds;
- (3) Mandating ERS to require its investment manager to consider Hawaii venture capital investments, which may include having the investment manager establish a physical presence in Hawaii;
- (4) Specifying the UH's Office of Technology Transfer and Economic Development as the expending agency of the appropriation;
- (5) Changing the effective date to July 1, 2020, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for consistency and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1365, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1365, S.D. 2, H.D. 3.



Respectfully submitted on
behalf of the members of the
Committee on Finance,



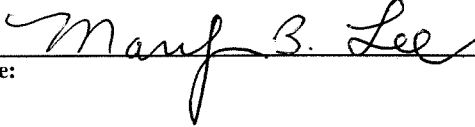
MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSCR 1904

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 1365 SD2 HD2	Date: 3/30/07			
Committee Referral: EDB/HED, LAB, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 45%;"> <input type="checkbox"/> Pass, unamended <input type="checkbox"/> Hold </div> <div style="width: 45%;"> <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Pass, with amendments, for recommitment for further consideration </div> </div>				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. BELATTI, Della Au		✓		
4. BROWER, Tom		✓		
5. CARROLL, Mele	✓			
6. CHONG, Pono	✓			
7. HANOHANO, Faye P.	✓			
8. HAR, Sharon E.	✓			
9. MAGAOAY, Michael Y.	✓			
10. MANAHAN, Joey	✓			
11. MIZUNO, John	✓			
12. NAKASONE, Bob		✓		
13. RHOADS, Karl		✓		
14. SAGUM, Roland D., III				✓
15. TOKIOKA, James Kunane				✓
16. AWANA, Karen Leinani	✓			
17. MEYER, Colleen Rose	✓			
18. WARD, Gene, Ph.D.	✓			
TOTAL	12	4	0	2
The recommendation is: <div style="display: flex; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div> <p style="margin-top: 5px;">If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small></p>				
Vice Chair's or designee's signature: <div style="text-align: center; font-family: cursive; font-size: 1.5em; margin-top: 10px;">  </div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – HMSO Duplicate (Pink) – Clerk's Office				