

**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of

**THEODORE E. LIU**

**Director**

Department of Business, Economic Development, and Tourism  
before the  
**COMMITTEE ON FINANCE**

February 21, 2008

3:00 p.m.

State Capitol, Conference Room 308

in consideration of

**HB 2395 HD1**

**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Oshiro, Vice Chair Lee, and Members of the Committee Finance.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the concept of innovation as the driving force for creating an economy that is based on human capital rather than natural resources. However, we do not support HB 2395 HD1, which would establish the Hawaii Innovation Development Corporation as an agency attached to DBEDT for administrative purposes.

This proposal is very similar to the Ingenuity Corporation which has been vetoed for the past two years. Although there have been some changes made in this new proposal, there continue to be concerns about the need for a separate organization focused specifically on this narrow issue and the ability of the proposed corporation to be self-sustaining. None of the testimony submitted by the proponents of the bill indicates any estimate for the potential benefit.

We suggest that before this bill is given further consideration, the proponents be requested to prepare a business plan that includes substantiated projections on the potential revenue that could be generated to support the activities of the corporation and its efforts to develop and exploit innovations and inventions to benefit the State.

Thank you for the opportunity to provide these comments.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 2395, H.D. 1  
February 21, 2008

RELATING TO ECONOMIC DEVELOPMENT

House Bill No. 2395, H.D. 1, establishes the Innovations and Inventions Revolving Fund, which would be administered by the Hawaii Innovation Development Corporation, to develop and exploit innovations and inventions that have direct economic benefits for Hawaii.

The revolving fund would be funded through legislative appropriations, grants from public or private sources, fees collected and proceeds from development and commercial exploitation of innovations and inventions. The bill appropriates an unspecified amount in general funds in FY 09 to be deposited into the revolving fund.

As a matter of general policy, this department does not support the creation of any special or revolving fund which does not meet the requirements of Sections 37-52.3 or 37-52.4 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the fund will be self-sustaining.

In addition, we do not support creation of another State sponsored corporation to stimulate economic development. It is also unclear what actions the Innovative Development Corporation will undertake to benefit inventors, labor unions, and educators who are represented on the Board of Directors. The bill provides broad purposes for the Corporation and the officers; however, it does not provide specific actions the board or officers would take to accomplish its purposes.

# UNITE HERE! LOCAL 5 HAWAII

*Eric Gill, Financial Secretary-Treasurer*

*Hernando Ramos Tan, President*

*Godfrey Moeshiro, Senior Vice-President*

Wednesday, February 20, 2008

Representative Marcus Oshiro, Chair  
Representative Marilyn Lee, Vice Chair  
House Committee on Finance

Supporting the intent of HB 2395 HD 1; relating to the establishment of the Hawaii innovation development corporation.

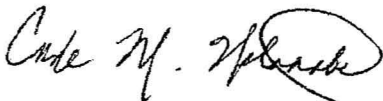
Chair Oshiro, Vice Chair Lee, members of the House Committee on Finance, I submit this testimony on behalf of UNITE HERE! Local 5 – a local labor organization representing nearly 12,000 hotel and health care workers throughout our State.

If enacted, this bill would establish the Hawaii innovation development corporation—a unique alliance of inventors, unionized workers, and Hawaii’s educators—that would effectively strive to build and strengthen Hawaii’s middle-class by way of harnessing our collective strengths and talents.

As you know, here in Hawaii and through our Hawaii Hotel Workers Rising Campaign, UNITE HERE! Local 5 is at the forefront of ensuring that our State and our people take important steps towards securing middle-class jobs that provide good wages, affordable health care, and a strong voice on the job. In fact, as a member of Change to Win, a labor federation representing nearly 6 million members nationally and approximately 28,000 workers within the state of Hawaii, our central objective is to unite workers as a means for securing a Hawaii our children can afford to live in.

On behalf of our nearly 12,000 members statewide I thank you for allowing me to submit testimony that supports the intent of HB 2395 HD 1.

Sincerely,



Cade M. Watanabe  
Community/Political Organizer

# Professional Inventors Alliance

Washington, D.C. • (202) 318-1595 • [www.PIAUSA.org](http://www.PIAUSA.org)

To: Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair  
Committee on Finance

From: Ronald J Riley  
Professional Inventors Alliance  
Washington, D.C. 20006

Hearing Date: Thursday, February 21, 2008 at 3:00 pm in Room 308

Support of HB 2395, Relating to Economic Development.

*25 copies needed for submittal*

My name is Ronald J Riley, President of the Professional Inventors Alliance (PIAUSA.org) located in Washington, D.C. and I want to thank you for the opportunity to comment on the proposed Ingenuity Company charter.

The Professional Inventors Alliance USA was created more than a decade ago to protect American invention and encourage innovation. American inventors saw a need to track legislation and policy that impacts independent inventors, small and medium-sized businesses and colleges and universities. The Alliance is the premiere organization in the nation providing independent inventors a united voice to improve public policy.

PIAUSA provides legislative counsel, congressional updates and strategy development to its members through a number of vehicles. Additionally, through its speaker's bureau, PIAUSA members have an opportunity to provide expert opinion to many of the nation's top-tier business, technology and mainstream media organizations. Over the years its members have testified before Congress, offered counsel to key Senate and House committee members and successfully pushed legislation to protect America's independent inventors.

Since its inception, the organization has grown into one of the most vocal advocates for America's patent system.

Today I am writing in support of the adoption of HB 2395, which establishes the Hawaii Innovation Development Corporation to promote the development and exploitation of innovations and inventions. The establishment of the HIDC could be of great benefit to inventors in Hawaii and throughout the nation. Thank you for the opportunity to provide this testimony.

**Testimony in support of House Bill 2395**  
Before the Committee on Economic Development & Business Concerns

Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair  
Committee on Finance

Hearing Date:  
Thursday, February 21, 2008  
3:00 pm in Room 308

Aloha Chairman Oshiro and Vice-Chair Lee and members of the Committee,

My name is Ian Chan Hodges and for the past two years I have appeared before the legislature to provide testimony in support of creating an entity that would enable Hawaii to champion and support the rights of inventors. You also received testimony from prominent inventors and top labor leaders from around the nation in support of those bills. These proposed entities were designed to protect and utilize the patents of inventors with the understanding that patents can provide a very powerful tool for creating and retaining good jobs in a community faced with the stresses of competing in a global economy.

Twice in the past two years the legislature passed a bill chartering the Ingenuity Corporation only to have the bill vetoed by the Governor. I want to thank you for your support in the past and I ask you to pass HB 2395, which has been drafted to address the concerns of the Governor.

Thank you for the opportunity to submit testimony.