

STAND. COM. REP. NO.

1333

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1503
H.D. 1
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1503, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIMITED LIABILITY COMPANIES,"

begs leave to report as follows:

The purpose of this measure is to require limited liability companies that opt to be designated as a public purpose company to exercise the right to exclude conferred by a patent for a public purpose.

Your Committee received testimony in support of this measure from three private citizens. Testimony in opposition to this measure was received from the Department of Commerce and Consumer Affairs and three private citizens. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that some for-profit business enterprises that pursue social entrepreneurship do not conform exactly to existing corporate structures which distinguish between corporations formed for the purpose of making a profit and those formed for the purpose of performing a social function. Your Committee notes the concerns of the Department of Commerce and Consumer Affairs and other testifiers that this measure undermines clarity and uniformity in State law, may conflict with federal law, and may create difficulties in administration and enforcement. However, your Committee finds that this measure merits advancement for the purpose of further discussion.

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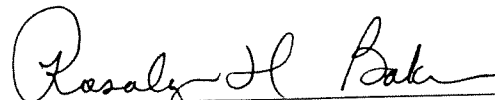


Your Committee has amended this measure by:

- (1) Clarifying the definition and function of a public purpose company;
- (2) Removing the automatic designation as a public purpose company of any company that exercises the right to exclude; and
- (3) Requiring the Department of Commerce and Consumer Affairs to list all public purpose companies in the State on its website.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1503, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1503, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



