

Honolulu, Hawaii

Feb 26, 2010

RE: H.B. No. 2945
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 2945, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose of this bill is to increase the availability of venture and seed investment capital in a manner that will result in a significant potential to diversify and stabilize the state's economy by, among other things:

- (1) Establishing the State Private Investment Fund Program (Investment Fund) and a managing board;
- (2) Authorizing insurance company tax credits to be used as a fund guarantee;
- (3) Requiring that investments be made in successful venture capital firms that have experienced managers and an ability to mentor entrepreneurs;
- (4) Setting a target of 30 percent of investments to be in Hawaii-based businesses; and
- (5) Directing that returns exceeding fund expenses, debts, and investor equity interests be deposited into the general fund.



The Department of Taxation, Employees' Retirement System Board of Trustees, and Hawaii Strategic Development Corporation (HSDC) offered comments.

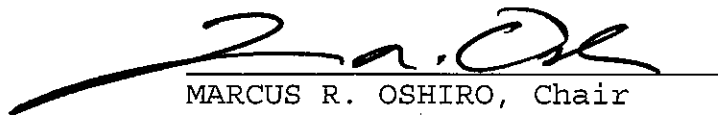
Your Committee has amended this bill by:

- (1) Specifying that the Investment Fund be administered by HSDC;
- (2) Stipulating that the Investment Fund be organized as a limited partnership or limited liability company with HSDC as the general partner or manager;
- (3) Clarifying that the Investment Fund simply be governed by the board of directors of the Investment Fund and not organized and governed;
- (4) Clarifying that it is the Investment Fund that will actually invest the moneys raised by HSDC in seed and venture capital investments;
- (5) Reinserting statutory references to chapter 211F, Hawaii Revised Statutes, (relating to HSDC) with regard to the mission of HSDC and the Investment Fund to diversify and stabilize the state's economy by mobilizing equity capital;
- (6) Stipulating that while the implementation of the state private investment fund program is the responsibility of HSDC, the Investment Fund board shall be responsible for the development of an annual business plan that shall be submitted to HSDC for its approval;
- (7) Clarifying that any returns in excess of operating costs and moneys payable to investors shall be deposited in the redemption reserve and held by the Investment Fund as a first priority reserve for the redemption of tax credits issued to HSDC;
- (8) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (9) Making technical, nonsubstantive amendments for clarity, 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 H.B. No. 2945, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2945, H.D. 2.

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


MARCUS R. OSHIRO, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 644-10

Record of Votes of the Committee on Finance

Bill/Resolution No.: HB 2945, HD 1	Committee Referral: EBM, FIN	Date: 2/22/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.	✓			
4. AWANA, Karen Leinani	✓			
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III	✓			
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn	✓			
17. WARD, Gene	✓			
TOTAL (17)	17	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em; margin-left: 100px;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 1.5em; font-family: cursive;">Mary B Lee</div>				
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