

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 2144  
S.D. 2  
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 S.B. No. 2144, S.D. 2, 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 extend the Tax Credit for Research Activities for an additional year and repeal the Technology Infrastructure Renovation Tax Credit and High Technology Business Investment Tax Credit.

This measure also requires the Hawaii Community-based Economic Development Revolving Fund to be used to fund the Community-based Economic Development Program and Enterprise Zone Program's operating costs.

PacifiCap Group, LLC; Advantage Capital Partners; SDC Hawaii, LLC; Ho'okele Health Technologies, LLC; and a concerned individual opposed this bill. The Department of Taxation, Tax Foundation of Hawaii, USAA, Puko'a Scientific, and a concerned individual provided comments.

Your Committee has amended this bill by:

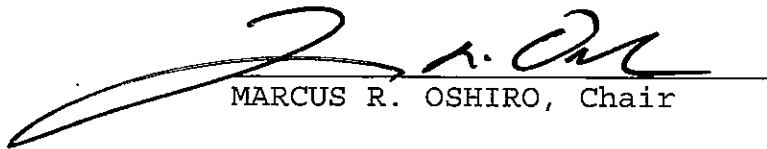
- (1) Deleting provisions that extend the Tax Credit for Research Activities and repeal the Technology Infrastructure Renovation Tax Credit and High Technology Business Investment Tax Credit;



- (2) Inserting provisions that, among other things:
- (A) Amend the State Private Investment Fund (Fund) program to establish a managing board;
  - (B) Provide that the contractual guarantee obligation of the corporation may be satisfied by proceeds from the sale of any tax credits;
  - (C) Establish investment limits;
  - (D) Require investments in successful venture capital firms with experienced managers and with an ability to mentor entrepreneurs and facilitate follow-on investments;
  - (E) Set a target of 30 percent of investments of the Fund in Hawaii-based businesses; and
  - (F) Direct that returns exceeding certain costs and expenses be deposited into the general fund;
- and
- (3) 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 S.B. No. 2144, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2144, S.D. 2, H.D. 2.

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

  
MARCUS R. OSHIRO, Chair



