

STAND. COM. REP. NO.

2623

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2290  
S.D. 2

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2290, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to increase the availability of venture capital for the State's emerging industries by establishing a state private investment fund to stimulate the availability of funds that would create new jobs.

This measure would also minimize state liability for costs associated with the venture capital program.

Your Committee received written comments in support of this measure from the Hawaii Strategic Development Corporation and the High Technology Development Corporation. The Employees' Retirement System offered comments in opposition. The Tax Foundation of Hawaii offered comments. Written comments may be reviewed on the Legislature's website.

Your Committee finds that many states, including the state of Utah, whose Utah Fund of Funds program provides the model for this measure, have implemented programs to improve the availability of capital within their states and as a means to generate revenue. Your Committee notes that the Hawaii Strategic Development Corporation has been managing Hawaii's venture capital program for many years. This measure will assist that effort by creating a financing mechanism that will not use scarce state fiscal

SB2290 SD2 SSCR LRB 10-1966.doc



resources but will allow investment capital to be mobilized for Hawaii's technology companies.

Upon further consideration, your Committee has amended this measure by:

- (1) Clarifying that the startup costs for the state private investment fund shall be funded only by the Hawaii Strategic Development Corporation, and deleting the requirement that a subsequent additional unspecified dollar amount shall be funded by the state general fund;
- (2) Clarifying that four members of the state private investment fund board of directors shall be appointed by the Hawaii Strategic Development Corporation board;
- (3) Adding a definition of "enterprise" with the same meaning as provided in the law relating to the Hawaii Strategic Development Corporation;
- (4) Clarifying the title of section 211G-13, Hawaii Revised Statutes, to include the term "plans";
- (5) Changing the effective date to July 1, 2050, to promote further discussion of the measure; and
- (6) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2290, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2290, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,




DONNA MERCADO KIM, Chair



The Senate  
Twenty-Fifth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2290, SD 1	EDT, WAM	2/24/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.	/			
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
<b>TOTAL</b>	11	0	0	1
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
				
<b>Distribution:</b>				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes