

STAND. COM. REP. NO. 869

Honolulu, Hawaii

March 8, 2011

RE: H.B. No. 1179
H.D. 3

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1179, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INVESTMENTS,"

begs leave to report as follows:

The purpose of this bill is to improve the management of state funds. Among other things, this measure:

- (1) Establishes an advisory committee on short-term investments (advisory committee) to assist and advise the Director of Finance (Director) on the establishment and operation of a short-term investment pool;
- (2) Allows the Director, with the assistance of the advisory committee, to invest excess State funds as long as the investment does not impede or hamper the necessary financial operations of the State, while placing certain limitations on the short-term investments;
- (3) Allows the short-term investment pool to be operated under contract with a private investment advisor approved by the Director and advisory committee;
- (4) Subjects the short-term investment pool to an annual independent audit as part of the State's comprehensive annual financial audit; and

HB1179 HD3 HSCR FIN HMS 2011-2558



- (5) Repeals existing provisions that authorize the Director to make short-term investments of excess state funds.

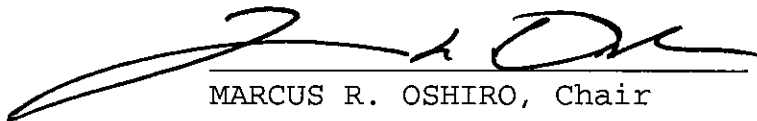
The Department of Budget and Finance testified in support of this bill. First Hawaiian Bank provided comments.

Your Committee has amended this bill by:

- (1) Clarifying that the short-term investment pool may be operated under contract with more than one private investment advisor approved by the Director and advisory committee to provide flexibility to the Director and advisory committee should they determine that more than one professional investment advisor is desired; and
- (2) 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. 1179, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1179, H.D. 3.

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



MARCUS R. OSHIRO, Chair



