

STAND. COM. REP. NO. **539**

Honolulu, Hawaii

**Feb 18**, 2011

RE: H.B. No. 1179  
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1179, H.D. 1, 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 by:

- (1) Establishing an advisory committee on short-term investments (advisory committee) to assist and advise the Director of Finance on the establishment and operation of a short-term investment pool;
- (2) Requiring the Director of Finance, with the assistance of the advisory committee, to establish and operate a short-term investment pool of excess state funds; and
- (3) Repealing existing provisions that authorize the Director of Finance to make short-term investments of excess state funds.

The Department of Budget and Finance submitted comments.



Upon consideration, your Committee has amended this bill by:

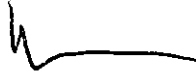
- (1) Specifying that the short-term investment pool includes formulating an investment policy, rather than a disclosure policy;
- (2) Broadening the short-term investment to encompass state moneys, rather than an investment pool;
- (3) Deleting the requirement that the Director of Finance establish and operate a short-term investment pool beginning January 1, 2012;
- (4) For authorized investments with state maturity dates, specifying that the investment and any underlying securities of those investments, will mature not more than five years from the date of investment;
- (5) Authorizing, rather than requiring, that the short-term investment pool be operated under contract with a private investment advisor;
- (6) Repealing the requirement that the Director of Finance make detailed information on the short-term investment pool available to prospective depositors;
- (7) Specifying that periodic statements of accounts and reports on holdings be provided to state agencies with accounts participating in the pool, rather than to pool participants;
- (8) Making the investment pool subject to independent audit conducted annually as part of the State's comprehensive annual financial audit;
- (9) Deleting the requirement that the Auditor be selected by the advisory committee; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1179, H.D. 1, as amended herein, and



recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1179, H.D. 2.

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



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ROBERT N. HERKES, Chair



