

Honolulu, Hawaii

MAR 20 2012

RE: H.B. No. 2319
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Economic Development and Technology, to which was referred H.B. No. 2319, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a venture accelerator funding program under the Hawaii Strategic Development Corporation to assist the State's technology businesses in renewable energy, broadband, aerospace, film, digital media, and agriculture; and to integrate entrepreneurial support and capital investment to develop technology in Hawaii; and
- (2) Appropriate unspecified funds for fiscal year 2012-2013 as a grant pursuant to chapter 42F, Hawaii Revised Statutes, for the venture accelerator funding program.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Strategic Development Corporation and a member of the Corporation's Board of Directors; High Technology Development Corporation; The Chamber of Commerce of Hawaii; Forest City Hawaii; Hawaii Angels; Hawaii Innovation Alliance; Hawaii Venture Capital Association; Kuku Entertainment; Hyperspective Studios, Inc.; and three individuals.



Your Committee finds that the venture accelerator model was developed specifically to address a systemic gap in innovation funding by providing business expertise to startup ventures that lack the management experience to quickly build a business organization and by providing seed funding to startup companies unable to use grant funds for commercialization, but too small to raise conventional financing.

Your Committee has amended this measure by deleting its contents and replacing them with the language from S.B. No. 2239, S.D. 1, which was previously heard and passed by this Committee.

As amended, this measure:

- (1) Exempts grants made under the community-based economic development program from the Hawaii Public Procurement Code;
- (2) Clarifies that monies in the hydrogen investment capital special fund shall be expended by the Hawaii Strategic Development Corporation; and
- (3) Repeals the High Technology Innovation Corporation.

Your Committee finds that these amendments will provide the Legislature with alternative considerations for economic development as this and related measures continue to move through the legislative process.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2319, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2319, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Technology,



CAROL FUKUNAGA, Chair



