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## A BILL FOR AN ACT

RELATING TO THE STATE PRIVATE INVESTMENT FUND.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Through Act 240, Session Laws of Hawaii 1990,  
2 the legislature required the auditor to review all special and  
3 revolving funds and to recommend whether a fund should be  
4 continued, modified, or repealed. This was in response to  
5 concerns raised regarding the proliferation of these funds as a  
6 financing mechanism because moneys deposited into and spent from  
7 these funds are not subject to the level of legislative scrutiny  
8 as those funds contained in the State general fund.

9           In 1993, regular reviews of revolving and trust funds  
10 administered by the State were required to be conducted by the  
11 auditor once every five years by Act 280, Session Laws of Hawaii  
12 1993, which was codified as section 23-12, Hawaii Revised  
13 Statutes.

14           In 2014, a review of chapter 211G, Hawaii Revised Statutes,  
15 was conducted by the auditor. Chapter 211G, Hawaii Revised  
16 Statutes, established the capital formation revolving fund to  
17 provide a mechanism for the Hawaii strategic development



1 corporation to mobilize equity capital in order to expand the  
 2 growth of commerce. Capital was to be raised by issuing tax  
 3 credits. However, tax credits and the borrowing capacity of the  
 4 program were never enacted through legislation. As such, the  
 5 auditor found that the fund had never been opened and no  
 6 investment program had been activated. Additionally, the  
 7 auditor noted that the revolving fund did not serve the purpose  
 8 for which it was created and did not meet the statutory criteria  
 9 for a revolving fund. Accordingly, the recommendation of the  
 10 auditor was that chapter 211G, Hawaii Revised Statutes, should  
 11 be repealed as the fund was inactive.

12 The purpose of this Act is to adopt the recommendations of  
 13 the auditor contained in auditor's report number 14-13 and  
 14 repeal chapter 211G, Hawaii Revised Statutes.

15 SECTION 2. Chapter 211G, Hawaii Revised Statutes, is  
 16 repealed.

17 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_

JAN 23 2015



# H.B. NO. 701

**Report Title:**

State Private Investment Fund; Capital Formation Revolving Fund;  
Repeal

**Description:**

Repeals Chapter 211G, Hawaii Revised Statutes, which established  
the Capitol Formation Revolving Fund.

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

