

Honolulu, Hawaii  
February 19, 2016

RE: H.B. No. 2704  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2704, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CROWDFUNDING,"

begs leave to report as follows:

The purpose of this measure is to positively impact Hawaii's economy by providing a mechanism for start-up businesses based in Hawaii to obtain financing, including financing obtained through the use of popular online fundraising platforms. Specifically, this measure establishes exemptions from Hawaii securities law for limited intrastate investments with Hawaii businesses, not to exceed \$1,000,000 less the aggregate amount of certain revenue received by the issuer during a twelve month period.

The Chamber of Commerce Hawaii provided testimony in support of this measure. The Department of Commerce and Consumer Affairs supported the intent of the measure. The United Public Workers, AFSCME, Local 646, AFL-CIO (UPW) provided testimony in opposition.

Your Committee has amended this measure by:

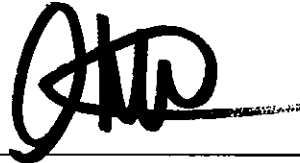
- (1) Amending the maximum dollar amount allowed for an exempted transaction to simply not exceed \$1,000,000, rather than calculating the allowable amount as \$1,000,000 less a specified aggregate sum;
- (2) Delaying implementation of the exemption until January 1, 2018, to allow for necessary rule making;



- (3) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (4) Making technical nonsubstantive amendments for the purpose of style, clarity, and consistency.

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. 2704, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2704, H.D. 2.

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



---

ANGUS L.K. MCKELVEY, Chair



