STAND. COM. REP. NO. 55 -16

Honolulu, Hawaii February 9, 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:

- 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 January1, 2018, to allow for necessary rule making;

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- (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



## State of Hawaii House of Representatives The Twenty-eighth Legislature

HSCR SSC-14

## **Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: HB_2704 HD	Committee	Referral:	ETIL Date:	-6 17,	22110	
The committee is reconsidering its previous decision on the measure.						
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold   Image: Pass short form bill with HD to recommit for future public hearing (recommit) Image: Pass short form bill with HD to recommit for future public hearing (recommit)						
CPC Members		Ayes	Ayes (WR)	Nays	Excused	
1. McKELVEY, Angus L.K. (C)						
2. WOODSON, Justin H. (VC)						
3. BELATTI, Della Au						
4. BROWER, Tom						
5. CREAGAN, Richard P.		<u> </u>				
6. HAR, Sharon E.						
7. HASHEM, Mark J.						
8. KAWAKAMI, Derek S.K.		<u> </u>				
9. LEE, Chris						
10. NAKASHIMA, Mark M.		<u> </u>				
11. OSHIRO, Marcus R.						
12. SAN BUENAVENTURA, Joy A.		<u> </u>				
13. TAKAYAMA, Gregg						
14. YAMANE, Ryan I.						
15. FUKUMOTO CHANG, Beth		<u> </u>				
16. McDERMOTT, Bob		<u> </u>				
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TOTAL (16)		١Д	2	0	0	
	he recommendation is: Adopted If joint referral, did not support recommendation.					
Vice Chair's or designee's signature:						
Distribution: Original (White) - Committee Dubligate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO						