STAND. COM. REP. NO. 627 -06

Honolulu, Hawaii

RE: H.B. No. 2181

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns, to which was referred H.B. No. 2181 entitled:

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

begs leave to report as follows:

The purpose of this bill is to develop existing economic and natural resources into innovative, profit-generating, and efficient entities by creating the Hawaii Innovations Fund (Fund) and the Fund Community Board within the University of Hawaii (UH). The Fund will be used to fund grants to individuals or businesses engaged in research or product development in the life sciences or advanced technology fields.

UH, The High Technology Development Corporation, UH
Connections, Office of Hawaiian Affairs, Hawaii Science &
Technology Council, NovaSol, Referentia Systems, PacifiCap, Trex
Enterprises Corporation, and Enterprise Honolulu testified in
support of this bill. The Department of Business, Economic
Development, and Tourism, Hawaii Strategic Development
Corporation, and Hawaii Technology Development Venture supported
the intent of this measure.

Your Committee recognizes that investments in high technology research and development can positively impact the state's economy. Managing investments and the resulting enterprises must be done cautiously and with the best interest of the state in mind.

HB2181 HD1 HSCR EDB HMS 2006-2178

Accordingly, your Committee has amended this bill by deleting its content and replacing it with provisions that:

- (1) Establish the Hawaii Innovations Partnership Corporation (Corporation), to be administratively attached to the Department of Budget and Finance (B&F), to promote advanced technology, life sciences, and renewable energy in Hawaii;
- (2) Establish the Hawaii Innovations Partnership Special Fund (Special Fund) to be used for operating costs and professional investor services;
- (3) Establish the Hawaii Innovations Partnership Research and Development Fund to be used for research and development grants for the Research and Development Program established in this measure and for technical business support for funded projects;
- (4) Establish the Hawaii Innovations Partnership Investment Fund to be used for investments under the Venture Capital Investment Program established in this measure, and for technical business support for funded projects;
- (5) Appropriate \$100,000,000 to the Special Fund; and
- (6) Appropriate one-half percent of the general revenues in fiscal years 2007-2008, 2008-2009, 2009-2010, and 2010-2011 to the Special Fund.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2181, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2181, H.D. 1, and be referred to the Committee on Finance.

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Respectfully submitted on behalf of the members of the Committee on Economic Development & Business Concerns,

JON RIKI KARAMATSU, Chair

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

MSUR 627-06

## Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.:	Date:	Date:			
НВ 2181		Feb. 16, 2006			
Committee Referral: EDB, FIN		☐ The committee is reconsidering its previous decision on the measure.			
he recommendation is to: Pass, unamended Pass, with amendments					
□ Hold □ Recommit					
EDB Members	Ayes	Ayes (WR)	Nays	Excused	
1. KARAMATSU, Jon Riki (C)					
2. WAKAI, Glenn (VC)	V	,			
3. ABINSAY, Felipe P., Jr.	1//				
4. CHANG, Jerry L.					
5. HERKES, Robert N.	//				
6. MAGAOAY, Michael Y.					
7. TSUJI, Clift					
8. YAMASHITA, Kyle T.					
9. CHING, Corinne W.L.					
10. MARUMOTO, Barbara C.					
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TOTAL	8		$\varphi$		
The recommendation is: Adopted					
☐ Not Adopted					
If joint referral, did not support recommendation.  committee acronym(s)					
Vice Chair's or designee's signature:					
Distribution: Original (White) - Committee Duplicate (Yellow) - Clerk's Office					