

Honolulu, Hawaii

FEB 12 2007

RE: S.B. No. 896  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2007  
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which  
was referred S.B. No. 896 entitled:

"A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the High Technology Development Corporation, with assistance from the Department of Business, Economic Development, and Tourism, to negotiate with the developers, on terms acceptable and satisfactory to the corporation's board of directors and the Director of Finance, a lease agreement and lease guaranty for a period of ten years for approximately ninety-nine thousand square feet of laboratory and office space in the Asia Pacific International Research Center in Kakaako; and
- (2) Appropriate \$150,000 for fiscal year 2007-2008 for the purposes of this Act.

Testimony in support of this measure was received from the Department of Business, Economic Development, and Tourism; High Technology Development Corporation; Hawaii Community Development Authority; University of Hawaii John A Burns School of Medicine; Hawaii Science and Technology Council; Pacific Resource Partnership; Kamehameha Schools; KUD International and Phase 3 Properties; Hawaii Crop Improvement Association; Cardax



Pharmaceuticals, Inc.; Hawaii Biotech, Inc.; Honolulu Seawater Air Conditioning, LLC; PanThera Biopharma LLC; and Oceantek Inc.

Your Committee has heard widespread support for the state-of-the-art facilities that would be provided in the Asia Pacific International Research Center in Kakaako. Members are well aware of the shortage of incubator and specialized laboratory space, particularly near the medical school.

Your Committee members are concerned, however, about potential costs to the State related to the ten-year lease guaranty. Your Committee heard that should lease projections not be met for specialized laboratory space, the space could be leased for office or other general facilities use. If alternative lease options do not generate the same level of income, however, the State would likely face ongoing requests for additional operational and other funds. This is an issue of a potentially large-scale commitment that the lead agency may not be able to fulfill financially.

It is the intent of your Committee to continue legislative discussions on this bill, should further information be available regarding potential long-term costs and contingency plans developed to respond to short-falls in lease projections.

Accordingly, your Committee has amended this measure by:

- (1) Replacing all references to the named developers of the complex with the generic term "developers";
- (2) Replacing all references to the "Asia Pacific International Research Center" with "life sciences research complex" and clarifying that the State's portion would be for a "high technology incubator and innovation center" in Kakaako;
- (3) Replacing the \$150,000 appropriation for fiscal year 2007-2008 with a blank appropriation for both years of the biennium;
- (4) Changing the effective date to 2050; and
- (5) Making technical amendments for clarity and to conform to the preferred drafting style.



As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 896, 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 Taxation,

  
CAROL FUKUNAGA, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Taxation**  
**EDT**

Bill / Resolution No.:*	Committee Referral:	Date:
<i>SB 896</i>	<i>EDT, WAM</i>	<i>2/8/07</i>
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310
<input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
FUKUNAGA, Carol (C)	✓	
ESPERO, Will (VC)	✓	
ENGLISH, J. Kalani	✓	
IGE, David Y.	✓	
SLOM, Sam	✓	
<b>TOTAL</b>	<i>5</i>	
Recommendation:		
<input checked="" type="checkbox"/> Adopted		
<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:		
Distribution:	Original	Yellow
	File with Committee Report	Clerk's Office
		Pink
		Drafting Agency

\*Only one measure per Record of Votes