STAND. COM. REP. NO. 1333

Honolulu, Hawaii

APR 0 9 2009

RE: H.B. No. 1503

H.D. 1 S.D. 2

Honorable Colleen Hanabusa President of the Senate Twenty-Fifth State Legislature Regular Session of 2009 State of Hawaii

## Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1503, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LIMITED LIABILITY COMPANIES,"

begs leave to report as follows:

The purpose of this measure is to require limited liability companies that opt to be designated as a public purpose company to exercise the right to exclude conferred by a patent for a public purpose.

Your Committee received testimony in support of this measure from three private citizens. Testimony in opposition to this measure was received from the Department of Commerce and Consumer Affairs and three private citizens. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that some for-profit business enterprises that pursue social entrepreneurship do not conform exactly to existing corporate structures which distinguish between corporations formed for the purpose of making a profit and those formed for the purpose of performing a social function. Your Committee notes the concerns of the Department of Commerce and Consumer Affairs and other testifiers that this measure undermines clarity and uniformity in State law, may conflict with federal law, and may create difficulties in administration and enforcement. However, your Committee finds that this measure merits advancement for the purpose of further discussion.

Your Committee has amended this measure by:

- Clarifying the definition and function of a public purpose company;
- (2) Removing the automatic designation as a public purpose company of any company that exercises the right to exclude; and
- (3) Requiring the Department of Commerce and Consumer Affairs to list all public purpose companies in the State on its website.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1503, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1503, H.D. 1, S.D. 2.

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

ROSALYN H. BAKER, Chai:

## The Senate Twenty-Fifth Legislature State of Hawaii

## Record of Votes Committee on Commerce and Consumer Protection CPN

Bill / Resolution No.:*	Committee Referral:		Da	Date:	
HB1503 HD1 SD1	EDT, CPN			4/3/2009	
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)		✓.			
IGE, David Y. (VC)					
ESPERO, Will		✓			
GREEN, M.D., Josh					<b>\</b>
IHARA, Jr., Les		<b>\</b>			
SAKAMOTO, Norman		<b>√</b>			
HEMMINGS, Fred					<b>✓</b>
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TOTAL	<del>-,,-=</del>	5			2
Recommendation:  Adopted  Not Adopted					
Chair's or Designee's Signature:					
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Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					
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\*Only one measure per Record of Votes