STAND. COM. REP. NO. 229 -10

Honolulu, Hawaii RE: S.B. No. 2144 S.D. 2 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fifth State Legislature Regular Session of 2010 State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 2144, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to extend the Tax Credit for Research Activities for an additional year and repeal the Technology Infrastructure Renovation Tax Credit and High Technology Business Investment Tax Credit.

This measure also requires the Hawaii Community-based Economic Development Revolving Fund to be used to fund the Community-based Economic Development Program and Enterprise Zone Program's operating costs.

PacifiCap Group, LLC; Advantage Capital Partners; SDC Hawaii, LLC; Ho'okele Health Technologies, LLC; and a concerned individual opposed this bill. The Department of Taxation, Tax Foundation of Hawaii, USAA, Puko'a Scientific, and a concerned individual provided comments.

Your Committee has amended this bill by:

 Deleting provisions that extend the Tax Credit for Research Activities and repeal the Technology Infrastructure Renovation Tax Credit and High Technology Business Investment Tax Credit;



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- (2) Inserting provisions that, among other things:
 - (A) Amend the State Private Investment Fund (Fund) program to establish a managing board;
 - (B) Provide that the contractual guarantee obligation of the corporation may be satisfied by proceeds from the sale of any tax credits;
 - (C) Establish investment limits;
 - (D) Require investments in successful venture capital firms with experienced managers and with an ability to mentor entrepreneurs and facilitate follow-on investments;
 - (E) Set a target of 30 percent of investments of the Fund in Hawaii-based businesses; and
 - (F) Direct that returns exceeding certain costs and expenses be deposited into the general fund;

and

(3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2144, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2144, S.D. 2, H.D. 2.

> Respectfully submitted on behalf of the members of the Committee on Finance,

MARCUS R. OSHIRO,



State of Hawaii House of Representatives The Twenty-fifth Legislature



Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee	e Referral:	Da	ite:	1
SB 2144 SD 2 HPI EBM FIN 3/30/10					
□ The committee is reconsidering its previous decision on the measure.					
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)					
FIN Members		Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)		1			
2. LEE, Marilyn B. (VC)		1/			
3. AQUINO, Henry J.C.		1			
4. AWANA, Karen Leinani					
5. BROWER, Tom		1 V			
6. CHOY, Isaac W.		1			
7. COFFMAN, Denny		1			
8. HAR, Sharon E.		V			
9. KEITH-AGARAN, Gilbert S.C.		/			
10. LEE, Chris		~			
11. NISHIMOTO, Scott Y.		~			
12. SAGUM, Roland D., III		\checkmark			
13. TOKIOKA, James Kunane		~			
14. WOOLEY, Jessica		V			
15. YAMASHITA, Kyle T.		1			
16. FINNEGAN, Lynn		\checkmark			
17. WARD, Gene					
		1.4	~~		-
TOTAL (17)		17	0	O	0
The recommendation is: Adopted If joint referral, did not support recommendation.					
Vice Chair's or designee's signature: Marif. 3. Lev					
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO					