STAND. COM. REP. NO. 539

Honolulu, Hawaii Fes 18, 2011

RE: H.B. No. 1179 H.D. 2

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Sixth State Legislature Regular Session of 2011 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1179, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INVESTMENTS,"

begs leave to report as follows:

The purpose of this bill is to improve the management of state funds by:

- Establishing an advisory committee on short-term investments (advisory committee) to assist and advise the Director of Finance on the establishment and operation of a short-term investment pool;
- (2) Requiring the Director of Finance, with the assistance of the advisory committee, to establish and operate a short-term investment pool of excess state funds; and
- (3) Repealing existing provisions that authorize the Director of Finance to make short-term investments of excess state funds.

The Department of Budget and Finance submitted comments.



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- Specifying that the short-term investment pool includes formulating an investment policy, rather than a disclosure policy;
- Broadening the short-term investment to encompass state moneys, rather than an investment pool;
- (3) Deleting the requirement that the Director of Finance establish and operate a short-term investment pool beginning January 1, 2012;
- (4) For authorized investments with state maturity dates, specifying that the investment and any underlying securities of those investments, will mature not more than five years from the date of investment;
- (5) Authorizing, rather than requiring, that the short-term investment pool be operated under contract with a private investment advisor;
- (6) Repealing the requirement that the Director of Finance make detailed information on the short-term investment pool available to prospective depositors;
- (7) Specifying that periodic statements of accounts and reports on holdings be provided to state agencies with accounts participating in the pool, rather than to pool participants;
- (8) Making the investment pool subject to independent audit conducted annually as part of the State's comprehensive annual financial audit;
- (9) Deleting the requirement that the Auditor be selected by the advisory committee; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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. 1179, H.D. 1, as amended herein, and

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recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1179, H.D. 2.

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

ROBERT N. HERKES, Chair



HSGR 539

State of Hawaii House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 1179 HDI Committee Referral: ERB, CPC, FIN Date: JIY WII				
□ 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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)				
2. YAMANE, Ryan I. (VC)				
3. BROWER, Tom				
4. CABANILLA, Rida T.R.				
5. CARROLL, Mele				
6. ITO, Ken				
7. KEITH-AGARAN, Gilbert S.C.				
8. LUKE, Sylvia				
9. McKELVEY, Angus L.K.				
10. MORITA, Hermina M.				
11. OSHIRO, Blake K.				
12. SOUKI, Joseph M.				
13. TSUJI, Clift				
14. CHING, Corinne W.L.				
15. MARUMOTO, Barbara C.		[
16. THIELEN, Cynthia				/
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TOTAL (16)	12		-	4
The recommendation is: Adopted If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				