STAND. COM. REP. NO. 869

Honolulu, Hawaii

March 8 , 2011

RE: H.B. No. 1179 H.D. 3

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

Sir:

Your Committee on Finance, to which was referred H.B. No. 1179, H.D. 2, 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. Among other things, this measure:

- (1) Establishes an advisory committee on short-term investments (advisory committee) to assist and advise the Director of Finance (Director) on the establishment and operation of a short-term investment pool;
- (2) Allows the Director, with the assistance of the advisory committee, to invest excess State funds as long as the investment does not impede or hamper the necessary financial operations of the State, while placing certain limitations on the short-term investments;
- (3) Allows the short-term investment pool to be operated under contract with a private investment advisor approved by the Director and advisory committee;
- (4) Subjects the short-term investment pool to an annual independent audit as part of the State's comprehensive annual financial audit; and

(5) Repeals existing provisions that authorize the Director to make short-term investments of excess state funds.

The Department of Budget and Finance testified in support of this bill. First Hawaiian Bank provided comments.

Your Committee has amended this bill by:

- (1) Clarifying that the short-term investment pool may be operated under contract with more than one private investment advisor approved by the Director and advisory committee to provide flexibility to the Director and advisory committee should they determine that more than one professional investment advisor is desired; and
- (2) 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 H.B. No. 1179, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1179, H.D. 3.

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

MARCUS R. OSHIRO, Chair

State of Hawaii House of Representatives The Twenty-sixth Legislature

Record of Votes of the Committee on Finance

	Committee Referral:	Date:	- 1	/
HB 1179, HDZ	ERB, CPC, FI	N	2/24/	//
☐ 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)	V			
2. LEE, Marilyn B. (VC)	V			
3. CHONG, Pono	V			
4. CHOY, Isaac W.				
5. COFFMAN, Denny				<u></u>
6. CULLEN, Ty	<u></u>			
7. HAR, Sharon E.	V			
8. HASHEM, Mark J.	<i>V</i>			
9. ICHIYAMA, Linda		and the state of t		
10. JORDAN, Jo	<u>د</u>			
11. LEE, Chris	L			
12. MORIKAWA, Dee	~			
13. TOKIOKA, James Kunane	4			
14. YAMASHITA, Kyle T.	レ レ ・ レ			
15. MARUMOTO, Barbara C.	<u> </u>			
16. RIVIERE, Gil	. ~			
17. WARD, Gene				
	_			
TOTAL (17)	16	0	0	1
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: Maif 3. Lee				
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