
A BILL FOR AN ACT

RELATING TO THE HAWAII STRATEGIC DEVELOPMENT CORPORATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Hawaii strategic
2 development corporation was established in 1990 to encourage and
3 foster the development of small and emerging businesses and to
4 use the revenues from innovation rights for the benefit of the
5 citizens of Hawaii. Since then, the corporation has grown into
6 an entity that supplies one segment of the venture capital
7 economy and has become a self-investing fund with a narrow scope
8 generating only indirect benefits to social programs and
9 education.

10 The legislature further finds that while the corporation's
11 role of stimulating investment in local companies is important,
12 the divisions and other attached agencies of the department of
13 business, economic development, and tourism fulfill those needs.
14 Accordingly, the corporation should return to its original
15 intent of generating funds through strategic investments with a
16 portion of the returns expended for the benefit of Hawaii's
17 citizens.



1 The legislature also finds that public resources should not
2 support firearms and fossil fuels companies in those industries
3 significantly contribute to the deterioration of the world's
4 political, social, and environmental well-being.

5 The purpose of this Act is to:

6 (1) Prohibit the Hawaii strategic development corporation
7 from investing in firearms and fossil fuel companies;
8 and

9 (2) Set aside a portion of the revenues generated by the
10 Hawaii strategic development corporation for
11 education.

12 SECTION 2. Section 211F-1, Hawaii Revised Statutes, is
13 amended by adding three new definitions to be appropriately
14 inserted and to read as follows:

15 "Firearm" shall have the same meaning as in section 134-1.

16 "Firearm company" means a company that processes raw
17 materials or parts into firearms, firearm ammunition, or
18 finished parts of firearms or firearm ammunition.

19 "Fossil fuel company" means a company that is identified by
20 a global industry classification system code in one of the
21 following sectors:



- 1 (1) Coal and consumable fuels;
- 2 (2) Integrated oil and gas; or
- 3 (3) Oil and gas exploration and production."

4 SECTION 3. Section 211F-5, Hawaii Revised Statutes, is
 5 amended to read as follows:

6 **"§211F-5 Hawaii strategic development corporation**
 7 **revolving fund.** (a) There is established the Hawaii strategic
 8 development corporation revolving fund. The following moneys
 9 shall be deposited into the Hawaii strategic development
 10 corporation revolving fund and shall not be considered part of
 11 the general fund: all moneys appropriated by the legislature,
 12 received as repayments of loans, earned on investments, received
 13 pursuant to a venture agreement, received as royalties, received
 14 as premiums or fees charged by the corporation, or otherwise
 15 received by the corporation[-]; provided that per cent of
 16 the moneys earned on investments, received pursuant to a venture
 17 agreement, received as royalties, or received as premiums or
 18 fees charged by the corporation shall be deposited into a
 19 subaccount of the revolving fund and shall not be expended by
 20 the corporation.



1 (b) At the end of each fiscal year, the director of
2 finance shall transfer, as a gift, the entirety of the
3 subaccount to the gifts and donations trust fund of the
4 department of education or another appropriate fund as
5 determined by the superintendent of education. The amount
6 transferred may be expended for any department of education
7 expense approved by the superintendent of education."

8 SECTION 4. Section 211F-7, Hawaii Revised Statutes, is
9 amended by amending subsection (d) to read as follows:

10 "(d) The corporation shall not make direct investments in
11 individual businesses except upon a two-thirds vote of the board
12 in each case considered. When deciding whether to enter into a
13 direct investment, the corporation shall consider whether:

- 14 (1) The project is economically sound;
- 15 (2) The project can be successfully completed;
- 16 (3) The project will promote economic diversification;
- 17 (4) The project is located in or will locate in the State
18 and has a reasonable potential to create desirable
19 employment opportunities for residents of the State;



1 (5) The project has been unable to obtain sufficient
2 funding on reasonable terms through ordinary means;
3 and

4 (6) The project can be partially financed through ordinary
5 means at reasonable terms.

6 The corporation shall not acquire securities to an extent that
7 would provide the corporation effective voting control of any
8 enterprise after giving effect to the conversion of all
9 outstanding convertible securities of the enterprise. The
10 corporation shall not make investments in the corporate
11 obligations, preferred or common stocks, or other securities or
12 futures contracts of any fossil fuel company or firearm
13 company."

14 SECTION 5. The board of directors of the Hawaii strategic
15 development corporation shall:

16 (1) Identify all holdings in fossil fuel and firearm
17 companies by December 31, 2019;

18 (2) Refrain from acquiring new assets or securities in
19 fossil fuel and firearm companies;

20 (3) Divest all holdings in all publicly traded fossil fuel
21 and firearm companies identified under paragraph (1)



1 within five years at a divestment rate of twenty per
2 cent each year as follows:

- 3 (A) December 31, 2020 Twenty per cent;
- 4 (B) December 31, 2021 Forty per cent;
- 5 (C) December 31, 2022 Sixty per cent;
- 6 (D) December 31, 2023 Eighty per cent; and
- 7 (E) December 31, 2024 One hundred per cent; and

8 (4) Beginning on December 31, 2019, and annually
9 thereafter, post on its website a list of all fossil
10 fuel and firearm companies in which it has holdings.

11 SECTION 6. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2019;
14 provided that the amendments made by sections 2 and 4 of this
15 Act shall take effect on January 1, 2025.

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INTRODUCED BY:

Stanley M. ...

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H.B. NO. 342

Report Title:

HSDC; Investments; Fossil Fuels; Firearms; Guns; DOE

Description:

Prohibits the Hawaii Strategic Development Corporation from investing in fossil fuel or firearm companies. Requires the Corporation to divest all fossil fuel and firearm investments by 12/31/2024. Earmarks a portion of the Corporation's profits to the Department of Education.

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