

Honolulu, Hawaii

MAR 23 2007

RE: H.B. No. 338
H.D. 2
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 338, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii innovations partnership corporation to provide research and development grants and to invest in enterprises in advanced technology, life sciences, and renewable energy fields;
- (2) Improve the State's ability to measure productivity and growth of the economy;
- (3) Support the operations and programs of a State operated technology incubator and innovation center in Kakaako;
- (4) Establish a local incubator facility for digital media infrastructure for film and TV productions and interactive game development;
- (5) Establish a music industry program at Honolulu Community College (MELE); and



- (6) Provide funds that allow the University of Hawaii Office of Technology Transfer and Economic Development to enter into a partnership with a private sector entity.

Testimony in support of this measure was received from the Governor; the Department of Business, Economic Development, and Tourism; High Technology Development Corporation; University of Hawaii; Honolulu Community College; Enterprise Honolulu; Hawaii Science & Technology Council; Hawaii Venture Capital Association; and Kamehameha Schools. The Department of Budget and Finance submitted testimony in opposition. The Department of Accounting and General Services; State Procurement Office; Office of Information Practices; Tax Foundation of Hawaii; Mountain Apple Company; Honolulu Seawater Air Conditioning, LLC; and one individual submitted comments.

Your Committee previously heard and approved S.B. No. 1365, S.D. No. 1, further amended by the Committee on Ways and Means as S.B. No. 1365, S.D. 2.

Your Committee has amended this measure by deleting its contents and inserting the language contained in S.B. No. 1365, S.D. 2. As amended, this measure:

- (1) Requires the Employees' Retirement System, as of January 1, 2008, to give preference to Hawaii venture capital investments of equal risk and return to out-of-state investments and caps these investments at three per cent of system funds;
- (2) Appropriates funds to the University of Hawaii Office of Technology Transfer and Economic Development to enter into a partnership with a private sector entity; and
- (3) Takes effect on July 1, 2050.

Your Committee is very supportive of many of the components of this measure, particularly those for the advancement of digital media opportunities and the MELE program at Honolulu Community College. Your Committee notes that these initiatives are contained in other measures and Committee members will have additional opportunities to review and discuss them.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to



this report, your Committee is in accord with the intent and purpose of H.B. No. 338, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 338, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,


CAROL FUKUNAGA, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:* HB 338 HDZ	Committee Referral: EDT, WAM	Date: 3/22/2007		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)				✓
ENGLISH, J. Kalani				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">David Y. Ige</div>				
Distribution: Original Yellow Pink File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes