

Honolulu, Hawaii

February 18, 2015

RE: H.B. No. 716

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committees on Economic Development & Business and
Tourism, to which was referred H.B. No. 716 entitled:

"A BILL FOR AN ACT RELATING TO INNOVATIVE BUSINESS
INTERACTION,"

beg leave to report as follows:

The purpose of this measure is to promote economic
development by facilitating the interaction of innovative local
and out-of-state businesses, investors, and talent through an
organized interaction program held in conjunction with a larger
event. Specifically, this measure:

- (1) Establishes an Innovative Business Interaction Program
for Investors and Talent under the Department of
Business, Economic Development, and Tourism (Program);
and
- (2) Increases the transient accommodations tax revenues
deposited into the Tourism Special Fund by \$500,000 to
provide funds for the Program.

The Hawaii Strategic Development Corporation testified in
support of this measure. The Department of Business, Economic
Development, and Tourism, and High Technology Development
Corporation supported the intent of this measure. The State
Procurement Office, Department of Budget and Finance, and Tax
Foundation of Hawaii provided comments.



Your Committees find that Hawaii needs to improve its reputation as a place for innovation and a place to do business. One way to accomplish this is to emphasize and support the growth of innovative businesses through the building of relationships between investors and innovative talent. Enabling the State to contract with the organizer of an annual event in Hawaii to include an element that encourages interaction between innovative business talent and potential investors accomplishes this objective.

Your Committees find that establishing the Program would bring together businesses, the investment community, and tourism sector and allow for the establishment of a framework, including messaging and marketing, to attract global interest and showcase Hawaii as an innovation and creative business hub of the Pacific.

However, your Committees understand the concerns raised by the State Procurement Office that certain provisions in this measure may be unnecessarily restrictive of competition by specifying qualification criteria that may be construed as having the appearance of favoring one specific organizer. In addition, this measure is contrary to administrative rules, where specification should identify the minimum requirements and allow for competition.

Accordingly, your Committees have amended this bill by:

- (1) Removing the requirement that the Department of Business, Economic Development, and Tourism award one contract to a single event organizer for a period of five years;
- (2) Removing provisions specifying the eligibility criteria for the contract;
- (3) Changing its effective date to February 19, 2025, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.



Your Committees want to stress that, should this measure be enacted, the Department of Business, Economic Development, and Tourism, should emphasize its cost-benefit analysis of the Program in its reports to the Legislature.

As affirmed by the records of votes of the members of your Committees on Economic Development & Business and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 716, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 716, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business and
Tourism,



TOM BROWER, Chair



DEREK S.K. KAWAKAMI, Chair



State of Hawaii
House of Representatives
The Twenty-eighth Legislature

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Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: HB 716	Committee Referral: EDB/TOU, FIN	Date: 13 FEB 15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom	✓			
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. ITO, Ken	✓			
7. OHNO, Takashi	✓			
8. ONISHI, Richard H.K.	✓			
9. TOKIOKA, James Kunane	✓			
10. TSUJI, Clift	✓			
11. WOODSON, Justin H.	✓			
12. MATSUMOTO, Lauren Kealohilani		✓		
13. WARD, Gene		✓		
TOTAL (13)	11	2		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>James S. Kany</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

State of Hawaii
House of Representatives
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HSCR 296

Record of Votes of the Committee on Tourism

Bill/Resolution No.: HB 716	Committee Referral: EDB/TOU, FIN	Date: 2/13/15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
TOU Members	Ayes	Ayes (WR)	Nays	Excused
1. BROWER, Tom (C)	✓			
2. OHNO, Takashi (VC)	✓			
3. CACHOLA, Romy M.	✓			
4. CHOY, Isaac W.	✓			
5. ITO, Ken	✓			
6. KAWAKAMI, Derek S.K.	✓			
7. KONG, Sam Satoru	✓			
8. ONISHI, Richard H.K.	✓			
9. TOKIOKA, James Kunane	✓			
10. TSUJI, Clift	✓			
11. WOODSON, Justin H.	✓			
12. MATSUMOTO, Lauren Kealohilani		✓		
13. WARD, Gene		✓		
TOTAL (13)	11	2	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 1.5em; font-family: cursive;">Takashi Ohno</div>				
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