
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 be used to invest in firearm companies. Furthermore, fossil
3 fuel companies significantly contribute to the deterioration of
4 the world's 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 or acquiring new assets or securities
8 in firearms and fossil fuel companies; and

9 (2) Set aside a portion of the revenues generated by the
10 Hawaii strategic development corporation to be
11 deposited into a subaccount of the corporation's
12 revolving fund.

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

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

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



1 "Fossil fuel company" means a company that is identified by
2 a global industry classification system code in one of the
3 following sectors:

4 (1) Coal and consumable fuels;

5 (2) Integrated oil and gas; or

6 (3) Oil and gas exploration and production."

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

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



1 subaccount of the Hawaii strategic development corporation
2 revolving fund and shall not be expended by the corporation."

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

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

- 9 (1) The project is economically sound;
- 10 (2) The project can be successfully completed;
- 11 (3) The project will promote economic diversification;
- 12 (4) The project is located in or will locate in the State
13 and has a reasonable potential to create desirable
14 employment opportunities for residents of the State;
- 15 (5) The project has been unable to obtain sufficient
16 funding on reasonable terms through ordinary means;
17 and
- 18 (6) The project can be partially financed through ordinary
19 means at reasonable terms.

20 The corporation shall not acquire securities to an extent that
21 would provide the corporation effective voting control of any



1 enterprise after giving effect to the conversion of all
2 outstanding convertible securities of the enterprise. The
3 corporation shall not make investments in the corporate
4 obligations, preferred or common stocks, or any other securities
5 or future contracts of any fossil fuel company or firearm
6 company."

7 SECTION 5. The board of directors of the Hawaii strategic
8 development corporation shall:

- 9 (1) Refrain from acquiring new assets or securities in
10 fossil fuel and firearm companies; and
11 (2) Beginning on December 31, 2019, and annually
12 thereafter, post on the corporation's website a list
13 of all fossil fuel and firearm companies in which it
14 has holdings.

15 SECTION 6. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 7. This Act shall take effect on July 1, 2112;
18 provided that the amendments made by sections 2, 3, and 4 of
19 this Act shall take effect on January 1, 2025.



Report Title:

HSDC; Investments; Fossil Fuels; Firearms; Guns

Description:

Prohibits the Hawaii Strategic Development Corporation from investing in fossil fuel or firearm companies. Earmarks a portion of the Corporation's profits to be deposited into a subaccount of the Corporation's Revolving Fund. (HB342 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

