



**Testimony to the Senate Committees on Economic Development and Taxation and
Commerce, Consumer Protection, and Affordable Housing
Thursday, March 13, 2008 at 1:15 p.m.
Room 224, State Capitol**

RE: H.B. 2040 Relating to Hawaii's Economy

Chairs Fukunaga and Kokubun, Vice Chairs Espero and Ige, and Members of the Committees:

My name is Christine H. Camp, Chair of The Chamber of Commerce of Hawaii, Land Use and Transportation Committee. The Chamber of Commerce of Hawaii supports H.B. No. 2040, with a proposed amendment.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

H.B. No. 2040, provides an appropriation to the Department of Business, Economic Development, and Tourism to contract with an out-of-state entity to conduct an independent study and analysis of Hawaii's economy, including recommendations for public policy changes that will begin to address the cost of living, affordability, and quality of life issues that Hawaii residents face.

We support the intent of the bill to provide some public policy focus on improve the economy for the future; however, we believe that the bill needs to include specific quantitative goals or milestones to provide some context for measuring the qualitative outcomes such as "quality of life."

In identifying factors that impact the quality of life for existing and future residents in Hawaii, the bill should also contain specific improvement goals for the study such as:

- Problem: Steep housing and property costs that have resulted in commercial, industrial, and tenant rentals among the highest in the fifty states;
 - Goal: What is the root cause of the high rents for commercial and industrial properties in Hawaii, and what can the legislature do to lower or stabilize these rents? Or is the problem of regulating supply to meet demand in the short term?
- Problem: Increased out-of-state investments that result in earnings leaving the State;

- Goal: What can the legislature do to reinvest the out-of-state investments in Hawaii, or provide incentives for more in-state investments? Establish a benchmark of improving investment opportunities specific percentage over the prior year.
- Problem: The resulting cost of living, which is one of the nation's highest, has lead to an increased exodus of Hawaii residents in recent years;
 - Goal: How should the legislature improve the employment opportunities in Hawaii to provide residents with more choices of higher paying, knowledge based opportunities? Establish measurable performance goals for the state to attract new employers such as providing an educated workforce.
- Problem: Various government entities in Hawaii provide services that are among the most extensive in the United States, yet these same government agencies face rising operating and repair and maintenance costs that must be passed on to the public;
 - Goal: Reassess government's role in Hawaii and refocus on basic government services of providing for public health, safety and welfare for it's residents. Identify those services that are currently provided and are not considered public health, safety and welfare programs. Identify the amount of money funding these programs and prioritize based on basic public health, safety and welfare.
- Problem: Hawaii's tax structure affects businesses and consumers alike and has been linked to the difficulty of attracting new investment to the State.
 - Goal: What can be done to improve Hawaii's tax and employment structure to provide more incentives for existing and new businesses to invest in Hawaii? Establish a benchmark of improving investment opportunities specific percentage over the prior year.

Thank you for this opportunity to express our views.

JAMES W. Y. WONG

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TO: Senator Russell S. Kokubun, Chair, CPH
Senator David Y. Ige, Vice Chair, CPH
Senator Will Espero, Member
Senator Les Ihara, Jr., Member
Senator Norman Sakamoto, Member
Senator Brian Taniguchi, Member
Senator Gordon Trimble, Member

FR: James W. Y. Wong

DT: March 12, 2008

RE: **HB2040 Relating to Hawaii's Economy**

My name is James W. Y. Wong, a real estate developer with investments in Hawaii, Alaska, Idaho and Washington. **I urge your support of HB2040**, which would provide for an independent study and analysis of Hawaii's economy. This study would be performed by an independent entity, but under the oversight of DBEDT.

Although various Hawaii entities have prepared meaningful studies of Hawaii's economy, either the results of these studies aren't clearly focused on solutions, or we just don't have the tools to implement the proposed solutions. This calls for a fresh, independent, and hard look at the floundering state of our economy and either discover a confirmation of previous studies or hopefully, new ways to tackle old problems to put us back on track.

We are faced with crucial decisions on cost of living expenses, quality of life issues, affordable housing and rental, tax policies, the continual "brain drain" of our educated youth who feel they must leave home and cannot return, the exodus of Hawaii's residents to better economic opportunities on the mainland, and an often hostile environment to do business in Hawaii. We can only benefit by tapping into valuable resources and knowledge that is available to us by simply reaching across this isolating ocean.

I humbly ask for your support of HB2040 and further challenge you to take a proactive stand on moving the engine that drives our economy forward and confidently into the future. Thank you for your consideration.

Support for HB1075 HD1 & HD2040

March 12, 2008

To: Jason Watts (Sergeant-at-Arms)
Fax No.: 808-586-6659

I wholeheartedly support HB1075 HD1 and HB 2040. In my opinion, these bills will help the Hawaii economy and all the people of Hawaii. HB 1075 HD1 will help keep the cost of living in Hawaii more manageable. Hopefully HB 2040 will identify new methods to keep the cost of living in Hawaii under control.

With what appears to be the early stages of a recession in Hawaii, these bills are, in my opinion, essential to cope with a Hawaii economy that could be headed to bad economic times.

I am a sandwich lessee in Hawaii, who hears from my tenants, even the very strongest, that they are worried about the recession which has begun to take effect in Hawaii. Because they have the ground rent pass through, they feel that if "fair and reasonable rent" which is part of their/my master lease is not "fair and reasonable rent to both of the parties to the lease" then their business will no longer be able survive.

Please pass both bills with this modification.

Please let me know if you have any questions regarding this matter.

Mahalo,

Stan Solomon

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