

LATE TESTIMONY

March 27, 2008

To: Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
And Members of the Committee on Finance

I read SB 2088, and I am unable to support this bill as it is currently written.

This bill only provides a tax credit to the Honolulu Community College and no other flight training provider in Hawaii.

The State is pouring millions of dollars of taxpayer money into this program, which I actually support in general (the program concept is a good one).

The problem exists when HCC issues a SOLE SOURCE contract (illegally) with Galvin Flying Services, Inc. a Seattle, Washington based company. Flight School Hawaii, Inc. a Hawaii based business, is just as qualified to bid, was excluded from bidding. Now we are being asked to support not only the millions of Hawaii taxpayers' dollars being spent on new facilities and equipment for HCC, but also extending to only HCC tax breaks.

The second problem is that graduates from my company are not being allowed access to the advanced simulator training program, only Galvin Flying Services, Inc. graduates.

We filed with the State of Hawaii Dept. of Taxation for a determination concerning the application of the GE tax to flight training, as Federal Law does not allow the taxation on Air Commerce. This request was filed back in November, 2004. Four years have now passed and the tax office still refuses to make a determination. The only conclusion that can be drawn from this is that you must be an out of state company to get the support of the Hawaii government.

I fail to understand why the State of Hawaii is so excited about sending millions of Hawaii taxpayers' dollars to the mainland, to the total exclusion of local businesses.

If the State of Hawaii would amend SB2088 to address the three issues above, I would be in full support of this bill.

Thank you,

Wallace Friedlander
Chairman of the Board
Flight School Hawaii, Inc.

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ALTEON
A BOEING COMPANY

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Legislative Testimony
Written Testimony Presented Before the House Committee on Finance
March 27, 2008 at 4:00 p.m.
SB 2088, SD1, HD1 - RELATING TO ADVANCED FLIGHT SIMULATOR TRAINING

To Whom It May Concern:

This letter is provided in testimony in favor of Senate Bill 2088 relating to advanced flight simulator training.

Alteon Training LLC, a wholly owned subsidiary of the Boeing Co. provides a comprehensive suit of training for Flight, Maintenance and Cabin Attendant training to airlines around the world through its global network of training centers utilizing flight simulators as well as other synthetic training devices to meet the world demand for pilots, engineers and cabin attendants.

Alteon actively explores opportunities to increase its global network of training centers by building new training centers, placing simulators in airline training centers, providing outsource support for airline training needs and partnering with flight and maintenance training schools around the world.

In support of our vision and mission statement, Alteon has been working with Honolulu Community College (HCC) over the past year towards the development of a First Officer Academy program leveraging the FAA part 141 training operations at HCC. The First Officer Academy program is designed to develop Air Transport category, type rated First Officers.

The candidates for the First Officer program will have as little as zero flight experience, but will leave the Academy program with the confidence, knowledge and experience to be successful in their new role as a First Officer with any airline around the world.

Through the expertise of HCC's part 141 operations, in conjunction with Alteon's experience in part 142 training operations, the newly formed relationship will be a world class training operation recognized by airlines around the world for its high quality, efficient and safe training programs.

Alteon will look forward to exploring the expansion of the relationship with HCC towards the development of a Honolulu based flight training center to include, but not limited to, the investment of Level D full flight simulators, Flat Panel Trainers, as well as other synthetic training devices to meet the needs of the airlines in the Pacific rim.

The future development and presumed subsequent passing of this bill will help in both our endeavors towards the establishment of a recognized world wide training operations in Honolulu.

Sincerely,

Andrew Choi
Director of Business Development
Alteon Training LLC

JAN-29-2008 11:57 From:

To: HMB5866361

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Honorable Representatives

I am writing in support of SB 2088 to amend the definition of "qualified business" under Section 209E-2, Hawaii revised Statutes.

I own and operate a helicopter flight training school with offices on Oahu, Kauai and the Big Island. We provide professional flight training for persons interested in pursuing a career in the helicopter industry. We have an average enrollment of 75 students statewide and use a total of 15 aircraft in our training program. We employ 17 flight instructors, three managers and a mechanic.

Our school would benefit greatly from a reduction in State taxes because it would allow us to upgrade our equipment, refurbish our facilities and, in general, to become more competitive with out-of-state flight schools. As you are no doubt aware, the great state of California exempts flight schools from state tax, a huge competitive advantage for those schools. Allowing Hawaii flight schools this tax reduction would help level the playing field and contribute to our future success.

Aviation training is a natural industry for Hawaii. Our weather is conducive to more flyable days per year, we have an outstanding variety of terrain, relatively uncluttered airspace, and a helicopter tour industry that is always in need of new pilots. But it is expensive doing business in Hawaii: aviation gas prices are the highest in the nation, rents are steep, and everything from transportation to groceries carries a higher cost than on the mainland.

Anything our esteemed Legislature can do to reduce the penalty of doing business here would be a great service and would pay dividends for years to come.

Respectfully,

A handwritten signature in black ink, appearing to read "Ben Fouts". The signature is stylized and cursive.

Ben Fouts, President
Mauna Loa Helicopters