



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE  
GOVERNOR  
THEODORE E. LIU  
DIRECTOR  
MARK K. ANDERSON  
DEPUTY DIRECTOR

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**LATE TESTIMONY**

Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
CONCERNS**

Tuesday, March 18, 2008

8:45 AM

State Capitol, Conference Room 325

in consideration of

**SB 2829, SD2 Proposed HD1  
RELATING TO TAXATION.**

Chair Yamashita, Vice Chair Wakai, and members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) opposes SB 2829 SD2 Proposed HD1 which would repeal all tax credits and exemptions except for those pertaining to individual income tax, beginning in the 2009 taxable year. We have concerns with regard to economic development aspects of this bill and the subsequent impacts that this measure will have on the State of Hawaii. The reasons for enacting these tax credits were to improve the standard of living and quality of life for Hawaii's residents and support economic activity in key growth industry sectors.

The department is particularly concerned about the bill's proposal to eliminate, as of December 31, 2008, the following tax credits:

§235-17 motion picture, digital media and film production income tax credit, known as Act 88;

§235-110.9 high technology business investment tax credit, known as Act 221/215; and

§235-12.5 renewable energy technologies income tax credit.

Act 88 has been in effect only since July 1, 2006. The Legislature in its wisdom passed the measure in an effort to make Hawaii more competitive in the area of film and

digital media with other jurisdictions and to offset the pressure on Act 221/215 which for five years was the only incentive accessible to film production entities. The two incentives now work in concert with one another to provide options for production entities. Those who need to raise capital can still access the investment tax credit under Act 221/215 and Act 88 is relatively easy to access and works well as a way to bring costs down for shooting in Hawaii. Act 88 has begun to prove its value, securing significant production activity for Hawaii since its inception. The Act stimulates production activity and offers a way to bring costs in line with other competitive jurisdictions.

To repeal either of these tax incentives at this juncture would prove perilous for the success and continued development of Hawaii's film industry. There is ample evidence that jurisdictions around the world continue to refine and increase tax incentives for film in an effort to attract more production to their regions. To eliminate the important incentives that we have just put in place would send the wrong message. Hawaii would stand to lose a significant amount of business and most importantly, our industry's credibility would be seriously undermined. We need to support the successful implementation of Act 88 and give it an opportunity to prove itself as a sound tax incentive that can work in a fiscally responsible way with Act 221/215.

The renewable energy income tax credits have been instrumental in encouraging the use of solar water heating, photovoltaics, wind, and other energy technologies. The legislature wisely increased the tax credits for some of these technologies in recent sessions, recognizing the critical importance of renewable energy to Hawaii's energy security and economy. In the current legislative session, the Administration has introduced a measure to make these tax credits refundable for those with an adjusted gross income of \$20,000 or less.

These energy tax credits are essential to allow both home owners and businesses the opportunity to use renewable energy technologies and reduce Hawaii's dependence on imported oil. Although the technologies supported by the income tax credits are cost-effective over their life cycles, the initial cost of the equipment is a deterrent to adoption. The tax credits have been demonstrated to be effective at overcoming this barrier and

have resulted in Hawaii's reputation as the state with the most solar water heating systems per capita as well as a rapidly expanding photovoltaics market.

We appreciate the opportunity to testify and urge the committee not to pass this proposed measure.

**LATE TESTIMONY**



**HAWAII BANKERS ASSOCIATION**

1000 BISHOP ST., SUITE 301B • HONOLULU, HAWAII 96813-4203  
PHONE: (808) 524-5161 • FAX: (808) 521-4120

**Presentation to the House Committee  
On Economic Development and Business Concerns**

**Tuesday, March 18, 2008  
8:45 a.m. in Conference Room 325**

**Testimony in opposition to SB2829 SD2 HD1  
Relating to Tax Exemptions and Credits/Expiration**

**TO: The Honorable Kyle T. Yamashita, Chair  
The Honorable Glenn Wakai, Vice Chair  
Members of the Committee on Economic Development and Business Concerns**

Aloha Chair Yamashita, Vice Chair Wakai, and Members of the Committee:

My name is Stafford Kiguchi, Senior Vice President with Bank of Hawaii, testifying on behalf of the Hawaii Bankers Association. We believe that steps to diversify our economy are critical to our state's future economic well being. We believe that maintaining the flexibility to offer tax exemptions and credits supports economic growth in Hawaii. Properly applied tax credits and exemptions provide meaningful incentive for economic development.

Although SB2829 SD2 HD1 targets numerous areas, we are specifically in opposition to the repeal of:

- Section 235 – 12.5 Renewable energy technologies; income tax credit
- Section 237 – 24.8 Amounts not taxable for financial institutions
- Section 241-4.8 High technology business investment tax credit

Many other states offer tax credits to attract investment. Our ability to offer tax credits helps Hawaii to attract business investment and employees.

In regard to the current tax credits and exemptions for financial institutions, we are opposed to repeal. The current system of bank taxation was carefully crafted following a study by the Tax Review Commission. Banks pay a 7.92 percent franchise tax, which is higher than the corporate tax rate. To lose the banking exemptions would subject banks to an unfair double tax.

We respectfully encourage the Committee not to repeal these important tax credits and exemptions. Thank you for this opportunity to testify.



LATE TESTIMONY

Sharon Sagayadoro

From: Lauren Luis [lluis@dwyerlaw.com]
Sent: Monday, March 17, 2008 6:45 PM
To: EDBtestimony
Cc: Cynthia Arashiro; Jodi Borges
Subject: Testimony in Opposition SB 2829 SD2 HD1: Relating to Taxation(March 18, 2008, 8:45 am., Conf. Room 325)

Aloha Chair, Vice Chair, and Members of the Committee:

As legal counsel to numerous local and mainland clients within the entertainment, intellectual property and high technology sectors, I strongly oppose House Draft 1 of SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
4) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit"
3) HRS § 235-110.9, entitled "High technology business investment tax credit"
4) HRS § 235-110.91, entitled "Tax credit for research activities."
5) HRS § 237-29.75, Exemption for sale of net operating loss by qualified high technology business.
6) HRS § 241-4.8, High Technology Business Investment Tax Credit

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

William G. Meyer, III

Dwyer, Schraff, Meyer, Grant & Green
1800 Pioneer Plaza,
900 Fort Street Mall
Honolulu, HI 96813
808-524-8000 (ph)
808-537-4667 (fax)

\*\*\*\*\*

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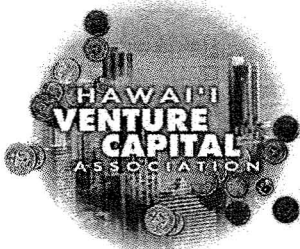
\*\*\*\*\*

**Sharon Sagayadoro**

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**From:** hvca.org [tom@ecogenix.com]  
**Sent:** Monday, March 17, 2008 6:34 PM  
**To:** windcon@hawaii.rr.com  
**Subject:** TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1)

**LATE TESTIMONY**



**Hawaii Venture Capital Association**  
**DISCOVERING HAWAII'S ENTREPRENEURS**  
Our most celebrated Entrepreneur-of-the-Day today is Lishan Chong

Home Entrepreneurs Luncheons Directory Keeping Up HVCA-TV Jobs Center Collections Join Us</for

Re: TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1)

**TOM LAIDLAW**  
**Ecogenix**  
**691 Paopua Loop, Kailua, Hawaii 96734**  
**Phone (808) 554-2041**

Monday, March 17, 2008

*Ladies and gentlemen:*

*I hereby submit the following testimony regarding SB2829 SD2 HD1. The HOUSE Economic Development Committee is set to hear this bill on Tuesday, March 18, 2008 at 8:45 am in House Conference Room 325.*

*I would appreciate if you would make and deliver 1 copies of my testimony to Room 316 for this hearing. Thank you.*

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**TO:** THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE, Representative Kyle T. Yamashita, Chair (telefax - (808) 586-6501)

**FROM:** TOM LAIDLAW, ECOGENIX

**SUBJECT:** Testimony relating to TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1) - Strong Opposition To SB2829 HD1, set to be heard on 3/18/2008 at 8:45 am in Conference Room 325

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to

3/18/2008

Act 221/215 including:

--Section 235-9.5, HRS relating to the Income Tax Exclusion for QHTB Stock Options;

--Section 241-4.8, HRS, which applies the Act 221 Investment Tax Credits to franchise taxes for financial institutions. Repealing this could be very damaging to many Act 221 companies since banks have provided a substantial portion of Act 221 investment capital to them over the past several years.

Other Credits and Exemptions repealed by this bill that would hurt Hawaii's emerging tech sector include:

--Section 235-12.5, HRS relating to renewable energy (e.g., solar and wind) tax credits;

--Section 235-17, HRS, which is the Act 88 film, TV and digital media credit (which has been reported to be very effective);

--Section 235-110.3, HRS relating to the Ethanol Facility Tax Credit;

--Section 237-26, HRS General Excise Tax Exemption for federal scientific research contracts.

These tax credits have proven to be an effective catalyst for investment in Hawaii's tech sector which includes renewable energy, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy. Act 221/215 has proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you very much for your consideration of my views and my testimony on this bill.

Respectfully submitted,

Tom Laidlaw  
Ecogenix  
[tom@ecogenix.com](mailto:tom@ecogenix.com)

[Click here to take our HVCA Survey and help us measure innovation in Hawaii.](#)

LATE TESTIMONY



**Beachside Solar Technologies** *Beachside*  
A Division of **ROOFING LLC**

SB 2829 SD2 HD1: Relating to Taxation

**DATE:** March 18, 2008  
8:45AM Conference Room 325

**TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS**

The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

**FROM:** Timothy Murph  
Vice President/General Manager  
Beachside Roofing LLC

**RE: Testimony In Strong Opposition to SB2829 HD1**

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to Act 221/215 including:

--Section 235-9.5, HRS relating to the Income Tax Exclusion for QHTB Stock Options;

--Section 241-4.8, HRS, which applies the Act 221 Investment Tax Credits to franchise taxes for financial institutions. Repealing this could be very damaging to many Act 221 companies since banks have provided a substantial portion of Act 221 investment capital to them over the past several years.

Other Credits and Exemptions repealed by this bill that would hurt Hawaii's emerging tech sector include:

--Section 235-12.5, HRS relating to renewable energy (e.g., solar and wind) tax credits;

--Section 235-17, HRS, which is the Act 88 film, TV and digital media credit (which has been reported to be very effective);

*Reducing Global Carbon-One Roof At A Time*  
2464 Kula Kolea Drive • Honolulu, Hawaii 96819  
(P) 808-841-0714 • (F) 808-841-0715

[www.beachsideroofing.com](http://www.beachsideroofing.com)



**Beachside Solar Technologies** *Beachside*  
A Division of **ROOFING LLC**

--Section 235-110.3, HRS relating to the Ethanol Facility Tax Credit;

--Section 237-26, HRS General Excise Tax Exemption for federal scientific research contracts.

These tax credits have proven to be an effective catalyst for investment in Hawaii's tech sector which includes renewable energy, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy. Act 221/215 has proven to contribute more to the economy than the credits have cost Hawaii .

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. As a Hawaii businessman, I see the value of the various tax credits every day as my company proposes photovoltaic energy systems to companies that would not consider them without the tax incentives. Thank you for the opportunity to testify.

Sincerely,

Timothy Murph  
Vice President/General Manager

*Reducing Global Carbon-One Roof At A Time*  
2464 Kula Kolea Drive • Honolulu, Hawaii 96819  
(P) 808-841-0714 • (F) 808-841-0715

[www.beachsideroofing.com](http://www.beachsideroofing.com)



CATHOLIC CHARITIES HAWAII

LATE TESTIMONY

**TESTIMONY WITH AMENDMENT FOR SB 2829, SD2: RELATING TO TAXATION**

**TO:** Representative Kyle Yamashita, Chair, and Representative Alex Sonson, Chair, Committees on Economic Development and Business Concerns, and Labor & Public Employment, and MEMBERS.

**FROM:** Betty Lou Larson, Housing Programs Director, Catholic Charities Hawai'i

**HEARING:** Tuesday, 3/18/08, 2008; 8:45 am; Conf. Rm. #325

Chair Yamashita, Chair Sonson, and Members, Committees on Economic Development and Business Concerns, and Labor & Public Employment, and MEMBERS

Thank you for the opportunity to provide written testimony on this bill. I am Betty Lou Larson, from Catholic Charities Hawai'i. We are concerned about SB 2829 due to the negative impact it would have on the creation of affordable rental housing..

**We support retaining the state Low Income Housing Tax Credits (LIHTCs) and GET exemptions as powerful tools to make affordable housing development feasible**

Consistent and adequate funding is critical for development of more affordable projects. The LIHTCs and the GET exemption are currently used to help the long term feasibility of affordable rental projects. As the Legislature struggles to find funds to address the current crisis in affordable housing, this bill would be a step backwards.

Catholic Charities receives over 1000 calls each month for help and many of these callers need affordable housing. We urge the Legislature to consider the needs of so many of our working families, lower income seniors, disabled persons and others for affordable housing. Every project that is built with these valuable tax credits prevents many people from becoming homeless and gives stability to their lives.

We urge your support for amend this bill to retain the LIHTCs and the GET exemption for affordable housing.



**Sharon Sagayadoro**

**From:** Bill Ferguson [bill@paiapictures.com]  
**Sent:** Monday, March 17, 2008 6:55 PM  
**To:** EDBtestimony  
**Subject:** SB 2829 SD2 HD1: Relating to Taxation

LATE TESTIMONY

DATE: March 17, 2008

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS The Honorable Kyle T. Yamashita The Honorable Glenn Wakai

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I am an independent television producer who has been working for three years on putting together a package that would bring an English Language Asian American Television Series titled Hold the Rice to Hilo Hawaii for production. This project has been completely based on the current legislative act 88 and Act 221/215. This project is in the final phases of being approved by the various partners for production in late 2008 early 2009 and includes over \$5,000,000 in production funding from a U.S. Mainland Production Company, an exclusive Television deal with CCTV and the Peoples Republic of China for National Television Distribution in China and a co-production agreement with a Chinese Production company. Any changes to this legislation will have significant effect on this project, including the cancellation of the project, the loss of Chinese Distribution on CCTV and a complete loss of face to the Chinese Government by the producers and partners in Hawaii.

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
- 4) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit" (enacted by Act 88, and often referred to as the "Act 88 Tax Credit")
- 3) HRS § 235-110.9, entitled "High technology business investment tax credit" (enacted by Act 221, and often referred to as the "Act 221 Investment Tax Credit").
- 4) HRS § 235-110.91, entitled "Tax credit for research activities."
- 5) HRS § 237-29.75, Exemption for sale of net operating loss by qualified high technology business.
- 6) HRS § 241-4.8, High Technology Business Investment Tax Credit (which currently provides that "the high technology business investment tax credit provided in Section 235-110.9 shall be operative for [HRS Chapter 241] on July 1, 1999")

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

Upon launching the production and justifying the use of the tax credits as the basis for the entire projects financing and reason to bring the television series to The Big Island of Hawaii, any change in that process will torpedo a television series that is expected to bring over \$50,000,000 in production work to the Big

3/18/2008

Island over the next few years. I personally plead with you not to make any changes that would cause the demise of this difficult, but worthwhile effort of getting an Asian American Television Series made and distributed from Hilo Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you for the opportunity to testify via e-mail.

Bill Ferguson

Producer

Hold the Rice

A Co-Production with PAIA Television and CCTV and the Peoples Republic of China.



OWANA SALAZAR  
music@owanasalazar.com  
www.owanasalazar.com  
808-383-7727

LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008, 8:45AM, Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS  
The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: OWANA SALAZAR, Practitioner of Hawaiian Music Arts  
Singer, Slack-Key and Steel Guitarist, Songwriter, Producer, Teacher  
Moonbow Records

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
- 4) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit" (enacted by Act 88, and often referred to as the "Act 88 Tax Credit")
- 3) HRS § 235-110.9, entitled "High technology business investment tax credit" (enacted by Act 221, and often referred to as the "Act 221 Investment Tax Credit").
- 4) HRS § 235-110.91, entitled "Tax credit for research activities."
- 5) HRS § 237-29.75, Exemption for sale of net operating loss by qualified high technology business.
- 6) HRS § 241-4.8, High Technology Business Investment Tax Credit (which currently provides that "the high technology business investment tax credit provided in Section 235-110.9 shall be operative for [HRS Chapter 241] on July 1, 1999")

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.

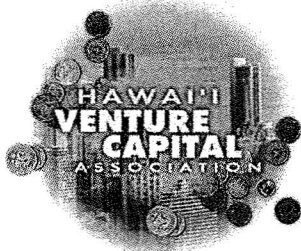
Owana Salazar

**Sharon Sagayadoro**

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**From:** hvca.org [eghaik@gmail.com]  
**Sent:** Monday, March 17, 2008 9:31 PM  
**To:** windcon@hawaii.rr.com  
**Subject:** TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1)

LATE TESTIMONY



**Hawaii Venture Capital Association**  
DISCOVERING HAWAII'S ENTREPRENEURS  
Our most celebrated Entrepreneur-of-the-Day today is Lishan Chong

Home Entrepreneurs Luncheons Directory Keeping Up HVCA-TV Jobs Center Collections Join Us </for

Re: TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1)

**EDWARD HAIK**  
**Individual**  
**2895 Kalakaua Ave. #507, Suite Apt.#507, Honolulu, Hawaii 96813**  
**Phone (808) 922-4152**

Tuesday, March 18, 2008

*Ladies and gentlemen:*

*I hereby submit the following testimony regarding SB2829 SD2 HD1. The HOUSE Economic Development Committee is set to hear this bill on Tuesday, March 18, 2008 at 8:45 am in House Conference Room 325.*

*I would appreciate if you would make and deliver 1 copies of my testimony to Room 316 for this hearing. Thank you.*

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TO: THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE, Representative Kyle T. Yamashita,  
Chair (telefax - (808) 586-6501)

FROM: EDWARD HAIK, INDIVIDUAL

SUBJECT: Testimony relating to TAX EXEMPTIONS AND CREDITS (SB2829 SD2 HD1) - Strong  
Opposition To SB2829 HD1, set to be heard on 3/18/2008 at 8:45 am in Conference Room 325

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to

3/18/2008

Act 221/215 including:

--Section 235-9.5, HRS relating to the Income Tax Exclusion for QHTB Stock Options;

--Section 241-4.8, HRS, which applies the Act 221 Investment Tax Credits to franchise taxes for financial institutions. Repealing this could be very damaging to many Act 221 companies since banks have provided a substantial portion of Act 221 investment capital to them over the past several years.

Other Credits and Exemptions repealed by this bill that would hurt Hawaii's emerging tech sector include:

--Section 235-12.5, HRS relating to renewable energy (e.g., solar and wind) tax credits;

--Section 235-17, HRS, which is the Act 88 film, TV and digital media credit (which has been reported to be very effective);

--Section 235-110.3, HRS relating to the Ethanol Facility Tax Credit;

--Section 237-26, HRS General Excise Tax Exemption for federal scientific research contracts.

These tax credits have proven to be an effective catalyst for investment in Hawaii's tech sector which includes renewable energy, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy. Act 221/215 has proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you very much for your consideration of my views and my testimony on this bill.

Respectfully submitted,

Edward Haik  
Individual  
[eghaik@gmail.com](mailto:eghaik@gmail.com)

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HAWAII VENTURE CAPITAL ASSOCIATION  
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**Sharon Sagayadoro**

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**From:** ron tish [ron.tish@hawaiiantel.net]  
**Sent:** Monday, March 17, 2008 9:41 PM  
**To:** EDBtestimony  
**Subject:** Testimony In Strong Opposition to SB 2829 (SD2, HD1)

LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008, 8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: [Ronald E. Tish]  
[Owner]  
[Koke-Kula Records & Publishing]

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
- 4) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit" (enacted by Act 88, and often referred to as the "Act 88 Tax Credit")
- 3) HRS § 235-110.9, entitled "High technology business investment tax credit" (enacted by Act 221, and often referred to as the "Act 221 Investment Tax Credit").
- 4) HRS § 235-110.91, entitled "Tax credit for research activities."
- 5) HRS § 237-29.75, Exemption for sale of net operating loss by qualified high technology business.
- 6) HRS § 241-4.8, High Technology Business Investment Tax Credit (which currently provides that "the high technology business investment tax credit provided in Section 235-110.9 shall be operative for [HRS Chapter 241] on July 1, 1999")

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.

Ronald E. Tish

Koke-Kula Records & Publishing  
431 Nahua Street #208  
Honolulu, HI 96815  
Ph. 808-373-4426

**Sharon Sagayadoro**

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**From:** Charles Brotman [cbrotman@hawaii.rr.com]  
**Sent:** Monday, March 17, 2008 11:16 PM  
**To:** EDBtestimony  
**Subject:** STRONG OPPOSITION to House Draft 1 of SB 2829

**LATE TESTIMONY**

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008, 8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

The Honorable Kyle T. Yamashita

The Honorable Glenn Wakai

FROM: Charles Michael Brotman

COMPANY: Palm Records

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
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- 6) HRS § 241-4.8, High Technology Business Investment Tax Credit (which currently provides that "the high technology business investment tax credit provided in Section 235-110.9 shall be operative for [HRS Chapter 241] on July 1, 1999")

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.

3/18/2008

Sincerely,

Charles Michael Brotman

Sharon Sagayadoro

**From:** Shawn Livingston Moseley [shawn@aumakuarecords.com]  
**Sent:** Tuesday, March 18, 2008 12:02 AM  
**To:** EDBtestimony  
**Subject:** I oppoe SB 2829 (SD2, HD1)

LATE TESTIMONY

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: Shawn Livingston Moseley  
President  
'Aumakua Records

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
- 4) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit" (enacted by Act 88, and often referred to as the "Act 88 Tax Credit")
- 3) HRS § 235-110.9, entitled "High technology business investment tax credit" (enacted by Act 221, and often referred to as the "Act 221 Investment Tax Credit").
- 4) HRS § 235-110.91, entitled "Tax credit for research activities."
- 5) HRS § 237-29.75, Exemption for sale of net operating loss by qualified high technology business.
- 6) HRS § 241-4.8, High Technology Business Investment Tax Credit (which currently provides that "the high technology business investment tax credit provided in Section 235-110.9 shall be operative for [HRS Chapter 241] on July 1, 1999")

These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you for the opportunity to testify.  
Malama Pono,  
Shawn Livingston Moseley

Shawn L. Moseley - President  
'Aumakua Records  
PO Box 30488, Honolulu, Hi 96820  
shawn@aumakuarecords.com  
www.aumakuarecords.com

**Sharon Sagayadoro****LATE TESTIMONY**

**From:** Shan Steinmark [strsws@mac.com]  
**Sent:** Tuesday, March 18, 2008 5:57 AM  
**To:** EDBtestimony; Rep. Kyle Yamashita  
**Cc:** Rep. Angus McKelvey; Rep. Joe Bertram III; Rep. Calvin Say; Sen. Roz Baker; Sen. Carol Fukunaga; Lisa Gibson; Randy Iwase; Robert J. Robinson; Bill Spencer; David B. Fisher; David Watumull; Elliot Parks; Debra Guerin Beresini; John Chock; Kirk Belsby; Melinda Rockwell; Abbey Linfert  
**Subject:** Testimony on SB2829 SD2 HD1 at Today's Hearing - March 18, 2008 @ 8:45 a.m. Room #325 at the State Capitol

Aloha Rep. Yamashita,

My wife has cancer. She is battling anaplastic oligodendroglioma, a rare form of brain cancer for which there is no known cure. This is a particularly cruel death sentence because she has dedicated her entire life to helping others. The oldest of five, she helped raise her brothers & sisters. Early in her career she helped bootstrap & lead a community-based & volunteer-staffed crisis intervention center. For most of her adult life she has struggled to help women & minorities compete on an even playing field in the business world; she has fearlessly challenged managers & executives twice her size & many years her senior to help corporations understand the value of enabling the best ideas to win - regardless of gender or race or political connection.

So how is this relevant to SB2829 SD2 HD1 ?

First, there is a perception among leaders in Hawaii's Technology Community - a highly diverse group of people that rarely agree on any issue - that the process for hearing SB2829 SD2 HD1 is badly flawed. The overwhelming perception is that today's hearing was scheduled with very little notice AND that the proposed changes in HD1 were, at best, sudden & unexpected; at worst, there is suspicion that the spirit of sunshine laws, open hearings & public testimony are being subverted. While I will let others sort out the facts in this regard, what I do know is that the hearing notification schedule made it impossible for my wife & me to mobilize quickly enough to appear in person to testify - on a set of issues near & dear to us. Travel from Maui to Honolulu is a challenge for us these days and we would have had to re-schedule medical appointments to appear on such short notice.

More importantly, innovation is not an academic exercise to us. Capital formation is not an ideological debate for us. Technological advancement is not a question for us of which industries to support. My wife was the beneficiary of micro-surgery technology that did not exist a few years short ago. My wife was the beneficiary of high-precision radiation therapy machines that did not exist a few short years ago. My wife was the beneficiary of chemotherapy drugs that did not exist a few short years ago. My wife continues to be the beneficiary of experimental diagnostic imaging equipment that is still being developed. Were it not for technology, the woman that I have loved for over 30 years - a woman that has helped others her entire life - would be dead by now. Innovation is life. R&D is hope. Technology is our best friend.

The point is that these debates over the value of technology - and how to fund its research & development - must rise above the maneuverings of House vs. Senate, Republican vs. Democrat & Old Economy vs. New Economy. Technology has a face - my wife's for a start - but technology has other faces - including Hawaii's children above all. The only sad thing about all the technology that has helped prolong my wife's life - and helped preserve some semblance of her quality of life - is that it was

3/18/2008



developed outside of Hawaii. We may often send our best & brightest graduates to help develop technological advances on the Mainland or throughout the Pacific Rim; we may even more often be consumers & beneficiaries of technological advances developed around the globe - but we are just beginning to be the inventors of life-changing, world-changing technology here in Hawaii.

Rep. Yamashita, a couple of weeks ago you & I had the opportunity to chat briefly during Tech Day at the Capitol. We stood in front of the Hawaii Biotech table and I shared with you that this long-struggling company is about to begin human clinical trials on a vaccine for West Nile virus. This is significant partly because Hawaii Biotech & its sibling companies here in the islands will create career opportunities & revenue streams, but it is also even more significant because technology developed here at home may end up saving lives in Hawaii, across the U.S. & around the world. Hawaii's students & entrepreneurs are as creative as any in the global economy, but they need the proper funding, facilities & leadership to be able to contribute their talents.

So my real message here today is that we must work together more effectively. We should not be enemies trying to out-maneuver each other, but colleagues & collaborators in common cause. Small businesses in the Old Economy & small businesses in the New Economy should be working together, because we buy & sell each others' goods & services. The Agriculture Sector & the Technology Sector should be working together because we can achieve synergies; for example, there are QHTB start-ups here in Hawaii that are developing algae that can be used to make bio-diesel. Our Government Agencies & Private Industry should be working together to develop ways to increase funding, facilities & talent to support a more sustainable economy.

Self-interest will always drive citizens focused on today and self-righteousness will always drive leaders focused on the present. What you & I & others must somehow do is to rise above the pressures of the moment and remember that there are multiple generations of people who are depending on us to collaborate constructively. The older generation, including my wife, needs us to do the right thing to extend life & preserve quality of life. The current generation in its prime, including our colleagues, needs us to do the right thing to help our democracy & our economy function effectively to find real solutions to tough problems. However, the next generation - or even the next seven generations - need us to do the right thing because, thanks to the influence of our host culture, that is the standard we have set here in Hawaii.

I sincerely hope that we can find more opportunities & better ways to work together for the benefit of everyone; it is our solemn & sacred duty as leaders.

Mahalo for your akamai kokua,

Shan W. Steinmark, Ph.D. with Melinda A. Rockwell

**Strategic Transitions Research, Inc.**  
(STR of Hawaii)

Championing World Class Change  
 - *Global Business Growth*  
 - *Product Innovation*  
 - *Process Improvement*  
 - *People Development*  
 - *Learning to Build a Better Future*

(808) 528-2555 - Honolulu  
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 (877) 490-1100 - Toll Free  
 (808) 264-1169 - Cell

[strsws@mac.com](mailto:strsws@mac.com)

3/18/2008

**DOWLING  
COMPANY, INC**

LATE TESTIMONY

March 18, 2008

Hearing on SB2829, SD2, Relating to Taxation  
Before the House Committee on Economic Development & Business Concerns  
on Tuesday, March 18, 2008 at 8:45 a.m. in Conference Room 325

Dear Chair Yamashita and members of the Committee:

My name is Jennifer Stites and I am the Green Development Manager for Dowling Company, Inc. ("DCI"). DCI is a Maui-based real estate development company that is committed to sustainable development. To guide this effort and determine our performance metrics, we have adopted the nationally recognized U.S. Green Building Council's ("USGBC") Leadership in Energy and Environmental Design ("LEED") rating system. As the land owner of 1800 acres in Makena, including the Maui Prince Hotel and Makena North and South Golf Courses, we have set the very ambitious goal of developing a net-zero energy community. Through energy reduction and renewable energy production on-site, we hope to develop a model sustainable community for Hawaii.

We strongly oppose the bill's provisions that would repeal the Renewable Energy Technologies Income Tax Credit ("RETIC"). We take no position on the merits of the other tax credits contained in the bill.

RETIC will allow us to meet our goal of making our lands in Makena a net-zero energy community. Without RETIC, I don't know if our goal will be attainable. If the Legislature's truly wants to have sustainability and reduce the use of fossil fuels in Hawaii the RETIC must be retained or even expanded. Thank you for the opportunity to testify on this important measure.

# DWYER SCHRAFF MEYER GRANT & GREEN

ATTORNEYS AT LAW ♦ A LAW CORPORATION

900 FORT STREET MALL, SUITE 1800 ♦ HONOLULU, HAWAII 96813  
TELEPHONE: (808) 524-8000 ♦ FACSIMILE: (808) 537-4667 ♦ HOME PAGE: [www.dwyerlaw.com](http://www.dwyerlaw.com)

JOHN R. DWYER, JR.  
PAUL A. SCHRAFF  
WILLIAM G. MEYER, III  
RONALD V. GRANT  
ADELBERT GREEN  
LAUREN B. LUIS  
TRACI R. MORITA

## LATE TESTIMONY

WILLIAM G. MEYER III  
INTELLECTUAL PROPERTY  
ENTERTAINMENT  
ART LAW  
INTERNET  
E-COMMERCE  
LITIGATION

JARED H. JOSSEM (1942 - 2003)

March 18, 2007

Direct (808) 534-4412  
[wmeyer@dwyerlaw.com](mailto:wmeyer@dwyerlaw.com)

Of Counsel  
BEATRICE L. K. DAWSON

### BY HAND DELIVERY

House Committee On Economic Development & Business  
The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai  
Members of the Committee  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

**RE: Testimony In Strong Opposition to SB 2829, SD2, HD1 "Relating to Taxation," Scheduled for Hearing on March 18, 2008 at 8:45 am. in Conference Room 325**

Aloha Chair, Vice Chair, and Members of the Committee:

As legal counsel to numerous local and mainland clients within the entertainment, intellectual property and high technology sectors, I strongly oppose House Draft 1 of SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
- 2) HRS § 235-17, entitled "Motion Picture, digital media, and film production income tax credit" (enacted by Act 88, and often referred to as the "Act 88 Tax Credit")
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These tax credits have proven to be an effective catalyst for investment in Hawaii's intellectual property, entertainment (motion picture, television, digital media and recording industries) and high technology sectors, which could help Hawaii achieve sustainability and a diversified economy. Act 88 and Act 221/215 have proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.

Aloha,

DWYER SCHRAFF MEYER GRANT & GREEN

William G. Meyer, III



Kinetic Productions  
770 Kapiolani Blvd. 605  
Honolulu, HI 96813

808.597.8588 ph  
808.588.2826 fx

LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008, 8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS  
The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: James Sereno  
President  
Kinetic Films/Kinetic Productions

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

- 1) HRS § 235-9.5, entitled "Stock Options from qualified high technology businesses."
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**Sharon Sagayadoro**

**From:** Rick Davis [bopr@hawaii.rr.com]  
**Sent:** Tuesday, March 18, 2008 8:14 AM  
**To:** EDBtestimony  
**Subject:** opposition to SB 2829 [SD2, HD1]

LATE TESTIMONY

DATE: March 18, 2008, 8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: Rick Davis  
President  
Birds of Paradise Recording Co. Inc.

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB 2829 (SD2, HD1), which proposes to repeal most of the tax credits and exemptions enacted by Act 88 and Act 221/215 on December 31, 2008:

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I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.



LATE TESTIMONY

***Biocarbon Is Our Business***

Sustainable Energy Technology and Waste Management

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85-979C Farrington Highway, Waianae, Hawaii 96792 ☐ (808) 671-1868 Phone ☐ (808) 671-1859 Fax  
INFO@CARBONDIVERSION.COM

Chairman Kyle T. Yamashita and Members  
Economic Development and Business Concerns  
Rm 325 - House of Representatives  
Honolulu, HI 96813

March 17, 2008

**Via Fax 586-6501**

***SB 2928, HD1-Tax Exemptions and Credits; Expiration Room 325***

Dear Chairman Yamashita, Vice Chairman Wakal and members:

My name is Dante K. Carpenter, Director of Public Affairs, for Carbon Diversion Inc., a leader in environmental stewardship. Carbon Diversion, Inc. is one of many High Tech Companies engaged in business in Hawaii, in part because of the ACT 215/221 Tax Incentives provided by enactment of both responsible and responsive legislation to create economic opportunities for Hawaii in activities other than Tourism, the Military and government.

CDI utilizes patented University of Hawaii technology, developed in response to the legislature's creation of Hawaii Natural Energy Institute (HNEI) in 1972 during an "energy crisis." The technology developed and employed by the company involves "flash carbonization," a controlled pyrolysis process. CDI President, Michael Lurvey, has virtually perfected the Flash Carbonization Process from prototype to full commercialization of the CDI System. The University is a partner and provides technical support.

Recently, in expanding its operations, CDI has expended over \$1,000,000 in capital goods relating to equipment purchases for installation in various geographic locations throughout the State of Hawaii. CDI employs 12 people with varying technical skills who are paid over \$450,000 annually.

Chairman Kyle T. Yamashita  
Chair, EDBC Committee  
March 17, 2008  
Page 2

Carbon Diversion Inc., is still actively pursuing investors in conjunction with the incentives established in ACTS 215/221 which originally set the end date at December 2010.

To change the end dates from 2010 to 2008, this year, is unconscionable! It will virtually emasculate CDI's growth projections and cause irreparable harm to the company and its relations with customers, both private and governmental. It's obvious you (legislators) collectively will negate any "good intentions" of ACT 21/221 Incentives - which will include millions of dollars in investments and hundreds of jobs created to-date. Moreover, you'll help stymie future growth potential at a time when Hawaii can least afford it.

If this bill ever passed into law, notwithstanding its good intentions, it could only be referred to as "THE ARBITRARY, WHIMSICAL and CAPRICIOUS BUSINESS ACT OF 2008." Therefore, we strongly urge you to hold this bill in Committee!

Finally, we invite you and the members of your committee to visit our plant operations at the Campbell Industrial Park at Barbers Point (Kalaheo) to witness the operations and get a sense of the types of feedstock and waste streams processed. Please do not hesitate to call me at 671-1858 or 358-7104 (cellular) to schedule a visit to the Carbon Diversion Facilities.

Thank you very much.





LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008  
8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS  
The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: G Douglas Tiffany  
Title: Hawaii Manager  
Company: Syngenta Seeds, Inc.

RE: Testimony In Strong Opposition to SB2829 HD1

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to Act 221/215 including:

--Section 235-9.5, HRS relating to the Income Tax Exclusion for QHTB Stock Options;

---

--Section 241-4.8, HRS, which applies the Act 221 Investment Tax Credits to franchise taxes for financial institutions. Repealing this could be very damaging to many Act 221 companies since banks have provided a substantial portion of Act 221 investment capital to them over the past several years.



Other Credits and Exemptions repealed by this bill that would hurt Hawaii's emerging tech sector include:

--Section 235-12.5, HRS relating to renewable energy (e.g., solar and wind) tax credits;

--Section 235-17, HRS, which is the Act 88 film, TV and digital media credit (which has been reported to be very effective);

--Section 235-110.3, HRS relating to the Ethanol Facility Tax Credit;

--Section 237-26, HRS General Excise Tax Exemption for federal scientific research contracts.

These tax credits have proven to be an effective catalyst for investment in Hawaii's tech sector which includes renewable energy, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy. Act 221/215 has proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you for the opportunity to testify.

Respectfully,

G Douglas Tiffany



March 18, 2008

## TESTIMONY

### COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

Tuesday, March 18, 2008  
8:45 AM Hearing  
State Capitol, Conference Room 325

Regarding

### S.B. No. 2829 SD2 HD1: RELATING TO TAXATION

By John Kuriyama, General Manager, Oceanit

Aloha Chair, Vice Chair, and Members of the Committee:

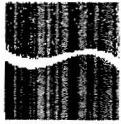
Thank you for the opportunity to provide testimony AGAINST SB 2829 HD1

Oceanit is one of Hawaii's largest and most diversified science and engineering companies and has been in the technology industry in Hawaii for over 20 years. Oceanit is committed to Hawaii and committed to helping develop a technology sector in Hawaii. Oceanit believes in and values teaching our students the joys of science, exploration, and innovation – and hopes to grow a technology industry and help create jobs in Hawaii for our children to work. Over the years, and thanks in part to the State of Hawaii's technology industry incentives, Oceanit has managed to expand operations to include medical devices, optics, sensors, space surveillance, nanotechnology, and information technology.

Oceanit strongly opposes SB2829 HD1 which proposes to repeal tax credits and exemptions related to Act 221/215. These tax credits have proven to be an effective catalyst for investment in Hawaii's developing tech sector, including fields such as biotechnology and healthcare, renewable energy, homeland security, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy.

I strongly oppose this bill and respectfully request this committee not to pass this harmful legislation.

Thank you for giving us the opportunity to comment on these matters which are of critical importance to our industry, and to the growth of a diversified economy in Hawaii.



**KAI HAWAII**  
STRUCTURAL & FORENSIC ENGINEERS

Ken K. Hayashida, P.E.  
Michael P. Hunnemann, P.E.

**LATE TESTIMONY**

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008  
8:45 a.m., Conference Room 325

**TO: COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS**

The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

**FROM:** Ken Hayashida  
President  
KAI Hawaii, Inc.

**RE: Testimony In Strong Opposition to SB2829 HD1**

Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to Act 221/215 including:

- Section 235-9.5, HRS relating to the Income Tax Exclusion for QHTB Stock Options;
- Section 241-4.8, HRS, which applies the Act 221 Investment Tax Credits to franchise taxes for financial institutions. Repealing this could be very damaging to many Act 221 companies since banks have provided a substantial portion of Act 221 investment capital to them over the past several years.

Other Credits and Exemptions repealed by this bill that would hurt Hawaii's emerging tech sector include:

- Section 235-12.5, HRS relating to renewable energy (e.g., solar and wind) tax credits;
- Section 235-17, HRS, which is the Act 88 film, TV and digital media credit (which has been reported to be very effective);
- Section 235-110.3, HRS relating to the Ethanol Facility Tax Credit;
- Section 237-26, HRS General Excise Tax Exemption for federal scientific research contracts.

These tax credits have proven to be an effective catalyst for investment in Hawaii's tech sector which includes renewable energy, ocean science and other critical areas that could help Hawaii achieve sustainability and a diversified economy. Act 221/215 has proven to contribute more to the economy than the credits have cost Hawaii.

I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you for the opportunity to testify.

Sincerely,

Ken K. Hayashida  
President

31 North Pauahi Street, Second Floor \* Honolulu \* Hawaii \* 96817  
Telephone: (808) 533-2210 \* Facsimile: (808) 533-2686 \* E-mail Address: mail@kaihawaii.com

R I G E L  
E N T E R T A I N M E N T

LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008, 8:45 am., Conference Room 325

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

The Honorable Kyle T. Yamashita

The Honorable Glenn Wakai

RE: Testimony In Strong Opposition to SB 2829 (SD2, HD1)

Aloha Chair, Vice Chair, and Members of the Committee:

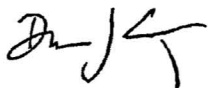
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I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation. Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dana Ginsburg', with a stylized flourish at the end.

Dana Ginsburg  
For Pineapple Pictures, LLC

cc: John Laing  
Kristie Smith  
Bill Meyer

Twin chimneys entertainment

LATE TESTIMONY

SB 2829 SD2 HD1: Relating to Taxation

DATE: March 18, 2008  
8:45 am., Conference Room 325

TO: COMMITTEE ON ECONOMIC DEVELOPMENT &  
BUSINESS CONCERNS

The Honorable Kyle T. Yamashita  
The Honorable Glenn Wakai

FROM: Scott Baehrens  
Manager  
Twin Chimneys Entertainment LLC

RE: Testimony In Strong Opposition to SB2829 HD1  
Aloha Chair, Vice Chair, and Members of the Committee:

I strongly oppose SB2829 HD1 which proposes to repeal tax credits and exemptions related to Act 221/215 including:

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I respectfully request that this committee resist the repeal of these important tax credits and exemptions and refuse to pass this damaging legislation.

Thank you for the opportunity to testify.

UNABLE TO DECOMPRESS  
None decompressor  
are needed to see this picture.

Scott Baehrens