

LGT-AT-ARM9  
586-6501



**LATE TESTIMONY**

*Biocarbon Is Our Business*

Sustainable Energy Technology and Waste Management

85-878C Farrington Highway, Waiānāe, Hawaii 96792 ☐ (808) 871-1858 Phone ☐ (808) 871-1859 Fax  
INFO@CARBONDIVERSION.COM

**House Finance Committee**

**4:00PM, Thursday, March 27, 2008 Conference Room 308**

**SB2829 SD2 HD1 Related to Repeal of Tax Credits and Incentives**

Aloha Chair Marcus Oshiro, Vice Chair Marilyn Lee, and Members of the Committee:

My name is Dante Carpenter, Director of Public Affairs for Carbon Diversion, Inc (CDI), a leader in environmental stewardship. CDI strongly opposes this measure CDI is one of many High Tech Companies engaged in business in Hawaii, in part, because of ACT 215/221 Tax Incentives provided by both responsive and responsible legislation 2001 and 2003, respectively. These Incentives were created for Hawaii to expand business opportunities in activities other than Tourism, the Military and government.

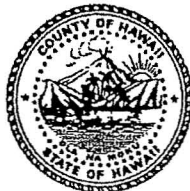
CDI utilizes patented University of Hawaii technology, attained at no small cost to the state, and developed in response to the legislature's creation of the Hawaii Natural Energy Institute (HNEI) in 1974 following an earlier "World Oil/Energy Crisis." In partnership with the UH, The technology developed and employed by CDI involves "Flash Carbonization" a controlled pyrolysis process – a technology solution to efficiently and responsibly convert various waste streams into useful carbon products, with negligible environmental impacts or pollution.

As explained by the chair of the EDB Committee, prior to forwarding as an HD1, the primary purpose of this bill was to notify affected participants of the sunset provisions of certain HRS Sections one (1) year in advance. The practical effect of the draft language is to REPEAL ACTS 215 and 221 - 2 YEARS IN ADVANCE OF ITS ORIGINAL SUNSET DATES!

Given the broad spectrum of credits and exemptions "on the chopping block," the negative effects of this measure will substantially raise taxes and hurt every employee, union member and virtually all local businesses in our state. Enactment of this Bill in any form, will negate any "good intentions" of ACT 215/221 Incentives to encourage business in Hawaii. Therefore, we strongly urge you to hold this bill in Committee.

Thank you very much.

Harry Kim  
Mayor



Edwin S. Taira  
Housing  
Administrator

County of Hawaii  
**OFFICE OF HOUSING AND  
COMMUNITY DEVELOPMENT**

50 Wailuku Drive • Hilo, Hawai'i 96720-2484  
V/TT (808) 961-8379 • FAX (808) 961-8685

March 27, 2008

**LATE**

The Honorable Marcus R. Oshiro, Chair  
The Honorable Marilyn B. Lee, Vice-Chair  
and Committee Members  
Committee on Finance

Twenty-Fifth Legislature  
Regular Session of 2008

SUBJECT: **Senate Bill 2829, SD2 HD1**  
Hearing Date: 03-27-08  
Time: 04:00 PM  
Conference Room: 308

The Office of Housing and Community Development (OHCD) strongly opposes sections of Senate Bill 2829, SD2 HD1 which establishes the repeal of all tax credits and exemptions, except for those pertaining to individual income tax, beginning in the 2009 taxable year. The OHCD strongly opposes repeal of:

- §235-110.8. The low-income housing tax credits (LIHTCs) are an important financing tool for low-income rental housing projects that would otherwise not be financially feasible.
- §237-29. The general excise exemption for certified housing projects, which provides a significant incentive to encourage the development of low-income rental housing projects.
- §241-4.7. The use tax exemption is another important tool to encourage the development of low-income rental housing projects.



EQUAL HOUSING OPPORTUNITY  
"HAWAII COUNTY IS AN EQUAL OPPORTUNITY  
PROVIDER AND EMPLOYER"

The Honorable Kyle T. Yamashita, Chair  
The Honorable Glenn Wakai, Vice-Chair  
and Committee Members


Page 2

March 27, 2008

The repeal of the tax credits and exemptions would have dire consequences on the development of low-income rental housing.

The financing of affordable, low-income rental housing has been severely hampered due to the current credit crisis in the private financing markets. The OHCD respectfully request the Committee to oppose the repeal of the above citations within SB 2829, SD2 HD1.

Thank you for the opportunity to provide testimony.

  
\_\_\_\_\_  
Edwin S. Taira  
Housing Administrator

# L'amour Wedding / Bridal Salon

Anchor Square Center  
222 Papalaua St. Suite #221  
Lahaina, HI 96761

Local phone: (808) 667-5822 Toll-free#: (800) 886-5313  
(808) 667-5811 fax

Website: [www.lamourwedding.com](http://www.lamourwedding.com)  
Email: [formalwear@lamourwedding.com](mailto:formalwear@lamourwedding.com)

**LATE**

Thursday, March 27, 2008; 4:00 p.m.  
Conference Room 308  
(Agenda #3)

**RE: SENATE BILL NO. 2829 SD2 HD1 RELATING TO TAXATION**

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

Aloha, my name is Geanelli Lewis and I am the Managing Partner of L'amour Wedding / Bridal Salon, a company that employs 3 employees. I am writing today in opposition of SB 2829, SD2, HD1 relating to Taxation.

The measure requires the Department of Taxation and Department of Human Services to evaluate certain tax credits and tax exemptions and report to the Legislature. The bill also provides for the automatic repeal of the tax credits and exemptions. Finally, the measure provides for excessive amounts filed for tax refunds and credits.

While I understand that the legislature is concerned about tax credits and exemptions, I am concerned about the automatic repeal of the tax credits and exemptions. This may have a serious impact on business and the overall economy and comes at a time when the cost of doing business is going up and we are experiencing economic slowing. Many tax credits and exemptions help stimulate economic activity for start-up industries, or provide relief to existing industries, which in turn, pass down the savings to consumers.

Therefore, I ask that this bill be held until further study is conducted and the impacts to business are well understood before an automatic repeal is implemented.

Thank you for the opportunity to testify.

Sincerely,

  
Geanelli Lewis

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN OPPOSITION TO SB 2829, SD 2, HD 1, RELATING TO TAXATION

March 27, 2008

Via E Mail: [fintestimony@capitol.hawaii.com](mailto:fintestimony@capitol.hawaii.com)  
Representative Marcus P. Oshiro, Chair  
Committee on Finance  
State House of Representatives  
Hawaii State Capital, Conference Room 308  
415 S. Beretania Street  
Honolulu, HI 96813

**LATE**

Dear Chair Oshiro and Committee Members:

Thank you for the opportunity to testify in opposition to SB 2829, SD 2, HD 1, relating to taxation.

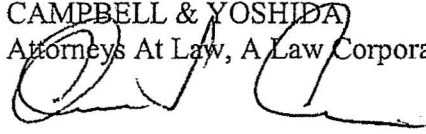
Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred fifty-three (353) member companies account for 93% of the life insurance premiums and 94% of the annuity considerations in the United States among legal reserve life insurance companies. ACLI member company assets account for 93% of legal reserve company total assets. Two hundred sixty-one (261) ACLI member companies currently do business in the State of Hawaii.

Effective on and after December 31, 2010, paragraph 1 of Section 2, of SB 2829, SD 2, HD 1, would repeal Section 237-24 (1), (2) and (3), Hawaii Revised Statutes. These provisions currently exempts (among other payments) amounts received under a life insurance policy by reason of the death of the insured, an annuity contract or a disability insurance policy.

ACLI generally believes that as a matter of public policy the State of Hawaii should encourage individuals to provide for the protection of members of their families and others who are dependent upon them for their financial support and well-being. If a family is unable to provide for their own protection and support in the event of a loved one's death, sickness or injury, the State will need to spend its scarce resources for these purposes. Taxing these benefits would hurt the consumer and his family. Accordingly, ACLI opposes this section of the Bill.

Again, thank you for the opportunity to testify in opposition to SB 2829, SD 2,  
HD 1.

CHAR HAMILTON  
CAMPBELL & YOSHIDA  
Attorneys At Law, A Law Corporation

A handwritten signature in black ink, appearing to read 'Oren T. Chikamoto', is written over the printed name and firm name.

Oren T. Chikamoto  
737 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
Telephone: (808) 524-3800  
Facsimile: (808) 523-1714  
E mail: [ochikamoto@chctlaw.com](mailto:ochikamoto@chctlaw.com)

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN OPPOSITION TO SB 2829, SD 2, HD 1, RELATING TO TAXATION

March 27, 2008

Via E Mail: [fintestimony@capitol.hawaii.com](mailto:fintestimony@capitol.hawaii.com)  
Representative Marcus P. Oshiro, Chair  
Committee on Finance  
State House of Representatives  
Hawaii State Capital, Conference Room 308  
415 S. Beretania Street  
Honolulu, HI 96813

**LATE**

Dear Chair Oshiro and Committee Members:

Thank you for the opportunity to testify in opposition to SB 2829, SD 2, HD 1, relating to taxation.

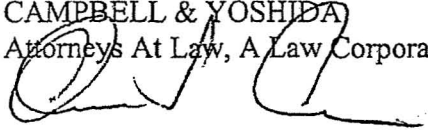
Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred fifty-three (353) member companies account for 93% of the life insurance premiums and 94% of the annuity considerations in the United States among legal reserve life insurance companies. ACLI member company assets account for 93% of legal reserve company total assets. Two hundred sixty-one (261) ACLI member companies currently do business in the State of Hawaii.

Effective on and after December 31, 2010, paragraph 1 of Section 2, of SB 2829, SD 2, HD 1, would repeal Section 237-24 (1), (2) and (3), Hawaii Revised Statutes. These provisions currently exempts (among other payments) amounts received under a life insurance policy by reason of the death of the insured, an annuity contract or a disability insurance policy.

ACLI generally believes that as a matter of public policy the State of Hawaii should encourage individuals to provide for the protection of members of their families and others who are dependent upon them for their financial support and well-being. If a family is unable to provide for their own protection and support in the event of a loved one's death, sickness or injury, the State will need to spend its scarce resources for these purposes. Taxing these benefits would hurt the consumer and his family. Accordingly, ACLI opposes this section of the Bill.

Again, thank you for the opportunity to testify in opposition to SB 2829, SD 2,  
HD 1.

CHAR HAMILTON  
CAMPBELL & YOSHIDA  
Attorneys At Law, A Law Corporation



Oren T. Chikamoto  
737 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
Telephone: (808) 524-3800  
Facsimile: (808) 523-1714  
E mail: [ochikamoto@chctlaw.com](mailto:ochikamoto@chctlaw.com)



TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN OPPOSITION TO SB 2829, SD 2, HD 1, RELATING TO TAXATION

March 27, 2008

Via E Mail: [fintestimony@capitol.hawaii.com](mailto:fintestimony@capitol.hawaii.com)  
Representative Marcus P. Oshiro, Chair  
Committee on Finance  
State House of Representatives  
Hawaii State Capital, Conference Room 308  
415 S. Beretania Street  
Honolulu, HI 96813

**LATE**

Dear Chair Oshiro and Committee Members:

Thank you for the opportunity to testify in opposition to SB 2829, SD 2, HD 1, relating to taxation.

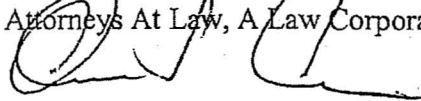
Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred fifty-three (353) member companies account for 93% of the life insurance premiums and 94% of the annuity considerations in the United States among legal reserve life insurance companies. ACLI member company assets account for 93% of legal reserve company total assets. Two hundred sixty-one (261) ACLI member companies currently do business in the State of Hawaii.

Effective on and after December 31, 2010, paragraph 1 of Section 2, of SB 2829, SD 2, HD 1, would repeal Section 237-24 (1), (2) and (3), Hawaii Revised Statutes. These provisions currently exempts (among other payments) amounts received under a life insurance policy by reason of the death of the insured, an annuity contract or a disability insurance policy.

ACLI generally believes that as a matter of public policy the State of Hawaii should encourage individuals to provide for the protection of members of their families and others who are dependent upon them for their financial support and well-being. If a family is unable to provide for their own protection and support in the event of a loved one's death, sickness or injury, the State will need to spend its scarce resources for these purposes. Taxing these benefits would hurt the consumer and his family. Accordingly, ACLI opposes this section of the Bill.

Again, thank you for the opportunity to testify in opposition to SB 2829, SD 2,  
HD 1.

CHAR HAMILTON  
CAMPBELL & YOSHIDA  
Attorneys At Law, A Law Corporation



Oren T. Chikamoto  
737 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
Telephone: (808) 524-3800  
Facsimile: (808) 523-1714  
E mail: ochikamoto@chctlaw.com

TESTIMONY OF THE AMERICAN COUNCIL OF LIFE INSURERS  
IN OPPOSITION TO SB 2829, SD 2, HD 1, RELATING TO TAXATION

March 27, 2008

Via E Mail: [fintestimony@capitol.hawaii.com](mailto:fintestimony@capitol.hawaii.com)  
Representative Marcus P. Oshiro, Chair  
Committee on Finance  
State House of Representatives  
Hawaii State Capital, Conference Room 308  
415 S. Beretania Street  
Honolulu, HI 96813

**LATE**

Dear Chair Oshiro and Committee Members:

Thank you for the opportunity to testify in opposition to SB 2829, SD 2, HD 1, relating to taxation.

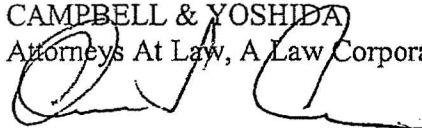
Our firm represents the American Council of Life Insurers ("ACLI"), a national trade association whose three hundred fifty-three (353) member companies account for 93% of the life insurance premiums and 94% of the annuity considerations in the United States among legal reserve life insurance companies. ACLI member company assets account for 93% of legal reserve company total assets. Two hundred sixty-one (261) ACLI member companies currently do business in the State of Hawaii.

Effective on and after December 31, 2010, paragraph 1 of Section 2, of SB 2829, SD 2, HD 1, would repeal Section 237-24 (1), (2) and (3), Hawaii Revised Statutes. These provisions currently exempts (among other payments) amounts received under a life insurance policy by reason of the death of the insured, an annuity contract or a disability insurance policy.

ACLI generally believes that as a matter of public policy the State of Hawaii should encourage individuals to provide for the protection of members of their families and others who are dependent upon them for their financial support and well-being. If a family is unable to provide for their own protection and support in the event of a loved one's death, sickness or injury, the State will need to spend its scarce resources for these purposes. Taxing these benefits would hurt the consumer and his family. Accordingly, ACLI opposes this section of the Bill.

Again, thank you for the opportunity to testify in opposition to SB 2829, SD 2,  
HD 1.

CHAR HAMILTON  
CAMPBELL & YOSHIDA  
Attorneys At Law, A Law Corporation

A handwritten signature in black ink, appearing to read 'Oren T. Chikamoto', written over the printed name of the attorney.

Oren T. Chikamoto  
737 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
Telephone: (808) 524-3800  
Facsimile: (808) 523-1714  
E mail: ochikamoto@chctlaw.com



Oahu Ethanol  
CORPORATION

March 25, 2008

The Honorable Representative Marcus Oshiro, Chair and Members of the Committee on Finance

~~2529~~  
2529

RE: HB ~~2529~~ HD1 Relating to Taxation

Chairperson Oshiro and Members of the Committee on Finance, my name is Daniel KenKnight and I am President and Chief Executive Officer of Oahu Ethanol Corporation and Managing Member of Ethanol Research Hawaii, LLC, companies that have for the past several years been engaged in the business of developing an ethanol plant on Oahu and pursuing local feedstock resources for that plant.

OEC/ERH opposes SB 2529 HD1's December 31, 2012 automatic repeal of the Ethanol Facility Tax Credit, HRS Section 235-110.3. While I understand that the intent of this bill is to find ways to reduce government expenditures and eliminate unnecessary or ill-conceived state tax credits the actual effect of passing HB2529 is to cripple the efforts of my company and several others that have spent millions of dollars developing ethanol projects that will benefit the state by reducing its dependence on imported petroleum fuel and revitalize Hawaii agriculture and related jobs. When the Ethanol Facility Tax Credit was first proposed several extensive cost-benefit analysis were performed by independent sources reporting to the legislature and DBEDT. The results showed that the State would receive a net gain in revenue. In addition, the Ethanol Facility Tax Credit language requires that the investment, construction and successful operation of the ethanol plant be demonstrated prior to the distribution of any credits.

The passage of this bill will stop all of OEC/ERH's current and future investment in biofuels and renewable energy in Hawaii as our financial partners have invested in our projects based on the availability of this credit.

Thank you for this opportunity to present testimony in OPPOSITION to SB 2529 HD1.

Sincerely,

Daniel KenKnight  
President/Managing Member  
Oahu Ethanol Corporation/Ethanol Research Hawaii, LLC