

STAND. COM. REP. NO.

212

Honolulu, Hawaii

FEB 19 2009

RE: S.B. No. 1299  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Madam:

Your Committee on Economic Development and Technology, to which was referred S.B. No. 1299 entitled:

"A BILL FOR AN ACT RELATING TO ADVANCED FLIGHT SIMULATOR TRAINING,"

begs leave to report as follows:

The purpose of this measure is to include businesses engaged in providing advanced flight simulator training for pilots, dispatchers, mechanics, or air traffic controllers as a qualified business for purposes of the enterprise zone laws.

Testimony in support of this measure was submitted by Former Governor George Ariyoshi, the Department of Business, Economic Development, and Tourism, the Hawaii Community College, Enterprise Honolulu, Global Aeronautics LLC, and the Boeing Company. Comments on this measure were submitted by the Department of Taxation. Written testimony presented to your Committee is available for review on the Legislature's website.

Your Committee finds that including businesses engaged in advanced flight simulator training as a qualified business for enterprise zone purposes will attract investment and promote growth of that industry in Hawaii. Your Committee also finds that requiring that the investment be made in a designated enterprise zone will help to revitalize some of the economically distressed communities in Hawaii.



Your Committee received a fiscal impact statement from the Department of Taxation that this measure, as introduced, would result in an annual revenue loss to the State of \$210,000. Their methodology is as follows:

The Department of Taxation estimates that there would be seven flight training schools located in Hawaii and that each training school would average an annual general excise tax liability of \$30,000, thus a total general excise tax loss to the State of \$210,000 each year.

Your Committee has asked the Department of Taxation to work jointly in producing an economic benefits analysis to reflect a more balanced evaluation of the economic activity to be generated through this measure. Ramsey R. Pedersen, the Special Assistant for Program Development at Honolulu Community College, estimates that an advanced flight simulator training center located at Honolulu International Airport would cost approximately \$3,500,000. The training center would employ approximately four technicians, five flight trainers, one manager, one business accountant, two maintenance staff, and two clerical staff, for a total of fifteen new jobs. Mr. Pedersen further estimates that a typical client for advanced flight simulator training would pay between \$85,000 and \$103,000, depending upon the client's training specifications. Mr. Pedersen states that Hawaii has an opportunity to become a leader in world-class technologically advanced and integrated flight-training for global clients.

Your Committee has amended this measure by changing the effective to July 1, 2050, to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Economic Development and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1299, S.D. 1, and be referred to the Committee on Ways and Means.



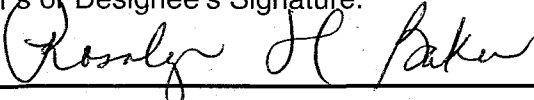
Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development and Technology,

  
CAROL FUKUNAGA, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Economic Development and Technology**  
**EDT**

Bill / Resolution No.:* <b>SB 1299</b>	Committee Referral: <b>EDT, WAM</b>	Date: <b>2-13-08</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
HEE, Clayton				✓
IGE, David Y.	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes