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DEPARTMENT OF TAXATION
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**HOUSE COMMITTEE ON FINANCE
TESTIMONY REGARDING HB 1451 HD 1
RELATING TO TAXATION**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 26, 2009
TIME: 2PM
ROOM: 308

As amended by the House Committee on Economic Revitalization, Business & Military Affairs, this measure extends the high technology business investment tax credit (Act 221), the research credit, and technology infrastructure renovation credit to 2015. This measure also caps the amount of investment credits that can be generated per qualified high technology business and in the aggregate. The measure also creates a review board to decide certification issues before the Department.

The Department of Taxation (Department) **prefers the approach in HB 1157, which provides a more workable cap on the high technology business investment tax credit. The Department opposes any unbudgeted revenue loss and provides comments.**

I. SUPPORT FOR HIGH TECH BUSINESSES

The Department and the Administration support the use of tax incentives to assist with the development of Hawaii's high tech industry. Act 221 has been effective in encouraging local and out-of-state investment in Hawaii's high tech businesses.

The importance of promoting innovation and research-based activities was recognized with the enactment of several ground-breaking tax credits and programs intended to promote growth in technology and other innovation-related sectors. Beginning with Act 178, Session Laws of Hawaii 1999, the State vigorously encouraged the development of high technology businesses in order to further diversify its economy, attract former residents to return home, and develop business sectors with better paying jobs.

Act 178 was followed by Act 221, Session Laws of Hawaii 2001, which provided for what is believed to be the only one hundred percent tax credit available for investments into businesses

conducting high technology research-related activities. Act 221 provided financial backing for these companies by attracting capital from both local and out-of-state sources through government incentives. Recognizing the amount the State has invested in these companies through tax incentives to date, coupled with the viability these companies demonstrate as promising profitable ventures, it is important that the State maintain its commitment to making Hawaii a high technology hub of the future for the sake of its overall economy, which is overly tourism- and real estate-based.

II. EXTENDING THE ACT 221 INCENTIVES.

It is important to point out that the high technology business investment tax credit is the most expensive credit to the State. At the same time; however, it has also effectively generated substantial investments into the local economy. The Department does not support repealing or extending Act 221; only modifying it to improve budget planning. There is a need for tax incentives to assist fledgling high technology business. At the same time; however, it is important to provide incentives responsibly by instituting, among other things, transparency and caps. The Department recommends its measures, HB 1156 and HB 1157 for making the credit more fiscally prudent.

III. ADOPT THE CAP FRAMEWORK IN HB 1157

The Department strongly recommends that the cap framework set forth in HB 1157 is the preferred approach.

THE DEPARTMENT'S CAP PROCEDURES—HB 1157 preserves the State's commitment to diversifying Hawaii's economy with a booming high technology industry by maintaining the current structure of the one hundred percent investment tax credit; however capping the amount of credits that may be generated. However, the cap per qualified high technology business should be reduced to \$3 million. The attached spreadsheets show that the majority of jobs and revenue-producing companies received less than \$3 million in investments in 2007.

By implementing this cap, the State will be better able to insulate the general fund from unpredictable drains in revenue due to volatile credit claims. From a budgeting perspective, knowing the maximum amount of liability the State will be forced to fund allows for predictability, especially in such trying times.

HB 1157 establishes a credit placement procedure that allows qualified high technology businesses to apply for credit allotment from the Department of Taxation. Allotments will be determined on a first-come, first-served basis, which eliminates any subjectivity in choosing which companies are allotted the tax credits. The procedure also creates three allotment periods for investment. After applying for credits, eligible businesses will take the allotment to the investment community to raise money from investors who are assured that tax credits are available.

The maximum amount of credits will be approximately \$80,000,000 per year, divided amongst the periods with an aggregate cap of \$160,000,000 for the remainder of the credit, which is set to expire at the end of 2010.

In order to ensure an orderly allotment of credits, HB 1157 establishes checks to ensure that the allotment is not exhausted by companies seeking to maximize credits without the ability to subsequently raise sufficient investment dollars. An eligible business that fails to place ninety percent of the allotted credits is precluded from receiving allotments in the next allotment period. In light of these parameters, it is expected that economics and free market principles will control credit requests. Also, in order to ensure all possible credits budgeted can be claimed, any unused credits from an allotment period can be carried forward to subsequent periods until the credit expires.

Within thirty days from the close of an allotment period, eligible businesses will be required to report to the Department the amount of funds invested and credit confirmation will be issued by the Department to taxpayers.

Lastly, to ensure that credits for investments are being given to legitimate high technology companies, all credit allotments remain subject to audit and review.

However, in the alternative, the Department does support creation of a board as outlined in the bill. The Department is willing to work with the Committee and industry to address some of the technical issues with the board that are presented with the current bill.

HB 1157 WAS DEVELOPED WITH THE INDUSTRY'S ASSISTANCE—The Department believes it is important that the general concept of HB 1157, including the per-qualified high technology business cap, was developed with the assistance and input of the high tech industry that benefits from this credit. Though the industry may not agree with the policy of this measure, the industry has been given the opportunity to help shape how the procedures in this measure will be implemented because they are the ones that will be using these procedures.

DATA SHOWS A REASONABLE CAP WILL NOT ADVERSELY AFFECT THE COMPANIES—For the Committee's consideration, the following data are offered. This data shows that the cap per qualified high technology business at \$10 million will have little or no impact on Hawaii high tech jobs. As can be seen by the following charts, companies receiving less than \$3 million in investments employ a majority of the employees.

Category of Investment Received	# of QHTBs	Total Investment (\$)	Hawaii Revenue (\$)	Hawaii Expenses (\$)	Hawaii Payroll Expenses (\$)
>= \$ 10,000,000	4	166,056,728	23,616,188	112,327,964	8,292,568
\$5,000,000 - < \$10,000,000	6	41,774,198	4,103,824	26,216,072	6,725,395
\$3,000,000 - < \$5,000,000	12	45,998,693	5,553,047	39,836,011	12,050,117
< \$3,000,000	155	53,304,609	172,571,921	206,163,150	99,933,943
TOTAL	177	307,134,228	205,844,980	384,543,197	127,002,023

Category of Investment Received	# of QHTBs	Total Investment (\$)	Hawaii Independent Contractor (Scientific & Technical) (\$)	Hawaii Independent Contractor (Performing Arts) (\$)	Hawaii Independent Contractor (Other) (\$)
>= \$ 10,000,000	4	166,056,728	233,014	51,338,423	329,401
\$5,000,000 - < \$10,000,000	6	41,774,198	56,060	2,162,863	9,086,425
\$3,000,000 - < \$5,000,000	12	45,998,693	742,353	169,536	6,550,377
< \$3,000,000	155	53,304,609	13,838,244	1,556,335	7,925,295
TOTAL	177	307,134,228	14,869,671	55,227,157	23,891,498

Category of Investment Received	# of QHTBs	Total Investment (\$)	2007 Full-time Employees	2007 Part-time Employees	2007 Temporary Workers	2007 Independent Contractors
>= \$ 10,000,000	4	166,056,728	137	10	7	922
\$5,000,000 - < \$10,000,000	6	41,774,198	27	1	399	121
\$3,000,000 - < \$5,000,000	12	45,998,693	155	14	12	137
< \$3,000,000	155	53,304,609	1,131	129	223	938
TOTAL	177	307,134,228	1,450	154	641	2,118

Category of Investment Received	# of QHTBs	Total Investment (\$)	2007 Research & Development Credit (HRS 235-110.91) (\$)
>= \$ 10,000,000	4	166,056,728	246,555
\$5,000,000 - < \$10,000,000	6	41,774,198	1,212,806
\$3,000,000 - < \$5,000,000	12	45,998,693	1,791,838
< \$3,000,000	155	53,304,609	11,598,320
TOTAL	177	307,134,228	14,849,519

IV. ACT 221 REVIEW BOARD

The Department supports the intent of creating an oversight board for Act 221 purposes. However, the Department has concerns with how it will be implemented. The Department would like to work with the Committee and the Legislature on possible scenarios and solutions on how this board will assist with Act 221 administration.

V. REVENUE IMPACT

The Department has concerns with any potential unbudgeted revenue loss with this measure's extension of Act 221. The Department acknowledges that the credit is now capped in the aggregate. However, until the Department learns of the cap amounts, it opposes any unbudgeted revenue loss that may arise.

TAXBILLSERVICE

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TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, High technology tax credit qualifications

BILL NUMBER: HB 1451, HD-1

INTRODUCED BY: House Committee on Economic Revitalization, Business, & Military Affairs

BRIEF SUMMARY: Amends HRS section 235-110.51 to extend the expiration of the technology infrastructure renovation tax credit from December 31, 2010 to December 31, 2015.

Amends HRS section 235-110.9 to provide that the aggregate amount of high technology business investment tax credits claimed by taxpayer for investment in a single high qualified high technology business in a taxable year shall not exceed \$10 million. Also provides that the aggregate of credits that may be claimed by all taxpayers for investment in qualified high technology business in a taxable year shall not exceed \$_____. Also extends the expiration of the high technology business investment tax credit from December 31, 2010 to December 31, 2015.

Amends HRS section 235-110.91 to: (1) provide that if IRS section 41 is repealed or terminated prior to January 1, 2015, its provisions shall remain in effect for the purposes of Hawaii's income tax law, and (2) extend the expiration of the technology infrastructure renovation tax credit from December 31, 2010 to December 31, 2015.

Establishes a high technology business investment tax credit review board that shall review applicants for the high technology business investment tax credit who have been rejected by the department of taxation. The board shall cease to exist on July 1, 2021.

EFFECTIVE DATE: December 31, 2009

STAFF COMMENTS: The legislature by Act 178, SLH 1999, and Act 221, SLH 2001, enacted various tax incentives to encourage the development of high technology businesses in the state. The acts provided investment and research credits, as well as income exclusions, providing tax relief to high tech businesses and individuals associated with high tech businesses. While this measure proposes to extend the expiration of the: (1) technology infrastructure renovation tax credit (HRS section 235-110.51); (2) the high technology business investment tax credit (HRS section 235-110.9); and (3) the tax credit for research activities (HRS section 235-110.91), from December 31, 2010 to December 31, 2015, it perpetuates the financial drain on the state's revenues.

While the focus on high technology in the last few years is commendable, it fails to recognize that investments are made with the prospect that the venture will yield a profit. If the prospects for making a profit are absent, no amount of tax credit will attract investment. People do not invest to lose money. It should be remembered that until Hawaii's high cost of living can be addressed, all the tax incentives in the world will not make a difference in attracting new investment to Hawaii.

As one former Hawaii resident who has been a success in the field of high technology pointed out recently what will make Hawaii conducive to high tech businesses and it is: (1) entrepreneurs, not capital, that come first; (2) entrepreneurs coming from engineering schools and technology companies; (3) building a world class engineering school in Hawaii; (4) supporting internships at technology companies; (5) allowing our best children to go away to get a worldwide perspective; (6) not broadband passing through Hawaii that is a selling point; (7) that people fly direct and therefore is Hawaii's location in the middle of the Pacific an advantage?; (8) learning the rules of the game; (9) looking at Israel and learn from them; and (10) doing your own thing, being a copy cat does not work. At the heart of his remarks was the fact that in order to produce a high technology industry in Hawaii, those companies need to have access to institutions of higher education which are producing the people needed by the high technology industry. Without the academic synergy, Hawaii will never become a center for high technology activity. Thus, all of the tax incentives like this measure embodies will fall short of luring high technology firms to Hawaii.

Further, the tremendous tax burden, the draconian regulatory environment, and the dramatic increase in permitting and fees that go with the permitting process make Hawaii an unattractive place to do business. It should be remembered that while the high technology credits may look like a good incentive or enticement to undertake research activities in Hawaii, those who would conduct this research must live in the same high cost-of-living environment with which other taxpayers continue to struggle. Thus, the cost of maintaining those researchers will be higher than to do so where the cost of living is much lower. Let's not bet the farm on high technology without really understanding what makes this industry tick.

As evidenced by reports of businesses other than qualified high technology companies claiming these credits, before these credits are extended, as this measure proposes, a comprehensive evaluation of these credits should be performed to determine whether the credits are achieving their goal or creating yet another drain on the state's financial condition. Due to the dire condition of the state's financial condition, it is questionable whether we can afford these credit payouts.

Given the growing amount of high technology tax credits being claimed, nearly \$130 million for the most recent year reported, taxpayers find it incredible that lawmakers would even consider extending these credits given the gaping hole in the state budget that has budget makers slashing the state's safety net and health and social services programs. With declining revenues, every program from education to corrections to health services will be severely curtailed. If the state doesn't have the money to put textbooks in the schools why then do we need the highly touted, high-paying jobs the advocates for the industry promise? The next generation may not even know how to read given the cuts to the education budget.

Again, lawmakers must ask themselves whether or not this incentive is appropriate in these dire financial times. Given that there are many other proposals in the legislature to hike tax rates for either the general excise or net income taxes, taxpayers will find the continuance of these targeted business tax credits frightening. Frightening because these very lawmakers are supposed to represent the best interest of their constituents. Raising taxes on constituents while still handing out money to favored groups will engender the ire of constituents.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 26, 2009

H.B. 1451, H.D. 1 – RELATING TO
TAXATION

The Hawaii Government Employees Association opposes H.B. 1451, H.D. 1. We supported the original version of the bill, which imposed specific requirements to obtain the tax credits. For example, if a business that received a technology infrastructure tax credit moved out of Hawaii within five years of receiving the tax credit, 100% of the tax credit would be recaptured. In addition, to be eligible for the qualified research tax credit, the business must have increased its workforce by 10% for two consecutive years beginning after December 31, 2009. It also precluded a business from claiming the high technology business investment tax credit after December 31, 2008.

Any extension of Act 221, SLH, should contain the benchmarks in H.B. 1451 that demonstrate the tax credits are actually benefiting the State, while penalizing those who attempt to misuse them. The amendments contained in section 2 of H.B. 1451, H.D. 1 need to be strengthened by imposing a meaningful cap on the aggregate amount of credits claimed by taxpayers for investments in qualified high technology companies.

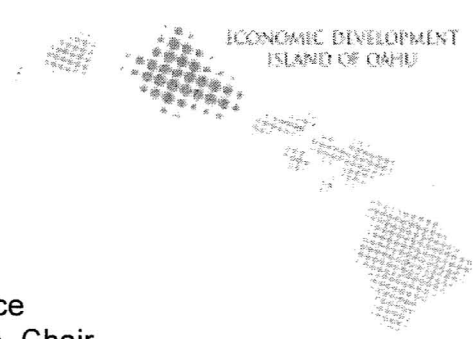
The state Department of Taxation recently estimated that the high technology tax credits cost the state an estimated \$747 million through 2007. Although qualifications for Act 221, SLH 2001 were tightened under Act 215, SLH 2004, the credits are still considered generous compared with those offered by other states. It is likely that at least a portion of the estimated gains in the technology sector would have occurred without the credits. Given the serious financial problems confronting the State, tax credits of all types deserve close scrutiny.

We are concerned that the costs associated with Act 221 exceed the benefits and may be wasting scarce resources that could be directed elsewhere. Without the tangible benchmarks in H.B. 1451 and a tight cap on the aggregate amount of credits, we cannot support this legislation. Thank you for the opportunity to testify in opposition to H.B. 1451, H.D. 1.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

Hawai'i State legislature
State Capital
Honolulu, Hawai'i 96813



**Testimony on
H.B. NO. 1451**

House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

February 26, 2009, 2:00 p.m., Conference Room 308

Re: Support the intent of H.B. 1451

Mr. Chairman & Members of the Committee, my name is Mike Fitzgerald, I am President & CEO of Enterprise Honolulu, Oahu's Economic Development Board.

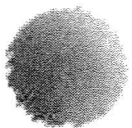
We support the intent of HB 1451 with cautions. We have supported Act 221 since January 2002 and we continue to support Act 221. If, in your wisdom, and circumstances necessitate modifying Act 221, we recommend that you take extreme care neither to harm the intent nor the basic purpose and incentives. Act 221 is playing a significant role in diversifying Hawaii's economy and is thus providing a 3 to 1 dollar return on state incentives.

Act 221 initiated and past by the Legislature in the late 90's was to provide incentives for local prosperous citizens to invest in what was then Hawaii's fledging tech industry.

Act 221 was then and is still good public policy that's resulting in growth and diversity of Hawaii's economy, the creation of excellent paying jobs, new exciting careers, new innovative products and services and eventually new export companies and wealth in Hawaii.

By Enterprise Honolulu's analysis there are now over 1,800 tech-innovation companies in Hawaii. There are over 30,000 tech jobs, averaging \$50,000 many pay much more.

The annual revenue generated by the combined tech sectors is over \$3B, which already equals the accommodations portion of the total annual tourism industry. The tech sectors are creating an additional pillar in Hawaii's economy - one that creates family wage jobs. Most of the employees are local young folks. Many of the employees are returning kama'aina. Act 221 has significantly helped stimulate and create these dynamics. There is some confusion and in a few instances purposeful obfuscation about the facts and value of Act 221.



**ENTERPRISE
HONOLULU**

THE BUSINESS CLIMATE OF PARADISE

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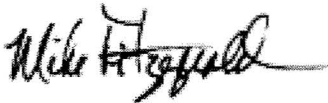
Enterprise Honolulu has assisted some of the Act 221 companies. Enterprise Honolulu has helped attract off shore investment for some. Enterprise Honolulu has been and continues to support Act 221 based on the results in terms of new investment and jobs created. It is working to benefit Hawai'i citizens, not just the investors.

Hawai'i has the highest percentage annual growth of high tech industries at 3.6 % growth between 2002-07 vs the U.S. National average growth of 1.8%. Hawai'i's tech growth progress has come from 43rd in 2002, to 39th in 2004, to 28 in 2007 in the Cyberstates Annual Report and the Miliken Institute's State Tech and Science Index.

"Hawai'i's ability to attract high quality human capital and financing has translated to a rapid rise of 11 spots in the overall ranking", said the report in 2007. Hawai'i ranked 5th in the U.S. in growth of tech jobs between 2005 and 2006, Hawai'i ranked fourth (overall) nationwide according to the 2007 Cyberstates report.

While Act 221 isn't the only reason for these impressive successes – it is doubtful that without Act 221 this would be happening. We need to keep Act 221 working for Hawai'i citizens if we are committed to a hopeful future for our young people. Thank you for the opportunity to comment on this bill.

Sincerely,

A handwritten signature in black ink that reads "Mike Fitzgerald". The signature is written in a cursive, flowing style.

Mike Fitzgerald
President & CEO



LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS
Since 1937

INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS AND ALLIED CRAFTS
OF THE UNITED STATES, ITS TERRITORIES AND CANADA, AFL-CIO, CLC

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Donovan K. Ahuna
Business Agent
IATSE Local 665

RE: Testimony in Strong Support of:
HB1451 HD1 - Relating to Taxation

Dear Chair, Vice Chair, and Members of the Committee,


Aloha, We are the Membership of the International Alliance of Theatrical Stage Employees Local 665, better known as the IA or IATSE, with over 300 Signatures from members as well as other Labor Unions, Private and Public, Vendors and Businesses that are currently working on projects (see attachment) that strongly supports HB1451 HD1.

Even now more than ever in these challenging times when we need to keep our people employed without a doubt Act – 221/215 HAS and IS creating JOBS – right now – for the working people of Hawaii, including my members of the IATSE. We are the technicians in the following crafts just to name a few – camera, sound, grips, electricians, special effects, make-up artists, set construction workers, etc..

“We Are The Union Behind Entertainment” and “This IS All We Do”

Thank you for the opportunity to provide these comments.

Mahalo,


Donovan K. Ahuna
Business Agent
IATSE Local 665

PRINT NAME:	SIGNATURE:	DEPARTMENT:
GUY BELEGAUD	Guy Belegaude	665
Milo Tierceall	Milo Tierceall	665
William Preston	William Preston	665
Jason Skaggs	Jason Skaggs	665
Cary Beall	Cary Beall	665
Andrew Calm Jr.	Andrew Calm Jr.	665
Andrew Panckue	Andrew Panckue	996
Chris Librie	Chris Librie	665
WANNON ROBERTS	Wannon Roberts	665
Freddy Kaluna	Freddy Kaluna	996
DONALD KAHANA	Donald Kahana	996
CHRIS BARNES	Chris Barnes	'LOST'
Jim Van Houten	Jim Van Houten	LOST
Salvador Anaya	Salvador Anaya	LOST
Steve Badillo	Steve Badillo	LOST
Michael Crowe	Michael Crowe	LOST
Mel Kamen	Mel Kamen	LOST/665
Edward Timony	Edward Timony	LLV/665
ALYCE FAHSHOLDT	Alyce Fahsholdt	665
Michael WPA	Michael WPA	996
SCOTT LIEB	Scott Lieb	665
Sami Tialiso	Sami Tialiso	PRIVATE SECURITY
Christopher Engichy	Christopher Engichy	PRIVATE SECURITY
JOELLE-LYN SWIK	Joelle-Lyn Swik	LOST
WALTER GOUWEIA JR	Walter Gouweia Jr	PRIVATE SECURITY
WALTER K. WONG	Walter K. Wong	LOST
BERNARD TOI LAM HO	Bernard Toi Lam Ho	LOST
FRANK S. LAUREN	Frank S. Lauren	665
JOHN E RINGGOLD Jr	John E Ringgold Jr	665
Keala Nakawaha	Keala Nakawaha	Ringside 665
Karin Kerstin	Karin Kerstin	Ringside 665
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Alka Jan	Alka Jan	Labor
PISSA N. DCI	Pissa N. DCI	665
Ronald Wong	Ronald Wong	665
DERRICK KUPRO	Derrick Kupro	665
Vicki J. Kane	Vicki J. Kane	996

	PRINT NAME:	SIGNATURE:	DEPARTMENT:	
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	Louie Freitas	<i>[Signature]</i>	Greens	IA
	Alwin Akai	<i>[Signature]</i>	Greens	IA
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	DAVID CATUBARA	<i>[Signature]</i>	PROPERTY	IA
	Paul Santos	<i>[Signature]</i>	Electric	IA
	Mike Sain	<i>[Signature]</i>	FX	IA
	Charita Basnila	<i>[Signature]</i>	Makeup	IA
	Susani Zaguirre	<i>[Signature]</i>	Wardrobe	IA
	AARON E. MOLLISAP	<i>[Signature]</i>	Wardrobe	IA
	Gole Chetney	<i>[Signature]</i>	GRIPS	IA
	Mark Kalaughev	<i>[Signature]</i>	Set Lighting	IA
	Ben Wenzel	<i>[Signature]</i>	Extra	
	EDWARD VAUGHN	<i>[Signature]</i>	ACTOR / STUD	
	Jonathan Shirley	<i>[Signature]</i>	Extra	
	Jeff Hummer	<i>[Signature]</i>	EXTRA	
	KURT SIMAFRANCA	<i>[Signature]</i>	LOST. GRIPS	IA
	Chris Puat	<i>[Signature]</i>	Lost Grip	IA
	KIM STOWELL	<i>[Signature]</i>	LOST/ACTOR	
	JASON MARUSL	<i>[Signature]</i>	LOST/SPR	
	Brian Matsumura	<i>[Signature]</i>	CAMERA	600
	Kevin Craven	<i>[Signature]</i>	Extra	
	Stan Cooper	<i>[Signature]</i>	EXTRA	
	STEPHEN BACQUET	<i>[Signature]</i>	Set Lighting	IA
	Kanoa Dablen	<i>[Signature]</i>	Set Dressing	IA
	Jon Mumpes	<i>[Signature]</i>	Sound	IA
	Andrew Childes	<i>[Signature]</i>	Set P.A.	DGA
	John M. H. Lee	<i>[Signature]</i>	Set Lighting	IA
	Roger Titompa	<i>[Signature]</i>	Set Lighting	IA
	Akoni Kaano'i	<i>[Signature]</i>	Set Lighting	IA
	RACER MOODY	<i>[Signature]</i>	Stand-In	IA
	Keola Su'a	<i>[Signature]</i>	Transportation	
	DIANE FRAUENHART	<i>[Signature]</i>	SCRIPT SUPERVISOR	
	Lance Hookano	<i>[Signature]</i>	Grip	IA
	W. Jennings Fowler	<i>[Signature]</i>	PROPERTY	IA
	Bred Berrghin	<i>[Signature]</i>	Actor	
	Carla Bowen	<i>[Signature]</i>	PRODUCTION	DGA
	FRANCIS CHAN	<i>[Signature]</i>	Actor	
	Anne Hoss	<i>[Signature]</i>	Costumes	IA
	Jon T. Dahl	<i>[Signature]</i>	Transport	

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Keoua Koulu		Transportation
Niko Carter		Security
Earl Mitchell		Security
Bob Johnson		Elec.
Bruce Vollett		Grip
Harry Ladem		Production Mgr AD
DANA K SATO		Art
MARTIN L GREGUSOVA		Flt
Melody N. Low		GRIP
Aileen Joy Levy		GRIP
Tomoko Stagg		Coordinator
Earl Uyeno		Coordinator
Ryan Moriz		Medic
Pice Crum		Lighting
Scott Lisetor		grip
Don Tomuch		Lighting
JASON FRATIS		ELECTRIC
BRANDON PAGE		Coordinator
PAUL SMITH		GRIP
JAMES C LEVY		GRIP
ISKIA ROBINS		GREENS
Linda Lee		art dept
KAHUAKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruill		PROPS
Reuben Iao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		Prop
LEE KANEAKUA		Grip
PUNA TITCOMB		CS
Talissa Niko		LABORER
BRIAN COSTA		PROPS
Scott Ruggold		MEDIC

PRINT NAME:	SIGNATURE:	DEPARTMENT:	
Michael A Broady	<i>Michael A Broady</i>	Set Medic	IA
JAMES THURSTON	<i>James Thurston</i>	YES Grip	IA
Colin Jones	<i>Colin Jones</i>	Security	IA
Sonya Masinovsky	<i>Sonya Masinovsky</i>	PRODUCTION	DGA
Jim Kolm Jr	<i>Jim Kolm Jr</i>	PRODUCTION	IA
Steve Sluch	<i>Steve Sluch</i>	PROPS	IA
ROBERT UYEYAMA	<i>Robert UyeYama</i>	STAND IN	
KEITH FRANK	<i>Keith Frank</i>	Laborer	IA
KEONI MAANEIUA	<i>Keoni Maaneiua</i>	DRIVER	
Robert Anderson	<i>Robert Anderson</i>	Sound Mixer	IA
Tony Nagy	<i>Tony Nagy</i>	Camera	600
TORRY TUKUAFI	<i>Torry Tukuafi</i>	CAMERA	600
GLENN GRIMES	<i>Glenn Grimes</i>	GRIP	IA
MIKE SCHWABE	<i>Mike Schwabe</i>	GRIP	IA
LENN SARDINHA	<i>Lenn Sardinha</i>	Locations	
Charles Kramer	<i>Charles Kramer</i>	ELECTRIC	IA
LIZABETH MAGGINI-MACKAY	<i>Lizbeth Maggini-Mackay</i>	COSTUME	IA
Joey Vidal	<i>Joey Vidal</i>	PROP	
MATHIAS WESSINGER	<i>Mathias Wessinger</i>		IA
LARRY TERVEKA	<i>Larry Terveka</i>	DRIVER	
JACK BEAUFORD	<i>Jack Beauford</i>	Production Director	
John Griffiths	<i>John Griffiths</i>	TRUCKS	
NORMAN KAIS	<i>Norman Kais</i>	A.D.	DGA
A. HOWSE	<i>A. Howse</i>	Plugging (A/G) Grip	IA
JORGE GARCIA	<i>Jorge Garcia</i>	ACTOR	
SHANDLE MERSEBUNGH	<i>Shandle Mersebung</i>	SECURITY	
IAN TRAVERS	<i>Ian Travers</i>	LOCATIONS	
Gregory Dui Jr	<i>Gregory Dui Jr</i>	CAMERA	
SERGE NOFIELD	<i>Serge NoField</i>	CAMERA	IA
STAR PRANDAL	<i>Star Prandal</i>	ELECTRICIAN	
Peter Hill	<i>Peter Hill</i>	TRANSPORTATION	
Thornton Lukela	<i>Thornton Lukela</i>	Accounting	
Lenn Wenger	<i>Lenn Wenger</i>	Const.	
FRANK SLAUGHTER	<i>Frank Slaughter</i>	665	
Markus Kaahalo	<i>Markus Kaahalo</i>	665	
WILLIAM RISSO	<i>William Riso</i>	665	
LYLE GIBBS	<i>Lyle Gibbs</i>	CONTS.	
STANLEY JENNAR	<i>Stanley Jennar</i>	667	
MARY RASMUSSEN	<i>Mary Rasmussen</i>	LOCAL 44	
FRANCO KALINA	<i>Franco Kalina</i>	Driver	

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME:	SIGNATURE:	DEPARTMENT:
HENRY FORDHAM	[Signature]	FATSE 665
NATHANIEL E. DEARMORE	[Signature]	FATSE 665 / TEAMSTER 996
DANNE ANUNA	[Signature]	FATSE 665
Michael R. Kachowich	[Signature]	FATSE 665
Cory L. Bathke	[Signature]	FATSE 665
Drew DesJarlais	[Signature]	FATSE 665
ALLEN MOZO	[Signature]	FATSE 665, 600, SAG
Danell Tachihara	[Signature]	FATSE 665
Francis "Sonny" Julian	[Signature]	FATSE 665 / medic
Raegan Woolson	[Signature]	FATSE 665
Drew DesJarlais	[Signature]	FATSE 665, IBEW 1260
CHUS WICKING	[Signature]	FATSE 665, IBEW 1260
CHARLEY KAEQ	[Signature]	FATSE 665
CHRIS MORGAN	[Signature]	OP 412
Zachary Kim	[Signature]	665
Mike Weisbrod	[Signature]	665 / 600
KALIKO PALMIRA	[Signature]	665
DANIEL ROSNER	[Signature]	GR 1 665
Tiffany Cheng	[Signature]	Set PA - DGA
LUKAS SENO	[Signature]	FATSE 665
Sonya Balmores	[Signature]	SAG Actor
Oliver Canite	[Signature]	MODEL
Kelsey Campbell	[Signature]	Model
Nalani Pavele	[Signature]	Model
Kiya Lee	[Signature]	Wordrobe
Tani Fujimoto	[Signature]	actress/model
Caruldo Kato	[Signature]	665 / wardrobe
Kristy Romero	[Signature]	MODEL
Kelly Chinone	[Signature]	Performer
Sarah Inouye	[Signature]	model
Meredith Cardenas	[Signature]	model
Amber von Steep Bury	[Signature]	model
Sophia On	[Signature]	Actress
Alanna Yoshioka	[Signature]	model
CHELSEA RODRIGUES	[Signature]	Model
Makinana Aki	[Signature]	model
Aatila Tarata	[Signature]	Model
Eri Aihara	[Signature]	model
Sayaka Ogura	[Signature]	model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

Charlie Wata	Charles Wata	Model
Chantelle Sana	Chantelle Sana	Model
Jennifer Kennedy	Jennifer Kennedy	Talent
Justina de la Rosa	Justina de la Rosa	Talent/Model
RICHARD DRAKE	Richard Drake	PROP MASTER IAGGS
Samuel DARCHUCK	Samuel Darchuck	ART DEPT. IAGGS
KELLY WESTMILLER	Kelly Westmiller	ART DEPT. IAGGS
VSEVOLOD ULITSKY	Vsevolod Ulitsky	PRODUCTION
Shoto Kubo	Shoto Kubo	PRODUCTION
Wynke Maryu	Wynke Maryu	PRODUCTION
SHANNAN AVEGABER	Shannan Avegaber	PRODUCTION
ADRIANA J Colbert	Adriana J Colbert	1065/Hair
JOHNY SHIMABUKU	Johnny Shimabuku	cosmetologist
Paula Roberts	Paula Roberts	recpt Hair
KAMARIA YOUNG	Kamaria Young	SOUND STAGE
Abraham Isaac	Abraham Isaac	996
Bertram Brown	Bertram Brown	SPECIAL EFFECT
Archie Pakena	Archie Pakena	SPECIAL EFFECTS
Shave White	Shave White	SPECIAL EFFECTS
CHARLES RAYMOND	Charles Raymond	EFF
Fern A. Ahumada	Fern A. Ahumada	EFF
Jim Curtis	Jim Curtis	FLEET
Gene Dye	Gene Dye	GRIP
Tui Scanlan	Tui Scanlan	GRIP
Edward Haman	Edward Haman	Audio
DAN GARAB	Dan Garab	SOUND/VIDEO
WILLIAM E. JONES	William E. Jones	MAKEUP
Timothy Chinn	Timothy Chinn	PRODUCTION
Gregory Poi Jr	Gregory Poi Jr	Electric
STACY NEWHOUSE	Stacy Newhouse	STAGE SOUND
John Kendrick	John Kendrick	Prod/Stage Sound/Elec
WILLIAM DILLON	William Dillon	MAKEUP/HAIR/STAGE
Joel Carmichael	Joel Carmichael	Elec
RON EVANS	Ron Evans	PRODUCTION GRIP
John Q. Adams	John Q. Adams	set medic/Marine
DAVID WALLACE	David Wallace	Grip/STAGE Elec
Curtis Winsertor	Curtis Winsertor	Stage/Prod
Chuck Butler	Chuck Butler	Stage Prod
HARRY SAWYER	Harry Sawyer	Stage

PRINT NAME:	SIGNATURE:	DEPARTMENT:
James Kim Moore		Film + Stage
Robin Wilson		Trade Show
Darren Rodriguez		Trade Show
EVERETT GALISA		FILM
LARRY SMITH		FILM
Kay Carter	Kay Carter	FILM/STAGE
Ben Shaffer	Ben Shaffer	Film/Stage
Terri L. Laigo	Terri L. LAIGO	Film/STAGE
MATTHEW K. LYONS	Matthew K. Lyons	STAGE/Socials
ALEMA RYDER		STAGE
Melvin Pana	Melvin Pana	Film/Stage
Patrick W.K. Cazziano		STAGE/Rigging
PATRICK LUM		AUDIO
William Kostin		Stage hand
Edward Kostin		Cap Stagehand
Kim Shipton		CARP. Stage hand
Sandy Sandelin		Stagehand
Mark K. George	MARK K. GEORGE	PROPS
Charles Roberts		AUDIO
James Takahashi	James Takahashi	Grip, Construction
AL OMO		STAGE
Jim Murphy	Jim Murphy	STAGE
Joseph R. Dahlin III		
CAROL "CASEY" CAMERON	Carol Casey Cameron	Stage/Film
FASTER K LOGAN		STUD
JUDITH MATSUMOTO	Judith Matsumoto	WARDROBE
DOUG KISSEL		Trade Show
RICHARD F. HOUSETT		Construction Keys
PAUL KAHA CHUCK II	Paul Kaha Chuck II	ELEC. / CONST.
Jonathan Fess		STAGE / FILM
RONALD EVANS		STAGE / FILM
Wke Thompson		STAGE / FILM
JEFF LISO		STAGE / FILM
Kyley Kamm		STAGE
WILLMOORE	JOHN WILLMOORE	STAGE / FILM
Alexander Aranda		GLS STAFF

PRINT NAME:

SIGNATURE:

DEPARTMENT:

EKEHATI NIKO	<i>Ekehati Niko</i>	Driver
Andrew Parryke	<i>Andrew Parryke</i>	DRIVER
ELIZABETH BARTON	<i>Elizabeth Barton</i>	SCRIPT SUPERVISOR
J. Nick Porreca	<i>J. Nick Porreca</i>	Accounting
Shawn Julian	<i>Shawn Julian</i>	labor
Michael Julian	<i>Michael Julian</i>	labor
Makani Young	<i>Makani Young</i>	stage
Sean Bruzlin	<i>Sean Bruzlin</i>	Life Guard
Timothy Brennan	<i>Timothy Brennan</i>	Life Guard
EUGENE TEJERIZ	<i>Eugene Tejeriz</i>	Life Guard
NOAH WILLIAMS	<i>Noah Williams</i>	Security
Brian Julian	<i>Brian Julian</i>	labor
Kainoa Beapre	<i>Kainoa Beapre</i>	LABOR
Patrick Miller	<i>Patrick Miller</i>	labor
DUNCAN COSTA BRUM	<i>Duncan Costa Brum</i>	labor

Personal Testimony Presented before the
House Committee on Finance
Thursday, February 26, 2009, 2:00 p.m.
by
Ching Yuan Hu

HB 1451 HD1 - RELATING TO TAXATION

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

My name is Ching Yuan Hu, and I serve as the associate dean and associate director for research with the University of Hawaii at Manoa's College of Tropical Agriculture and Human Resources (CTAHR). I am pleased to provide personal testimony on HB 1451 HD1. This testimony does not represent the position of the University of Hawaii or CTAHR.

I strongly support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in more than \$1.2 billion invested in more than 333 Hawaii companies, which have already spent more than \$1.4 billion in Hawaii; it also have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Thank you for the opportunity to testify on this bill.

REAL-TIME GENOMICS, LLC

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Blair Stultz
President
Real-Time Genomics, LLC

RE: Testimony in Support of HB1451 HD1

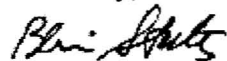
Aloha Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to testify on this bill. Real-Time Genomics strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Real-Time Genomics is developing an array reader for analyzing DNA. Our sector is in biotechnology with applications in military and commercial use. We have created four positions in our first year primarily in scientific research and engineering. Our plans include manufacturing our products locally for the national market. We need the investment opportunity created by the Act 221 to successfully fund our project over the next two years until we have a commercially viable product.

Sincerely,



Blair Stultz
President
Real-Time Genomics, LLC
808/247-6706
bearmach@hawaii.rr.com

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Mark Loughridge, President, Aloha Island Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Aloha Island Inc. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Aloha Island, Inc. is a digital media company that would not exist without Act 221. We hire local artists, engineers and programmers to develop software.

Sincerely,

Mark Loughridge
President
Aloha Island, Inc.
808.945.7745
info@alohaislandinc.com

ANALYTICAL PLANNING CONSULTANTS, INC.

928 NUUANU AVENUE, SUITE 502, HONOLULU, HAWAII 96817

PHONE: (808) 536-5695 FAX: (808) 599-1553

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Donald Clegg
President
Analytical Planning Consultants Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Analytical Planning Consultants Inc. (APC) strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- # more than \$1.2 billion invested in
- # more than 333 Hawaii companies
- # which have already spent more than \$1.4 billion in Hawaii
- # have paid more than \$228 million in salaries and job compensation in 2007 alone
- # at a cost to the state of less than \$450 million between 1999 and 2007.

Sincerely,

Donald Clegg
President
Analytical Planning Consultants Inc.
808 536-5695
apcdac@aloha.net

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Haralds Jass
President & CEO
Superb Development & Service Corp.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Superb Development & Service Corp. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

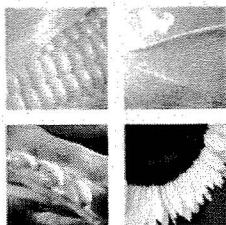
- * more than \$1.2 billion invested in
- * more than 333 Hawaii companies
- * which have already spent more than \$1.4 billion in Hawaii
- * have paid more than \$228 million in salaries and job compensation in 2007 alone
- * at a cost to the state of less than \$450 million between 1999 and 2007.

SD&SC has started business in Hawaii just in February of 2009, and a significant reason behind our costly and time-consuming move from Vancouver, BC, Canada to Honolulu, Hawaii was precisely the Act 221/215 high technology tax credits. We are adding 2-4 new advanced software developer jobs per month, and expect to grow many fold this year, creating 10 or more well-paid local developer jobs (and another 10+ new advanced systems administration and such jobs via our affiliates).

Sincerely,



Haralds Jass
President & CEO
hjass@superb.net
808-544-0333



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 1451hd1, Relating to Taxation,
House FIN Committee - Thursday, Feb. 26, 2009
Room 308, 2:00 pm – Agenda #5

HCIA 2008-2009 Board of Directors

President
Adolph Helm

Vice President
Fred Perlak

Treasurer
John Anderson

Secretary
Ailika Napier

Directors At Large

Mike Austin
Ray Foster
David Gilliland
Cindy Goldstein
Laurie Goodwin
Kirby Kester
Paul Koehler
Leslie Poland
Martha Smith
Mark Stoutemyer
Jill Suga

Past President
Sarah Slyan

Executive Director
Alicia Maluafiti

Position: Support

Chair Oshiro, and Members of the House FIN Committee:

My name is Alicia Maluafiti, Executive Director of the Hawaii Crop Improvement Association. The Hawaii Crop Improvement Association (HCIA) is a nonprofit trade association representing the agricultural seed industry in Hawaii. Now the state's largest agricultural commodity, the seed industry contributes to the economic health and diversity of the islands by providing high quality jobs in rural communities, keeping important agricultural lands in agricultural use, and serving as responsible stewards of Hawaii's natural resources.

HCIA member companies do not participate in technology R&D and infrastructure renovations tax credits and exemptions. We strongly believe that such tax credits and exemptions are necessary to stimulate long-term economic growth in the science, innovation and technology industries.

We support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries".

The Department of Taxation's comprehensive study of the Act 221 Investment Credit (September 2008) concluded that the benefits of Act 221 have far exceeded its costs. For example, the 333 – ACT 221 technology and media companies created more than 4,000 employee and independent contractor jobs, which paid more than \$228 million in salary and other compensation in 2007 alone.

Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. In a time of economic recession and a slowdown in tourism, our economy needs Act 221 now more than ever to stimulate and diversify our economy.

Thank you for the opportunity to testify on this measure.



Pacific Aquaculture and Biotechnology LLC

91-329 Kauhi Street Unit B-2, Kapolei, Hawaii 96707

Phone: 808 386-4489 (Oahu), 808 334-9737 (Kona)

DATE: February 26, 2009

TIME: 2:00 pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Joseph Tabrah
President
Pacific Aquaculture and Biotechnology LLC

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Pacific Aquaculture and Biotechnology LLC strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Our company has recently completed here in Hawaii a seven year development program resulting in specific pathogen free stocks of penaeus monodon shrimp. We are now in the process of establishing selectively bred lines of these shrimp for commercialization. In the past 12 months the company has grown from two to eleven employees. Pacific Aquaculture and Biotechnology is actively negotiating with local partners to raise capital under the terms of acts 215/221 to provide for the expansion of facilities at NELHA to provide sufficient infrastructure to support commercial production of shrimp broodstock from these selectively bred lines. These commercial operations will employ upwards of 30 people. Acts 215 and 221 provide one of the few avenues we have encountered here

in Hawaii to raise capital to support the growth of technology based companies such as ours.

Thank you for the opportunity to testify on this important bill.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form the name 'Joseph Tabrah'.

Joseph Tabrah
President
Pacific Aquaculture and Biotechnology LLC
808 386 4489/808 334 9737
jtabrah@pabllc.biz



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Harry Jackson
President & CEO
Ocean Engineering and Energy Systems, Inc.

RE: Testimony in Support of HB1451 HD1

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

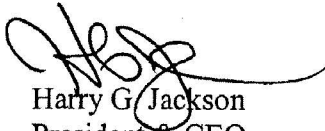
Thank you for the opportunity to testify on this bill. Ocean Engineering and Energy Systems, Inc., strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Our small business company is in the renewable energy sector providing local opportunity to develop and commercialize Ocean Thermal Energy Conversion technologies for Hawaii and other locations. Since we are in the early start-up phase of establishing our corporate presence and marketing our technology/ability to build these projects that provide electricity, fresh water and seawater air conditioning, Act 221/215 is our life source to provide the funding to keep our company operating! Act 221/215, in its current format, makes investors excited about investing in our technology and it gives them a stronger incentive to make an investment here in Hawaii with our company

instead of going somewhere else like Nevada, Texas or North Carolina to invest their dollars.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Jackson', with a long horizontal flourish extending to the right.

Harry G. Jackson
President & CEO
Ocean Engineering and Energy Systems, Inc.

808-954-6020

hjackson@ocees.com



CERTIFIED PUBLIC ACCOUNTANTS

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

RE: Testimony in Support of HB1451 HD1

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

My name is Kent K. Tsukamoto and I am the managing partner of Accuity LLP, a Hawaii based, full service CPA firm with more than 90 employees. Thank you for the opportunity to testify on this bill. Accuity LLP strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Accuity LLP is the successor firm to PricewaterhouseCoopers and Coopers in Lybrand in Hawaii. It is one of the largest full service CPA firms in Hawaii and is highly involved with assisting numerous companies that have benefited from the provisions of Act 221/215. Significant changes to the existing provisions would negatively impact these companies, their employees and families in Hawaii.

Thank you for the opportunity to testify.

Sincerely,

Kent K. Tsukamoto

Kent K. Tsukamoto

Managing Partner

Accuity LLP

999 Bishop Street, Suite 1900 | Honolulu, HI 96813-4427

☎: 808.531.3462 | 📠: 808.531.3433 | ✉: kent.tsukamoto@accuityllp.com Private Fax 808.531.3478

Pursuant to the provisions of Treasury Circular 230 and comparable State law, any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or any comparable state law, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.



1288 Ala Moana Blvd, Suite 201
Honolulu, Hawaii 96814
Phone: (808) 692-0046
Fax: (808) 524-0766

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Bert A. Kobayash
Chairman/CEO, Kobayashi Development Group LLC

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. **Kobayashi Development Group LLC** strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Thank you for the opportunity to testify.

Sincerely,

Bert A. Kobayashi
Chairman/CEO
Kobayashi Development Group LLC
Phone: 692-0046
Email: bak@kobayashi-group.com



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Charles M. Brotman

Title: owner

Companies: Charles Michael Brotman Music, LLC; MIX808

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Charles Michael Brotman Music LLC and MIX808 strongly support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

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- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

I would like to provide you with testimony concerning the beneficial impact of Act 221 on two Hawaii businesses: Charles Michael Brotman Music LLC, and MIX808. First, a bit of background: I am composer, producer, performer, recording studio owner, record company owner, and have been in the music business in Hawaii for over 25 years. I started Palm Records on the Big Island over 10 years ago with partners, and our catalogue includes slack key guitar CDs, albums by Kohala, Sonny Lim, Jeff Peterson and several other Hawaiian music artists. The catalogue also includes "Slack Key Guitar Volume 2", the first CD to win a Grammy in the Hawaiian music category. Our CDs are distributed in Hawaii, on the mainland, in Japan, and on most digital download websites such as iTunes.

I do music production at my Big Island Recording studio (www.lavatracks.com) under my company, Charles Michael Brotman Music LLC, and a company we have just started, MIX808 (www.mix808.com), was formed to create recording projects that will result in recording careers for local artists. In the case of both companies, the invested funds are immediately spent here in Hawaii on production and talent. As a result of the investment, and subsequent music recordings, there will be multiple income streams to Hawaii from abroad for our label, the artists, the composers and publishers, and our investors. The investments in both companies would not have been possible without Act 221.

Thank you for the opportunity to testify on this important bill.

Sincerely,



Charles Michael Brotman
Owner: Charles Michael Brotman Music, LLC
Partner: MIX808
(808) 885-6558
cb@lavatracks.com

Shinkawa Limited

1481 S. King Street #201, Honolulu, Hawaii 96814, 808-947-9475, Fax 808-949-3229, onlinesurf@yahoo.com

2/25/09

FAX to: 808-586-6001

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Paul Shinkawa, Vice President

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Shinkawa Limited strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in: more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Thank you for the opportunity to testify on these important bills.

Sincerely,


Paul Shinkawa



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Allen R Koenig, President & CEO, Claim Check

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on these bills.

Claim Check supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Claim Check is a software development technology company that has patent pending technology that will have a direct affect on the future claims management industry. We need the benefits of Act 221/215 to secure the financial strength to develop and market our unique services. Upon securing the necessary funding, we project the hiring of at least 3 executive level, 5 mid-management level, 5 technical level, and 8 support level employees within 3 months of funding. Our growth plans will provide up to 38 new jobs by the end of our 2nd year of operations.

Please do not force my company to seek opportunities outside of Hawaii.

Thank you for the opportunity to testify on this important bill.

Sincerely,

Allen R. Koenig, BSN, RN

President & CEO, Claim Check
808-533-1776 Roy@ClaimProfile.com



Edutainment Resources, Inc.

美國教娛資源有限責任公司

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Lishan Chong
President & CEO
Edutainment Resources, Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Edutainment Resources, Inc. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Edutainment Resources, Inc. integrates digital media in education – specifically developing learning English as a second language (ESL) multimedia materials delivered via iPhone, DVD and Internet platforms to users around the world. We are headquartered in Hawaii and have been able to work with over 50 independent contractors during our peak production. We were the first company to launch ESL Apps (applications) in December 2008 on iPhone 3G and within weeks our ESL Apps were used by learners from over 30 countries. We are confident this initial strong response from the market will lead to revenue generation that in return will benefit our economy.

Since we started several years ago, we have been able to raise money through the Act 221 tax credit program to conduct R&D and product development. Although we have made significant progress, we still need additional capital to continue our development until enough revenue can be generated to sustain our operation. Without Act 221, we would not have been able to raise the funding to get us to where we are – closer to fruition of our hard work and a success that will benefit all of us in Hawaii!

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to be 'Lishan Chong', with a long horizontal stroke extending to the right.

Lishan Chong
President and CEO
808-778-6348
Lishan@EdutainmentResources.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:30 AM
To: FINTestimony
Cc: momalley@goodsill.com
Subject: Testimony for HB1451 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1451

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Michael J. O'Malley
Organization: Individual
Address: 1099 Alakea St., Ste. 1800 Honolulu, Hawaii 96813
Phone: 808-547-5836
E-mail: momalley@goodsill.com
Submitted on: 2/25/2009

Comments:

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Michael J. O'Malley
HB1451 HD1 - Relating to Taxation
Partner, Goodsill Anderson Quinn & Stifel LLP

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. I am a tax partner in Goodsill Anderson Quinn & Stifel LLP and am writing as an individual (and not on behalf of my firm) to express my strong support for HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department of Taxation in 2008, Act 221/215 has resulted in more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii and have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Sincerely,

Michael J. O'Malley
808-547-5836
momalley@goodsill.com

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Fritz M. Amtsberg
Title: Programs
Company Oceantronics, Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Oceantronics Inc. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Sincerely,

Fritz M. Amtsberg
Oceantronics, Inc.
Female Owned and Run
Small Disadvantaged Business
711 No. Nimitz Hwy.
Honolulu, HI 96817
Ph. 808-522-5600
Fax 808-522-5222
Cell 808-216-0256
Skype - oceantronics
web www.oceantronics.net
e-mail fritz@oceantronics.net

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 6:50 AM
To: FINTestimony
Cc: jreiss@peletex.com
Subject: Testimony for HB1451 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1451

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Jeff Reiss
Organization:
Address: P.O. Box 5070 Kahului, HI 96733
Phone: 808-249-0903 Ext. 2
E-mail: jreiss@peletex.com
Submitted on: 2/25/2009

Comments:

Our QHTB has benefited from the tax credit and we have received two US patents (with more to follow) for important environmental green technology that will benefit the planet and provide jobs in Hawaii.

Please support extension of Act 221/215.



MONSANTO HAWAII
2104 LAUWILIWILI STREET
BLDG. K, SUITE 101K
KAPOLEI, HAWAII 96707

February 26, 2009

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY IN SUPPORT OF
HB 1451

Chair Oshiro and committee members:

My name is Alan Takemoto, Community Affairs Manager, with Monsanto Hawaii.

We strongly support HB1451, HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever.

We support Act 221/215 as it provides an incentive program that energizes and attracts high technology companies to further invest in Hawaii that would otherwise have gone to other states. We strongly suggest that incentive programs like this need to be expanded, rather than eliminated or reduced.

The global economic meltdown means Hawaii needs to attract and draw new business in. When business is down, we should not reduce incentives and marketing efforts, we should increase our efforts to encourage investments into Hawaii. Similarly, while tourism is down, the Hawaii Tourism Authority recently reallocated millions of dollars to market Hawaii to the world. Hawaii needs strong business incentives like Act 221 so that it can be viewed as a business friendly state and not only a tourist destination.

In the larger perspective, we urge the legislature to look at ways on how Hawaii can attract and maintain new and existing businesses. We should be looking at other incentives that encourage businesses to increase more jobs into the state or increase investment during these difficult economic times.

We cannot afford reducing these incentives for businesses, especially Hawaii, where we are thousands of miles away from the nearest major market. Businesses are already hard pressed to make ends meet and every incentive mechanism will encourage them to remain in Hawaii.

Thank you for allowing us to testify.



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Todd J. Robertson
President/CEO
Hyperspective Studios, Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Hyperspective Studios strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Hyperspective Studios produces media, specializing in 3D animation, video, Internet applications, interactive materials and games. The company currently has four employees, but intends to greatly expand its employee base this year in development of an animated children's show with an educational focus. Hyperspective intends to be a strong part of a growing animation industry and is focused on developing new jobs and a strong, sustainable business in the State of Hawaii. Our company will not have a chance at success without Act 221 incentives in place, and would therefore not have the ability to offer jobs to Hawaii graduates. Furthermore, the majority of our current client-base are companies that only exist due to the Act 221 incentives. If they die, we die.

Sincerely,

Todd J. Robertson
President/CEO
Hyperspective Studios, Inc.
808.741.1292
todd@hyperspective.com



ISLAND
FILM GROUP

HB1451 HD1 - Relating to Taxation□□

DATE: February 26, 2009□

TIME: 2:00pm

□PLACE: Conference Room 308□□

TO: House Committee on Finance□
Representative Marcus R. Oshiro, Chair□
Representative Marilyn B. Lee, Vice Chair□□

FROM: Ricardo S. Galindez, Island Film Group□□

RE: Testimony in Support of HB1451 HD1□□

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

Thank you for the opportunity to testify on this bill.

Island Film Group strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Island Film Group is a locally owned film and television production company. Since its formation in 2007, Island Film Group has produced a television series, two television

movies and the feature film "Princess Ka`iulani," all of which were financed using Act 221/215. In addition to employing hundreds of local film and television professionals and injecting millions of mainland capital into the Hawaii economy, all four of our projects have depicted Hawaii for Hawaii, meaning that millions of people have seen the beauty of Hawaii on television and in the theaters, with millions more to follow. What better way to build our film and television production infrastructure AND support our visitor industry?

Thank you for the opportunity to testify on these important bills. □ □

Sincerely, □ □

Ricardo S Galindez
Principal
Island Film Group
808-536-7955
rgalindez@islandfilmgroup.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 9:57 PM
To: FINTestimony
Cc: peter.k.hb1451@cybercominc.com
Subject: Testimony for HB1451 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1451

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Peter Kay
Organization: CyberCom, Inc
Address: PO BOX 240596 Honolulu, HI
Phone: 312-436-1941
E-mail: peter.k.hb1451@cybercominc.com
Submitted on: 2/24/2009

Comments:

I'm happy to see that there is thoughtful discussion and a desire by all parties to come to a win-win compromise. HB1451 is a good bill and I support it.



HB1451 HD1: Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair,
Representative Marilyn B. Lee, Vice Chair

FROM: Lisa Gibson
President
Hawaii Science & Technology Council

RE: Testimony In Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. The Hawaii Science & Technology Council (HISciTech) strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

The Hawaii Science & Technology Council (HISciTech) is a 501(c)6 industry association with a 28-member board. HISciTech serves Hawaii companies engaged in ocean sciences, agricultural biotechnology, astronomy, defense aerospace, biotech/life sciences, information & communication technology, energy, environmental technologies, and creative media.

Sincerely,

Lisa H. Gibson
President
Hawaii Science & Technology Council
(808)536-4670
lgibson@hiscitech.org

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: William K. Akiona II
Projects Director
OmniGreen Renewables

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. **OmniGreen Renewables LLC** strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in: more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

OmniGreen Renewables LLC is a newly formed **BioEnergy Systems Developer** company conducting renewable energy biomass research and development on the Wai'anae Coast of O'ahu, where we are planning for sustainable development projects that will simulate the rural economy and create "**Green Jobs.**"

Thank you for the opportunity to testify.

Respectfully,

William K. Akiona II
Projects Director
OmniGreen Renewables LLC
808 923-1737
omnigreen2020@yahoo.com



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Traci H. Downs, Ph.D.
President & COO
Archinoetics, LLC

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Archinoetics STRONGLY supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone

- at a cost to the state of less than \$450 million between 1999 and 2007.

Archinoetics, LLC is a woman owned world class technology company focused on the research and development of human-centered technologies. Our current research and development projects include functional brain imaging systems, human fatigue and performance monitoring devices, intelligent algorithms based on genetic programming and biometric sensors, remote sensing, and specialized computing platforms. We were created in 2005 with the help of Act 221 which allowed my husband and I to make the leap of investing in our own company. Today we employ 30 software and hardware engineers and scientists from varying backgrounds. Over 1/2 of our employees are kamaaina who left Hawaii and never dreamed that they would be able to work in their profession and raise their children back here at home. Act 221 has made a profound impact on life for all of us here on the islands and I desperately implore you to keep it alive.

Thank you for the opportunity to testify on this important bill.

Sincerely,

Traci H. Downs

Traci H. Downs, Ph.D.
President & COO (co-founder)
Archinoetics, LLC
382-0314 (direct)
traci@archinoetics.com



February 25, 2009

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
 TIME: 2:00pm
 PLACE: Conference Room 308

TO: House Committee on Finance
 Representative Marcus R. Oshiro, Chair
 Representative Marilyn B. Lee, Vice Chair

CORPORATE OFFICE

28th Floor
 733 Bishop St.
 Honolulu, Hawaii 96813
 808.441.3600
 808.441.3601 fax

FROM: Rick Holasek, President and CEO, NovaSol

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. NovaSol strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

NovaSol is a local Hawaii-based high technology firm working in the aerospace/defense sector. Established in 1998, we specialize in reconnaissance camera systems and free space optical communications.

Sincerely,

Rick Holasek, PhD
 President and CEO, NovaSol
 808-441-3666
 rick@nova-sol.com

FINANCE OFFICE

28th Floor
 733 Bishop St.
 Honolulu, Hawaii 96813
 808.680.9601
 808.680.9624 fax



February 25, 2009

TESTIMONY

HOUSE FINANCE COMMITTEE

Chair, Marcus Oshiro
Vice-Chair, Marilyn Lee

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

RE: H.B. No. 1451: RELATING TO TAXATION

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

Thank you for the opportunity to testify on this bill. Oceanit strongly supports the substance of HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and other information as well as the proposed administrative implementation of this bill. We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- more than \$1.4 billion being spent by such companies
- more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Oceanit is a science and engineering company based here in Hawaii and employs over 125 people in Hawaii. Act 221/215 will is essential for sustaining and developing an innovation industry here in Hawaii and we strongly urge that you support this bill.

Thank you for the opportunity to submit this testimony on this important matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Kuriyama".

John Kuriyama
Oceanit
General Manager and General Counsel
954-4145
jkuriyama@oceanit.com



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Kyle Hunker
Vice President of Finance
Pacific Light and Power, LLC

RE: Testimony in Support of HB1451 HD1

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

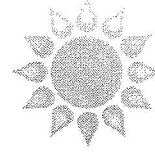
Thank you for the opportunity to testify on this bill. Pacific Light and Power strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Pacific Light and Power develops utility scale renewable energy projects for Hawaii. We use QHTB monies to realize Hawaii's renewable energy potential and in the process create jobs building and operating power projects. Without QHTB tax credits consumers will pay more for renewable energy in Hawaii.

Sincerely,

Kyle Hunker
Vice President of Finance



pacific
light & power

Pacific Light and Power
(808) 652-4183
kyle@pacificlightandpower.com

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Roy Tjioe, Principal, Island Film Group

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Island Film strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Sincerely,

Roy Tjioe
Principal
Island Film Group
808 536-7955
rtjioe@islandfilmgroup.com



700 Bishop Street, Suite 2000 Honolulu, HI 96813

February 25, 2009

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Joe Cooper, CFO
Archinoetics LLC

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Archinoetics strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Archinoetics began operations in 2005 and has grown to 30 Hawaii based employees with a payroll of over \$2 million in 2008. We are a research company that develops intelligent human assistive technologies (i.e. we use sensors and computers to improve peoples' lives). We are currently launching a subsidiary company, Fatigue Science. Using a technology that was developed 4 years ago in Hawaii, they have just begun marketing a fatigue risk management system. The market for such systems is easily in the hundreds of millions of dollars annually worldwide. This takes time and it could easily take another 4 years to penetrate and exploit the market. We need this support to continue to grow this business in Hawaii.

Thank you for the opportunity to testify on this important bill.

Sincerely,

Joe Cooper, CFO
Archinoetics
808) 741-1684
joe@archinoetics.com

Philip H. Kinnicutt
341 Iliaina Street
Kailua, Oahu, HI 96734-1807
808-254-4534
Fax: 808-356-0554
LEAFISHING@AOL.COM

DATE: February 25, 2009

TO: House Committee on Finance

FROM: Phil Kinnicutt
Kinnicutt Consulting, LLC

VIA FAX #: 808-586-8519

SUBJECT: Strong Support for HB 1451 HD1

I strongly support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". I believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Respectfully,

Phil Kinnicutt

Phil Kinnicutt

HB1451 HD1 - Relating to Taxation□□

DATE: February 26, 2009

□TIME: 2:00pm

□PLACE: Conference Room 308

□□TO: House Committee on Finance

□Representative Marcus R. Oshiro, Chair

□Representative Marilyn B. Lee, Vice Chair□□

FROM: Mike Curtis, Hawaii Entrepreneur and Investor□□

□□RE: Testimony in Support of HB1451 HD1□□

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

Thank you for the opportunity to testify on this bill.

I strongly support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries".

I believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii

- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007. □ □

□ □ Sincerely,

Mike Curtis

808-292-6862

mcurtis@hawaii.rr.com

1829 Bertram Street Honolulu, Hawaii, 96816

February 25, 2009

TO: (808) 586-6001

Testimony for Hearing before the House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Thursday, February 26, 2009, 2:00pm
State Capitol, Conference Room 308

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. I strongly support HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Thank you for the opportunity to testify.

Sincerely,



Alfred B. Fernandes, CPA

Cellular Bioengineering, Inc.

Invent. Disrupt. Inspire.

HB1451 HD1: Relating to Taxation

Date: February 26, 2009

Time: 2:00 p.m.

Place: Conference Room 308

To: House Committee on Finance

The Honorable Marcus R. Oshiro, Chair

The Honorable Marilyn B. Lee, Vice Chair

From: Michael J. Coy, Vice President, Cellular Bioengineering, Inc. (CBI)

Re: Testimony in support of 1451 HD1

Aloha Chair, Vice Chair and Members of the Committee:

Thank you for the opportunity to testify on this bill. CBI strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries." We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department of Taxation in 2008, Act 221/215 has resulted in:

- More than \$1.2 billion invested in
- More than 333 Hawaii QITB companies,
- Which have already spent more than \$1.4 billion in Hawaii,
- Have paid more that \$228 million in salaries and job compensation in 2007 alone
- At a cost to the state of less than \$450 million between 1999 and 2007.

With help from Act 221, CBI has grown from 2 employees to 30; acquired technologies from leading scientific institutions around the world; harnessed a robust portfolio of over 25 patents and patent applications; developed the world's most advanced artificial cornea technology which holds the promise of restoring vision to 10 million people around the world; commercialized from concept to market a new generation of green technology for surface cleaning and decontamination; brought talented kama'āinas back home to work, thrive, and pay taxes; and demonstrated to the world that it is entirely possible for a Hawaii-based technology company to have impact that is truly global. Without Act 221, many of these feats could not possibly be accomplished in Hawaii.

Sincerely,



1946 Young Street, Suite 288 · Honolulu, Hawaii 96826

Ph: 808.949.2208 · Fax: 808.949.2209

www.cellularbioengineering.com

creative GYR media

George Y. Russell

Independent Filmmaker 2020 Metcalf St. Honolulu, HI 96822-3333

HOUSE COMMITTEE ON FINANCE
February 26, 2009 – 2 pm
State Capitol Conference room 308

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HD 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

While a 15%-20% production tax credit along with our beautiful locations and great crew have been enough to lure productions such as "Tropic Thunder," "Indiana Jones," "Pirates 3," and "Forgetting Sarah Marshall" among others the Production Tax Credit does little, if anything, to attract or support independent or local productions. Quite simply, if you don't already have enough money to make your film a rebate is not going to help. 15%-20% of \$0 is still \$0.

Thankfully, our local and independent production industry has been able to make use of the Investment Tax Credit, otherwise known as Act 221/215. All four of Island Film Group's projects since 2007 have relied on Act 221/215. If you or someone you know worked on "Beyond the Break," "Special Delivery," "Princess Ka'iulani" or "Flirty with Forty," please know that without Act 221/215 these projects would not have been made in Hawaii.

According to a report issued by the Department of Taxation, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- and which have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007

Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

Thank you for your consideration.

 02/25/09
George Y. Russell Producer: "Hawaiian Ghost Story" a feature film in the works.



1600 Kapiolani Boulevard, Suite 900
Honolulu, HI 96814
(808) 949.8316 / (808) 942.4298 FAX
www.decisionresearch.com

February 25, 2009

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

via file transfer to <http://www.capitol.hawaii.gov/emailtestimony>

RE: Testimony In Support of HB1451

Dear Mr. Chair, Ms. Vice Chair, and Members of the Committee:

Thank you for the opportunity to testify in regards to the above-referenced bill. DRC hereby voices its strong support to HB1451 HD1 and its extension of the Act 221/215 high technology tax credits.

We believe that an effective economic stimulus like Act 221/215 is needed now more than ever.

Published Tax Department data shows more than \$1.2 billion has been invested in at least 333 Act 221 companies. These organizations have spent more than \$1.4 billion in Hawaii, representing 87% of their expenses. This includes more than \$228 million in salaries and job compensation in 2007 alone. Further, these companies are responsible for the creation of more than 4000 local jobs.

The cost of the credits is less than \$437 million from 1999 through 2007, and this is before state tax revenues generated by these Act 221 companies, their activities, as well as their employees and contractors have been included.

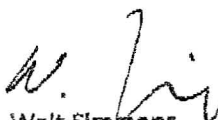


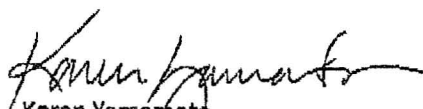
1600 Kaplalani Boulevard, Suite 900
Honolulu, HI 96814
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www.decisionresearch.com

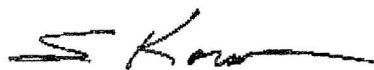
DRC is a Hawaii based software development and professional services company. Founded in 1971, we employ nearly 50 individuals in Hawaii. We believe Act 221/215 to be beneficial to the local technology community as well as the state as a whole.

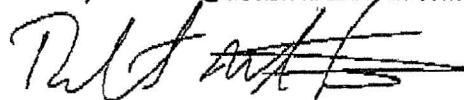
Thank you for the opportunity to testify on this important bill.

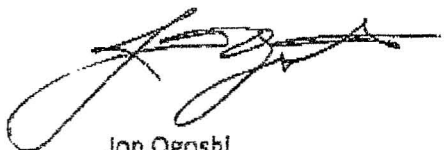
Sincerely,

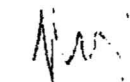

Walt Simmons
President and CEO
DRC
(808) 949-8316
waltsimmons@decisionresearch.com


Karen Yamamoto
Senior Vice President
DRC
(808) 949-8316
karenyamamoto@decisionresearch.com

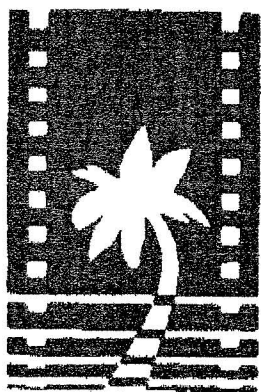

Stephen Korow
Vice President
DRC
(808) 949-8316


Robert Whitton
Vice President
DRC
(808) 949-8316


Jon Ogoshi
Chief Financial Officer
DRC
(808) 949-8316


John Aagsalud
Director of Professional Services
DRC
(808) 983-9171
johnagsalud@decisionresearch.com

1 PAGE



REEL SERVICES/HAWAII, INC.

350 Ward Ave.
 (808) 941-CAST
 suereel@pobox.com

#106-226

Honolulu, Hawaii 96813
 (877) 743-7029 (toll-free fax)
 reelserviceshawaii.com

HOUSE COMMITTEE ON FINANCE

February 26, 2009 – 2 pm

State Capitol Conference room 308

FAX: 586-6001

RE: HB 1451 - Relating to Extending Act 221 for 5 years

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HD 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

While a 15%-20% production tax credit along with our beautiful locations and great crew have been enough to lure productions such as "Tropic Thunder," "Indiana Jones," "Pirates 3," and "Forgetting Sarah Marshall" among others the Production Tax Credit does little, if anything, to attract or support **independent or local productions**. Quite simply, if you don't already have enough money to make your film a rebate is not going to help. 15%-20% of \$0 is still \$0.

Thankfully, our local and independent production industry has been able to make use of the Investment Tax Credit, otherwise known as Act 221/215. All four of Island Film Group's projects since 2007 have relied on Act 221/215. If you or someone you know worked on "Beyond the Break," "Special Delivery," "Princess Ka'iulani" or "Flirty with Forty," please know that without Act 221/215 these projects would not have been made in Hawaii.

According to a report issued by the Department of Taxation, Act 221/215 has resulted in:

- * more than \$1.2 billion invested in
- * more than 333 Hawaii companies
- * which have already spent more than \$1.4 billion in Hawaii
- * and which have paid more than \$228 million in salaries and job compensation in 2007 alone
- * at a cost to the state of less than \$450 million between 1999 and 2007

Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

Thank you for your consideration,

Lucy Larkin
 CASTING DIRECTOR

Juno e-mail for SeeRescue@juno.com printed on Wednesday, February 25, 2009, 1:21 PM

Testimony In Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. SEE/RESCUE Corporation strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

SEE/RESCUE® Corporation designs, develops, and patents Survival technologies for Military, Commercial and Civilian Markets. SEE/RESCUE®

developed the patented and military-approved RescueStreamer® technology that is now in use by all branches of the U.S. military and by commercial

and civilian groups around the world (www.RescueStreamer.com). SEE/RESCUE Corporation licensed the RescueStreamer technology to Rescue Technologies

Corporation in Aiea, Hawaii, where they build and distribute the RescueStreamer product worldwide from their Oahu base.

Although SEE/RESCUE Corporation

does not directly benefit from Act 221/215, we believe it is a critical piece to continue to build a technology sector to diversify the Hawaiian economy.

Sincerely,

Robert Yonover

President

SEE/RESCUE Corporation

tel. 808-395-1688

e-mail: SeeRescue@juno.com

Mike May Media Services
 1144 Koko Head Ave. 211
 Honolulu, HI 96816
 808.732.8032

To: HOUSE COMMITTEE ON FINANCE
 February 26, 2009 - 2 pm
 State Capitol Conference room 308

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HD 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

While a 15%-20% production tax credit along with our beautiful locations and great crew have been enough to lure productions such as "Tropic Thunder," "Indiana Jones," "Pirates 3," and "Forgetting Sarah Marshall" among others the Production Tax Credit does little, if anything, to attract or support independent or local productions. Quite simply, if you don't already have enough money to make your film a rebate is not going to help. 15%-20% of \$0 is still \$0.

Thankfully, our local and independent production industry has been able to make use of the Investment Tax Credit, otherwise known as Act 221/215. All four of Island Film Group's projects since 2007 have relied on Act 221/215. If you or someone you know worked on "Beyond the Break," "Special Delivery," "Princess Ka'iulani" or "Flirty with Forty," please know that without Act 221/215 these projects would not have been made in Hawaii.

According to a report issued by the Department of Taxation, Act 221/215 has resulted in:

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- and which have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007

Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

Thank you for your consideration,

Michael W. May 2/25/09
 OWNER: MIKE MAY MEDIA SERVICES

Stephanie Spangler
Hawaii Film Authority, Inc.
Producer/ Location Manager

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 2 pm
State Capitol Conference room 308

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HD 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

While a 15%-20% production tax credit along with our beautiful locations and great crew have been enough to lure productions such as "Tropic Thunder," "Indiana Jones," "Pirates 3," and "Forgetting Sarah Marshall" among others the Production Tax Credit does little, if anything, to attract or support **independent or local productions.** Quite simply, if you don't already have enough money to make your film a rebate is not going to help. 15%-20% of \$0 is still \$0.

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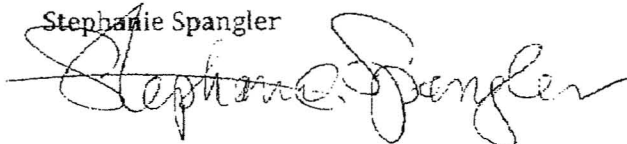
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Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

Thank you for your consideration,

Stephanie Spangler



Thursday, Feb. 26, 2009
2:00 PM, Conference Room # 308

COMMITTEE ON FINANCE
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

Testimony of Robert King, Pacific Biodiesel

In Opposition of HB 1451

Headquartered in Kahului, Pacific Biodiesel is a respected technology and operations expert in the rapidly expanding biodiesel industry. Since opening and operating the very first retail biodiesel pump in America, Pacific Biodiesel has built a solid reputation as a pioneer and leading advocate for the establishment of community-based biodiesel

Pacific Biodiesel opposes HB 1451 which would negate the benefits of this important tax credit with the included recapture clause. This clause will save the state little or no money, but will negatively impact capital investment in innovative businesses. I urge the committee not to pass HB 1451 which could prevent sustainable businesses from utilizing this valuable credit. Now more than ever, it is vital for the state to encourage job creation and economic growth through locally owned businesses.

Thank you for the opportunity to testify,

Robert King, President

Pacific Biodiesel, Inc.
40 Hobron Ave
Kahului, Hawaii 96732
Ph: (808) 877-3144 www.biodiesel.com



FINTestimony

From: Bill Spencer [bspencer@hawaii.rr.com]
Sent: Wednesday, February 25, 2009 8:04 AM
To: FINTestimony
Subject: Testimony relation to HB1451 HD1 to be heard February 26, 2009, 2:00PM Conference Room 308



805 Kainui Drive
Kailua, Hawaii 96734

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Bill Spencer, President, Hawaii Venture Capital Association

RE: Testimony In Support of the Intent of HB 1451 HD1

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

On behalf of the 1,500 members and friends of the Hawaii Venture Capital Association, let me express support for the intent of HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. We would like to work with this committee and help address some language clarification with respect to the definitions and mechanics of how the proposed aggregate cap will be administered. We believe that ct 221/215 is needed now more than ever to stimulate the economic growth of Hawaii and capitalize on the progress made to date from efforts to diversify the economy.

The Hawaii Venture Capital Association is one of Hawaii's oldest economic development trade associations devoted to diversifying Hawaii's economy, capital formation and Hawaii's entrepreneurs for last 21 years.

Thank you for your kind consideration of this testimony.

Sincerely,

/s/

Bill Spencer, President, Hawaii Venture Capital Association

From: Joe Breman, President IUE LLC
373 Ulumalu Rd. Haiku, HI 96708
Tel. 808.214.2326 | Fax. 808.572.5080
www.oceanglobeonline.com
info@oceanglobe.org



HB1451 HD1 - Relating to Taxation
DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

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

Thank you for the opportunity to testify on this bill. IUE, LLC strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits.

This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested
- more than 333 Hawaii companies fostered
- more than \$1.4 billion in Hawaii spent in Hawaii
- more than \$228 million in salaries and job compensation in 2007 alone
- less than \$450 million cost to the State between 1999 and 2007.

We are planning to create this business and hire 2 people this year, 7 next year, and 10 more by 2011. If we don't get investor support we will not continue on this path. We have CEROS, SBIR, HTDV, and HREDV funding proposals in the works, and plans to collaborate with the US Navy. Having taught Oceanography in the UH system I also plan to leverage that relationship.

Thank you for the opportunity to testify.

Joe Breman
Joe Breman, President IUE LLC
373 Ulumalu Rd. Haiku, HI 96708

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Pacific LightNet strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Pacific LightNet serves customers on Oahu, Maui, Kauai, the Big Island, Molokai and Lanai through its undersea cable and land-based fiber network, offering a full range of integrated telecommunications products and services, including local dial tone, high-speed Internet access, dedicated and switched long distance, collocation, special access and enhanced data services.

Thank you for the opportunity to testify on these important bills.

Respectfully



Pat Bustamante
President



NATURAL POWER CONCEPTS

1515 Ualakaa Place
Honolulu, HI. 96822
Phone: (808) 944-9283 Fax: (808) 941-2503
E-Mail: larry@naturalpowerconcepts.com
Web: www.naturalpowerconcepts.com

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Larry Lieberman, CEO
Natural Power Concepts, Inc.

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Natural Power Concepts strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii and have paid more than \$228 million in salaries and job compensation in 2007 alone, at a cost to the state of less than \$450 million between 1999 and 2007.

Natural Power Concepts (NPC) is an alternative energy technology incubator headquartered in Honolulu, Hawaii. We are working diligently to design, develop and rapidly prototype and test a variety of innovative new renewable energy devices that are a perfect showcase for Hawaii's extraordinary natural renewable energy resources such as wind, waves, current flow, solar, and geothermal heat. We are partially funded through Act-221 investors and I believe it is likely we would have had to move the company to a competing Mainland location for ocean energy research such as California, Oregon, or Florida if we had not been able to secure funding here in Hawaii. NPC currently employs eight full time staff plus the near-full time services of several contractors and vendors.

Sincerely,

Larry Lieberman
CEO
Natural Power Concepts
808-741-7529
larry@naturalpowerconcepts.com

TESTIMONY OF WILLIAM G. MEYER, III

HB1451, HD1

HEARING DATE/TIME: February 26, 2009
2:00 p.m. in Conference Room 308

TO: Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
(Fax No. 586-6001)

RE: Testimony in SUPPORT of HB1451, HD1

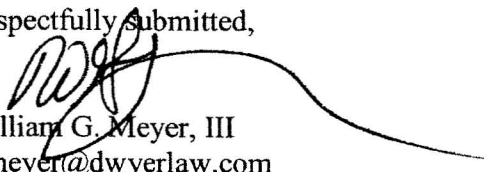
Aloha Chair, Vice Chair, and Members of the Committee:

My name is William G. Meyer, III. I am a Honolulu attorney and my practice is limited to intellectual property matters, including entertainment law. I represent both national and local stakeholders in Hawaii's recording industry, television and motion picture industry, and digital media and internet sectors. My practice area includes advising entertainment companies regarding the availability of entertainment industry related tax incentives, including the incentives currently available pursuant to Act 221/215 and Act 88.

Thank you for the opportunity to testify on this bill. I support HB1451, HD1 and its extension of the Act 221/215 investment tax credits. While this measure needs some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries," I believe that an effective economic stimulus program like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii and which have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Thank you for the opportunity to testify on this bill.

Respectfully submitted,


William G. Meyer, III
wmeyer@dwyerlaw.com
Telephone: 534-4412

Ala Moana Pacific Center, Suite 1800
1585 Kapiolani Boulevard
Honolulu, Hawaii 96814-4500
Telephone 808 942-8108
Facsimile 808 948-9595

DataHouse



HB1451 HD1 - Relating to Taxation

HEARING DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Lyanne M. Kimura
Chief Financial Officer

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. DATAHOUSE CONSULTING, INC. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.



DataHouse Consulting, Inc. is engaged in the development (from analysis through implementation) of unique computer software and database applications and enhancements (material modification of third-party software) for sale or license. In 2002, we had 43 full-time employees. Today, we have grown to 62 full-time employees. Our growth can be attributed in part to the funding we have received from the R&D credits.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, written in a cursive style. The signature reads "Lyanne M. Kimura". The letters are fluid and connected, with a prominent flourish at the end of the name.

Lyanne M. Kimura
Chief Financial Officer
DataHouse Consulting, Inc.
Direct Phone: (808) 948-9137
Email: lyanne_kimura@datahouse.com



**To: Representative Oshiro, Chair
House Committee on Finance**

From: Sopogy Inc.

Date: February 25th, 2009

**Subject: Support of HB 1451 HD1 – Related to Tax Credits
Thursday, February 26, 2009
2:00pm
State Capitol, Conference Room 308**

Chair Oshiro, Vice-Chair Lee, and Members of the Committees:

Sopogy is a solar power technology company based in Hawaii specializing in the research and development of various MicroCSP™ solar technologies that bring the economics of large solar energy systems to the commercial, industrial, and utility sectors. Sopogy also hopes to leverage the innovative MicroCSP™ intellectual property and technologies its develops by commercializing its MicroCSP™ products for sale in both domestic and international markets, which sales and activities will generate additional revenues for and employment in the State of Hawaii.

Sopogy strongly supports HB 1451 HD1 which extends the high technology investment tax credit. These tax credits incentivize research and development, creates new intellectual property in the State of Hawaii, attracts much needed investment capital for high technology companies, and creates job growth. However, Sopogy recommends amendments lifting the cap to the investment credits and evaluating an alternative to the proposed review board to decide appeals.

Sopogy supports the continuance of the existing tax credits and adoption of renewable energy and energy efficiency measures that lessen the state's dependence on oil, reduce greenhouse gas emissions, and provide energy price stability to Hawaii's consumers.

Thank you for this opportunity to testify.

Van Matsushige
Energy Project Development
Sopogy - Solar Power Technology
Direct Phone: (808) 237-2405
Direct Fax: (808) 356-0565
www.sopogy.com





HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Norman Wayne Karo
CEO
Pipeline Micro

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Pipeline Micro strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Hawaii-based Pipeline Micro is the developer of the world's smallest and most efficient liquid cooling systems for consumer electronics, including computers, laptops, and video graphics cards. Liquid cooling systems developed by the company use a patented thermal system design that dramatically improves heat transfer, stabilizes temperature, and enables products to run faster, perform longer, and use less energy.

Pipeline Micro grew from 5 to 13 employees in 2008, and will grow to over 20 employees in 2009. We hire University of Hawaii graduates and are bringing world renowned talent into the State. Our customers are global electronics giants from the Mainland and Japan. Act 221/215 has enabled us to take a "holy grail", breakthrough invention from the University of Hawaii and make products that are in high demand even in this recession.

Sincerely,

Norman Wayne Karo
CEO
Pipeline Micro
(808) 292-0131
wayne.karo@pipelinemicro.com



HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: James P. Karins
President and CEO
Pukoa Scientific

RE: Testimony in Support of HB1451 HD1

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

Thank you for the opportunity to testify on this bill. Pukoa Scientific strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- More than \$1.2 billion invested in
- More than 333 Hawaii companies
- More than \$1.4 billion already spent in Hawaii
- More than \$228 million in salaries and job compensation in 2007 alone
- A cost to the state of less than \$450 million between 1999 and 2007.

Pukoa Scientific is a 15 person company started in 2004 specializing in the interpretation of image and signal data to identify objects, threats or targets. Pukoa Scientific is in the dual use sector. Our average salary is over \$100,000, 12 of our 15 people are full time and 11 of those 12 reside in Hawaii. Of the 11 full time staff in Hawaii, 8 graduated from high schools in Hawaii, 10 graduated from University of Hawaii or Hawaii Pacific University and at least 4 worked on the mainland prior to finding work in Hawaii. We currently generate more than \$2.5M in revenue and pay over \$1.5M in salaries.

Sincerely,

/s/James P. Karins

James P. Karins
President and CEO
Pukoa Scientific
karins@pukoa.com



2800 Woodlawn Drive
Suite 141
Honolulu, HI 96822

PHONE (808) 457-1500
FAX (808) 237-5989
WEB SITE <http://www.pukoa.com>



pacific
light & power

Bringing Renewable Energy to Hawaii and Pacific Oceania

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
TIME: 2:00 pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Pamela Miller
VP, Project Development
Pacific Light and Power, LLP

RE: Testimony in Support of HB1451 HD1

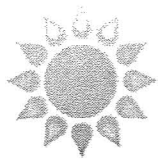
Aloha Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to testify on this bill. Pacific Light and Power strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- ◆more than \$1.2 billion invested in
- ◆more than 333 Hawaii companies,
- ◆which have already spent more than \$1.4 billion in Hawaii, and
- ◆have paid more than \$228 million in salaries and job compensation in 2007 alone
- ◆at a cost to the state of less than \$450 million between 1999 and 2007.

Pacific Light and Power is a Kauai-based renewable energy company working with resource-constrained grids through the Hawaiian islands and the Pacific Rim. Because island grids have special challenges, it is necessary to use unconventional technologies in order to make renewable energy feasible. These technologies are difficult to finance and Act 221 gives investors incentive to promote these projects and technologies.

Pacific Light and Power is developing more than one project. Just one 10 megawatt renewable energy project will create approximately 100 construction jobs and between



pacific
light & power

Bringing Renewable Energy to Hawaii and Pacific Oceania

4 and 10 permanent jobs, while contributing to the Hawaiian Clean Energy Initiative and Renewable Portfolio Standard targets for energy produced by renewable means. This also reduces the island's dependence on oil as a power generation fuel, keeping resources on island.

Act 221 is a good incentive for development on Hawaii and should not be constrained.

Sincerely,

Pamela S. Miller
VP, Project Development
Pacific Light and Power, LLP
808.634.8866
pam@pacificlightandpower.com

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 2 pm
State Capitol Conference room 308

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HB1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

While a 15%-20% production tax credit along with our beautiful locations and great crew have been enough to lure productions such as "Tropic Thunder," "Indiana Jones," "Pirates 3," and "Forgetting Sarah Marshall" among others the Production Tax Credit does little, if anything, to attract or support **independent or local productions**. Quite simply, if you don't already have enough money to make your film a rebate is not going to help. 15%-20% of \$0 is still \$0.

Thankfully, our local and independent production industry has been able to make use of the Investment Tax Credit, otherwise known as Act 221/215. All four of Island Film Group's projects since 2007 have relied on Act 221/215. If you or someone you know worked on "Beyond the Break," "Special Delivery," "Princess Ka'iulani" or "Flirty with Forty," please know that without Act 221/215 these projects would not have been made in Hawaii.

According to a report issued by the Department of Taxation, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- and which have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007

Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

Thank you for your consideration.

Laurie La Madrid

Creative Services Manager

745 Fort Street

Honolulu, HI 96813

2/26/09
586-6001

EVENTS IN APPAREL

HOUSE COMMITTEE ON FINANCE
February 26, 2009 -- 2 pm
State Capitol Conference room 308

Dear Chair Oshiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HB 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

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- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
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- at a cost to the state of less than \$450 million between 1999 and 2007

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Thank you for your consideration.

*employed and happy to be,
Fathereil A. James
costumer
1103 Sunani St. Kailua HI 96734*

586-6001
2/26/09

CREATIVE SERVICE ASSOCIATES

4

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 2 pm

State Capitol Conference room 308

Dear Chair Ushiro, Vice-Chair Lee and members of the committee:

I am in strong support of the intent of bill HD 1451 which seeks to extend Act 221 for 5 additional years, with some limitations. I support the intent of this bill, based on the importance of Act 221/215 to the development of independent films in Hawaii. This act is a great incentive to bring studio projects to Hawaii.

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Thankfully, our local and independent production industry has been able to make use of the Investment Tax Credit, otherwise known as Act 221/215. All four of Island Film Group's projects since 2007 have relied on Act 221/215. If you or someone you know worked on "Beyond the Break," "Special Delivery," "Princess Ka'iulani" or "Firty with Forty," please know that without Act 221/215 these projects would not have been made in Hawaii.

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- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
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Thank you for your consideration,

Kenneth A. Kauter
Box 458, Kailua, HI 96734



new boomer music

TM

the record label for the Boomer Generation

New Boomer Music LLC
P.O. Box 490, Kalaheo, HI 96741
www.newboomermusic.com

(808) 332-7893

RE: HB 1451, HD 1

DATE: February 26, 2009
TIME: 2:00 p.m.
PLACE: Conference Room 308

TO: Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Jerry Brocklehurst
President
New Boomer Music LLC

RE: Testimony In SUPPORT OF HB 1451, HD 1

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

Thank you for the opportunity to testify on this bill. My name is Jerry Brocklehurst and I strongly support HB1451 HD1 and its extension of the Act 221/215 investment tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". I believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- * more than \$1.2 billion invested in
- * more than 333 Hawaii companies
- * which have already spent more than \$1.4 billion in Hawaii
- * have paid more than \$228 million in salaries and job compensation in 2007 alone
- * at a cost to the state of less than \$450 million between 1999 and 2007.

I am a small start-up record label and am just beginning to gain traction in my business. I have recorded and released music by John Cruz, The Barefoot Natives, Sistah Robi Kahakalau, Kohala, Titus Kinimaka, and others. It is my business plan to continue to promote Hawaiian artists, especially to the mainland and worldwide audiences. Over the long term, the plan is to hire many employees to help with production, distribution, and promotion of our wonderful Hawaiian artists. However, we must all start somewhere and Act 221/215 has helped me gain that start. If the Act 221 tax credits are eliminated, I will be forced to close my operation.

Thank you for the opportunity to testify on these important bills.

Sincerely,
Jerry Brocklehurst
President
New Boomer Music LLC
(808) 332-7893

FINTestimony

From: Jay M. Fidell [fidell@lava.net]
Sent: Wednesday, February 25, 2009 2:20 PM
To: FINTestimony
Subject: Testimony Finance Committee hearing on HB1451 HD1

ThinkTech Hawaii, Inc.
841 Bishop Street, Suite 1500
Honolulu, Hawaii 96813

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
TIME: 2:00pm
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Jay Fidell, President, ThinkTech Hawaii

RE: Testimony In Support of the Intent of HB 1451 HD1

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

On behalf of ThinkTech Hawaii, let me express support for the intent of HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. We would like to work with this committee and help address some language clarification with respect to the definitions and mechanics of how the proposed aggregate cap will be administered. We believe that Act 221/215 is needed now more than ever to stimulate the economic growth of Hawaii and capitalize on the progress made to date from efforts to diversify the economy.

Thank you for your consideration of this testimony.

Respectfully,

/s/

Jay Fidell, President, ThinkTech Hawaii

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 2:08 PM
To: FINTestimony
Cc: dfisherhi@gmail.com
Subject: Testimony for HB1451 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1451

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: David B. Fisher
Organization: Individual
Address: PO Box 792138 Paia, HI 96779
Phone: 808-269-1031
E-mail: dfisherhi@gmail.com
Submitted on: 2/25/2009

Comments:
David B. Fisher
PO Box 792138
Paia, HI 96779
808-269-1031

DATE: February 26, 2009
TIME: 2:00 p.m.
PLACE: Conference Room 308

TO: House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

Re: Tentative Support of HB1451 HD1

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

I am strongly in support of extending Act 221/215, and support in principle the additional safeguards that this bill will provide to improve the predictability of the amount of credits to be claimed.

I am concerned about the details of these safeguards. The entrepreneurs and investors involved in Act221/215 activity must be the primary people involved in designing and perhaps implementing these safeguards so that they do not inadvertently create an additional bureaucratic barrier to an already complicated and difficult process. In addition, if this bill is passed, care should be taken not to present it as "fixing" a failed or dangerous program since this is not true, and since past negative spin has discouraged many entrepreneurs and investors.

Indeed, Act 221 is a great success and is something the Hawaii Legislature should be proud of. The Act 221 return on tax payer's investment is much higher than the much greater investments just signed in to law last week by President Obama, which I think most agree are necessary for our economy. Based on actual or primary data provided to and analyzed by the HI Tax Dept. (under penalty of law), Act 221 during its first six-years provided \$4.66 of benefits for every dollar invested.* Compare this to the projected \$1.59 in benefits to the economy

projected for the infrastructure components in the Federal stimulus (see Mark Zandi at <http://moodyseconomy.com>).

's an economic stimulus, there is none smarter than Hawaii's eight-year old Act 221. It is "shovel ready" as it encourages those who have money, to invest now in Hawaii companies that are ready today to commit to the discipline of innovation. The State does not start to see the cost (in the form of loss in revenue from the credits) until a year later. Even then, this cost is spread out over five years while the companies receiving the investment start to generate income and become self-sustaining, resulting in tax revenues that will more than offset the credits. In the worse case, if a company fails, we still get an immediate stimulus benefit today without having to start paying the cost for a year.

As someone who has worked in economic development the last 20 years on Maui; I can easily say that Act 221 has had the greatest impact on quality job creation and innovation. We need to build on our strengths and invest in the future and not feed the gloom and doom downward spiral.

We should save and extend Act 221.

David B. Fisher
Haiku, Maui

*The HI Dept. of Taxation used primary data collected under penalty of law for their 2007 and 2008 studies; unlike the earlier Tax Review Commission which used secondary data (U.S. Bureau of Labor Statistics), which is frequently inaccurate for early-stage companies and, if the wrong industry sectors or the wrong mix of industries sampled, inappropriate. The actual and fair conclusion of the Tax Review Commission study (not to be confused with the press spin) was that there was not accurate data. Fortunately, the HI Legislature responded to this by requiring and funding the Dept. of Taxation to analyze and report on the data that it collects, and hence both the '07 and '08 reports.



Cardax Pharmaceuticals, Inc.
 95-193 Alie Highway Drive, Suite 400, Alie, HI 96701
 Telephone: 808.457.1400 Fax: 808.237.5400
 www.cardaxpharma.com

February 25, 2009

HB1451 HD1 - Relating to Taxation

DATE: February 26, 2009
 TIME: 2:00pm
 PLACE: Conference Room 308

TO: House Committee on Finance
 Representative Marcus R. Ostiro, Chair
 Representative Marilyn B. Lee, Vice Chair

FROM: David G. Watumull
 TITLE: President and CEO
 COMPANY: Cardax Pharmaceuticals, Inc.
 RE: Testimony in Support of HB1451 HD1

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

My name is David Watumull, CEO of Cardax Pharmaceuticals, Inc. Cardax is developing a new class of drugs targeting the underlying cause of most chronic disease, including the number one problem for the Native Polynesian population: diabetes and heart disease. Cardax, along with both Hawaii Biotech, from which Cardax spun out, and Panthera Biopharma, also spun out from Hawaii Biotech, would not be in existence without Act 221. Combined all three companies have more than 75 high paying jobs and have received more than \$30 million in investor funding, almost half of which came from outside Hawaii, and \$35 million in grant funding since 2001.

Thank you for the opportunity to testify on this bill. Cardax Pharmaceuticals, Inc. strongly supports HB1451 HD1 and its extension of the Act 221/215 high technology tax credits. This is subject to some technical corrections and clarification with respect to the definitions and mechanics of the proposed credit caps and the treatment of "drop down subsidiaries". We believe that an effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department Taxation in 2008, Act 221/215 has resulted in:

- more than \$1.2 billion invested in
- more than 333 Hawaii companies
- which have already spent more than \$1.4 billion in Hawaii
- have paid more than \$228 million in salaries and job compensation in 2007 alone
- at a cost to the state of less than \$450 million between 1999 and 2007.

Sincerely,

Name: David G. Watumull
 Title: President and CEO
 Company: Cardax Pharmaceuticals, Inc.
 Phone: (808) 457-1375
 Email: dwatumull@cardaxpharma.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 8:09 AM
To: FINTestimony
Cc: strsws@mac.com
Subject: Testimony for HB1451 on 2/26/2009 2:00:00 PM
Attachments: 221-215 Slideshow.pdf; 221-215 Handouts.pdf

Testimony for FIN 2/26/2009 2:00:00 PM HB1451

Conference room: 308
Testifier position: comments only
Testifier will be present: Yes
Submitted by: Shan Steinmark
Organization: Strategic Transitions Research
Address: 66 Queen Street - #3501 Honolulu, HI
Phone: 8084639590
E-mail: strsws@mac.com
Submitted on: 2/25/2009

Comments:

Aloha Members of the House Finance Committee, "The answers to our problems don't lie beyond our reach. They exist in our laboratories and universities, in our fields and our factories, in the imaginations of our entrepreneurs and the pride of the hardest-working people on Earth" - President Barack Obama, February 24, 2009.
To effectively address the threats to people's jobs, homes & "safety net" we must (a) pursue Hawaii's strategic growth opportunities, (b) continue to build our state's innovation pipeline of creative and useful ideas and (c) develop our local entrepreneurs and intellectual property.
We cannot shrink our way to success; rather, we must expand & augment Act 221/215 - a program that has demonstrated a 3:1 return-on-investment for Hawaii & its citizens.
Mahalo,
Shan Steinmark

ACT 221/215
COST-BENEFIT ANALYSIS
&
RECOMMENDATIONS
for
CHANGE

Shan W. Steinmark, Ph.D.
Strategic Transitions Research

BACKGROUND & DISCLOSURES

- Hawaii Science & Technology Council - Board of Directors / CEO Forum Designer
- Hawaii Angels - Executive Board, Due Diligence Shepherd & Equity-Side Investor
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- **40 Years = Consultant Enhancing Individual, Team & Organization Effectiveness**
- Primarily with R&D / Growth Businesses - From Start-Ups to Fortune 500

COMMON GROUND

ROLE:

- ASK TOUGH QUESTIONS
- TELL TRUTH TO POWER
- COLLABORATE TO SOLVE PROBLEMS

ANALYZE

- SORT MYTH FROM FACT
- STUDY CAUSE-EFFECT
- LEARN BEST PRACTICES

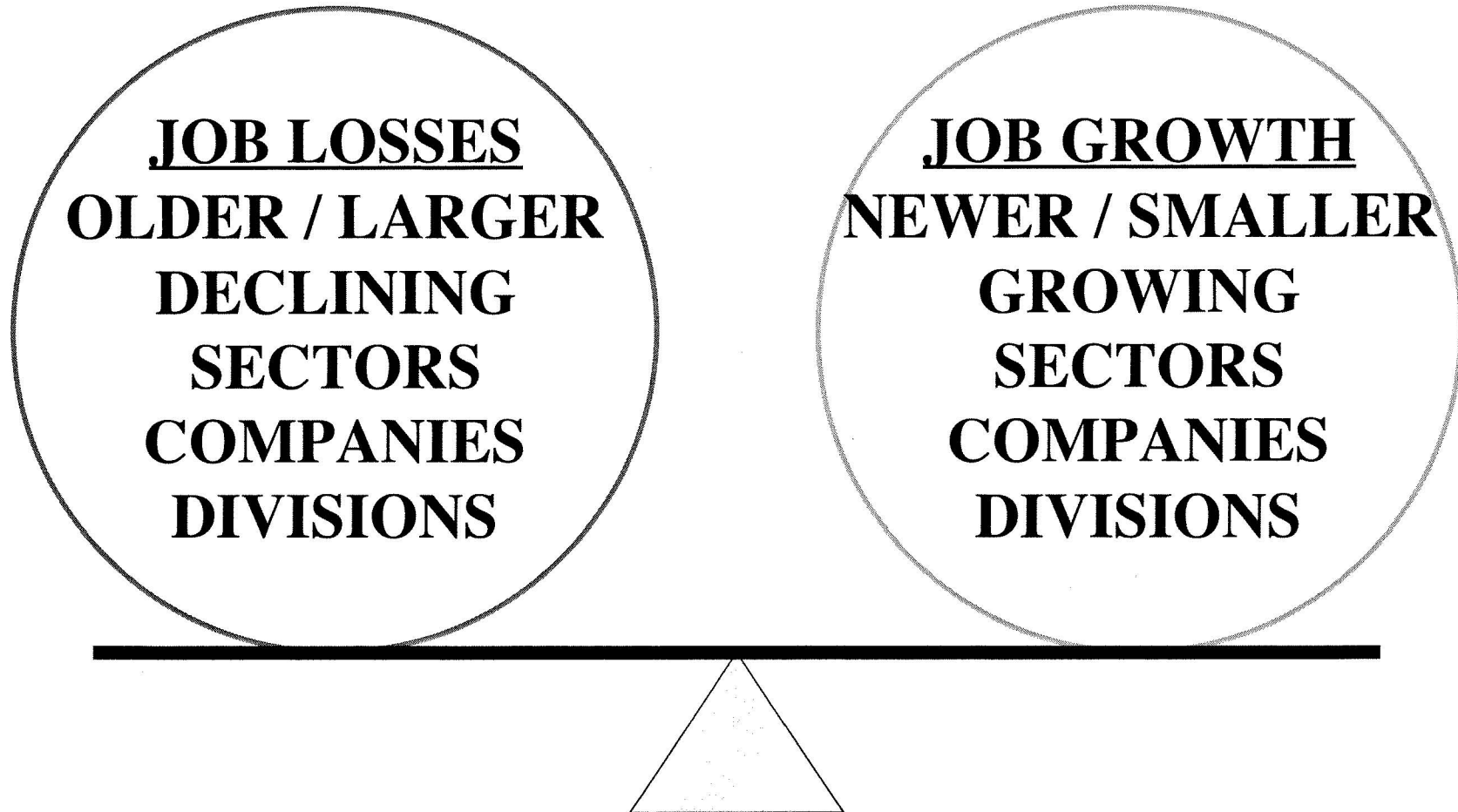
LEAD, LEAD, LEAD

- SET DIRECTION
- BUILD COALITIONS
- MOTIVATE & INSPIRE

COST-BENEFIT ANALYSIS for ALL

	PROS	CONS	CHANGE
Agriculture			
Real Estate			
Tourism			
Military			
Technology			

CHRONIC CHALLENGE in AMERICA



TOUGH CHOICES

**What Are
The Alternatives
To Grow
The Economy ?**

SHRINK

**NO
CHANGES**

**EXPAND
& AUGMENT
To GROW**

**What Are
The Alternatives
To Improve Quality
Of Life ?**

HOW TO SURVIVE & THRIVE

	<i>SURVIVE</i>	<i>THRIVE</i>
“UP” ECONOMY	<i>Regularly Manage Non-Performers</i>	<i>Steadily Pursue Strategic Growth Opportunities</i>
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REAL \$ GROWTH via INNOVATION

???'S for HAWAII AMIDST GLOBAL COMPETITION:

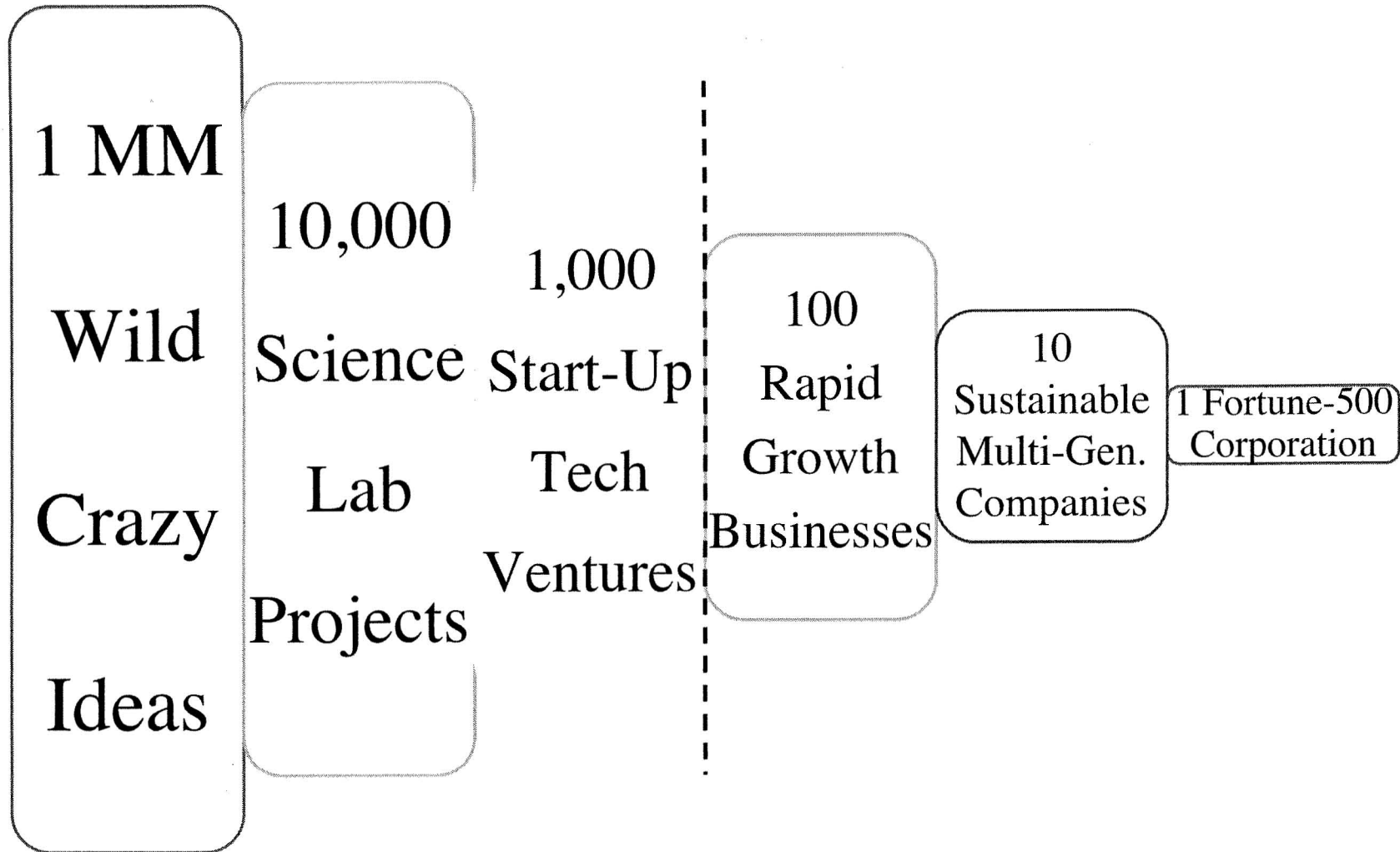
- **HOW DO WE GROW START-UP BUSINESSES ?**
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- **HOW DO WE GROW AN INNOVATION ECONOMY ?**

UNIVERSAL ANSWER =

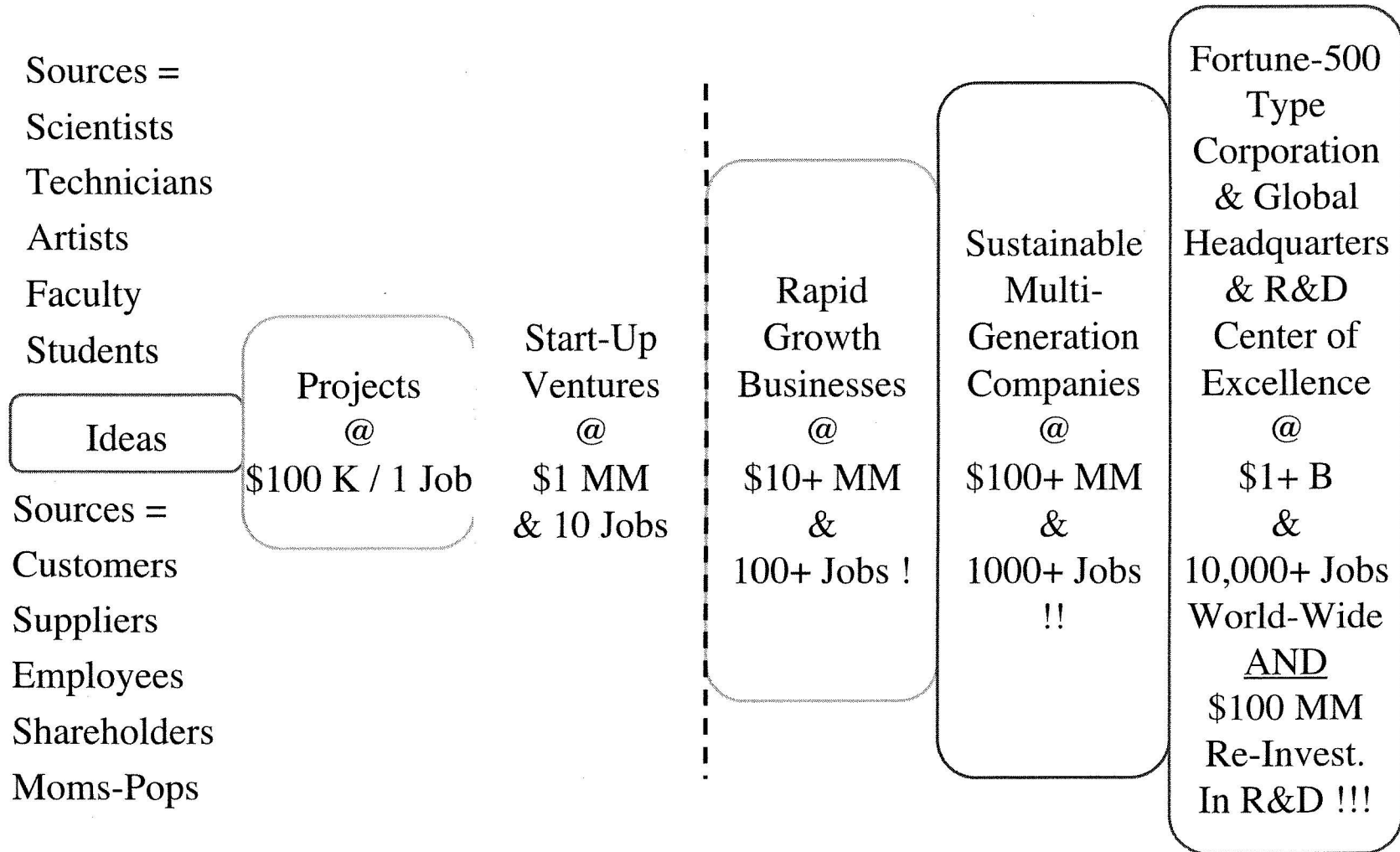
MORE / BETTER / FASTER ...

TECHNOLOGY, TALENT & CAPITAL !!!

Innovation Economy - Requires “PIPELINE”



Success = Self-Sustaining GROWTH ENGINE



THE JOB CREATION PROCESS

MUST BUILD & SUSTAIN
INNOVATION PIPELINE
& GROWTH ENGINE !!!

MOST JOB GROWTH
OCCURS in the LATER STAGES
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REAL ECONOMIC GROWTH
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MORE-BETTER JOBS - HOW ?

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Provide Incentives to Attract Clean Manufacturing

Develop Strategic World-Class Centers of Excellence

THE VALUE of LOCAL TALENT

	LOCAL Inventors Owners	LOCAL Managers	LOCAL Employees
HAWAII <u>WITH</u> ACT 221/215	HIGHER %	HIGHER %	HIGHER #’s NOW & FUTURE
HAWAII <u>WITHOUT</u> ACT 221/215	lower %	lower %	lower #’s now & future

PEOPLE

**CREATE
HIGHER-PAYING JOBS
& MORE-SUSTAINABLE
CAREERS**

**DEVELOP &
RETAIN KEIKI
and/or
HELP
KAMA'AINA
RETURN**

**ACT 221/215
GROWTH
ENGINE**

**HELP
AVERAGE
CITIZEN
PARTICIPATE
in HAWAII'S
FUTURE**

**PREVENT
and/or REDUCE
the NEED for
"SAFETY NET"**

HI Strategic Growth Opportunities

TROPICAL BIO-TECH

TROPICAL AGRICULTURE

TROPICAL OCEAN-AQUACULTURE

DIVERSE CULTURE / INTEGRATION / CREATIVE ARTS

RENEWABLE ENERGY GENERATION

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REVENUES - MYTHS VS. FACTS

	<i>Myths</i>	Probabilities
<u>EXPAND</u> ACT 221/215	More Cost Less Tax Rev.	More Benefit More Bus. Rev.
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NOTE: TAX REV. DEPENDENT on BUSINESS REV.

& TAX LIABILITY DEPENDENT on TAX ADVICE

FIXING PROBLEMS - CASE EXAMPLES

**IF We Want Social Net &
More Affordable Housing**

**THEN Increase HI
High \$ Technology Jobs**

**IF We Want IP / Control
For Our Own FOOD**

**THEN Grow HI
Agri & Aqua-Culture**

**IF We Want IP / Control
For Our Own FUEL**

**THEN Invest in HI
Renewable Energy Projects**

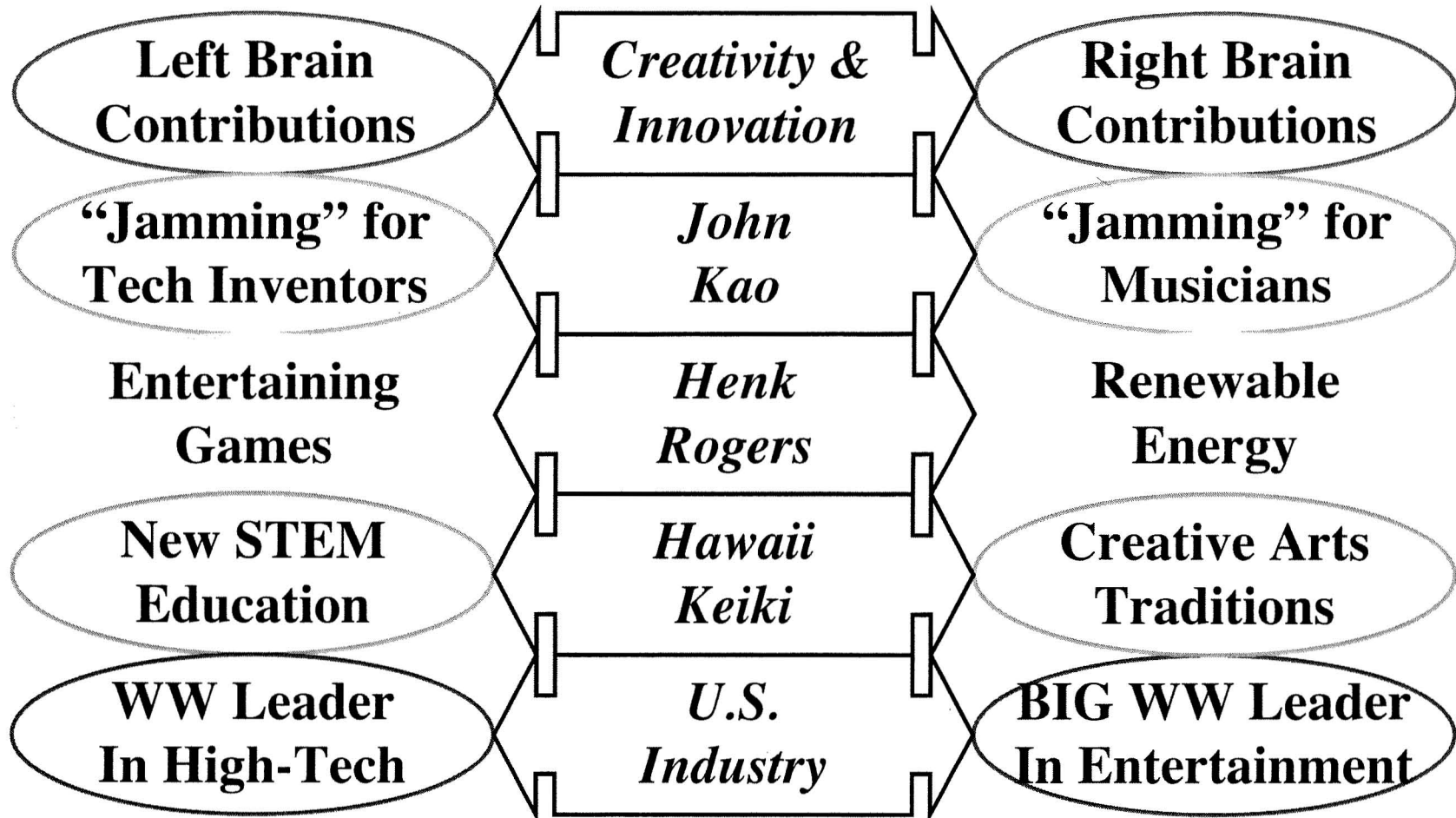
**IF We Want IP / Control
For Our Own HEALTH**

**THEN Develop HI
Bio-Tech & Wet Labs**

**IF We Want to Grow
Out of Economic Crisis**

**THEN Expand 221/215
to Clean Manufacturing**

NEED IP in BOTH SCIENCES & ARTS



SUSTAINABILITY - WHEN & HOW ?

	Land-Use Economy	Innovation Economy
HAWAII <u>WITH</u> ACT 221/215	<u>Small Footprint</u> Use More Energy Sources Than Land	<u>Local Sustainable</u> Technology for Food/Fuel/Health & Higher Wages
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LOCAL IP = LOCAL ENGINE / CONTROL

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CRISIS = DANGER & OPPORTUNITY

CHALLENGES:

- **NATIONAL FINANCIAL CRISIS**
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- **THREAT to LOCAL JOBS, HOMES & “SAFETY NET”**

SOLUTION

- **BUILD on SUCCESS**
- **DEVELOP LOCAL ASSETS**
- **USE GROWTH ENGINE**

NOT

- **Destroy Work-in-Progress**
- **Succumb to Fear**
- **Shrink**

INVEST in HAWAII NOW!

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ACT 221/215
COST-BENEFIT ANALYSIS
&
RECOMMENDATIONS
for
CHANGE

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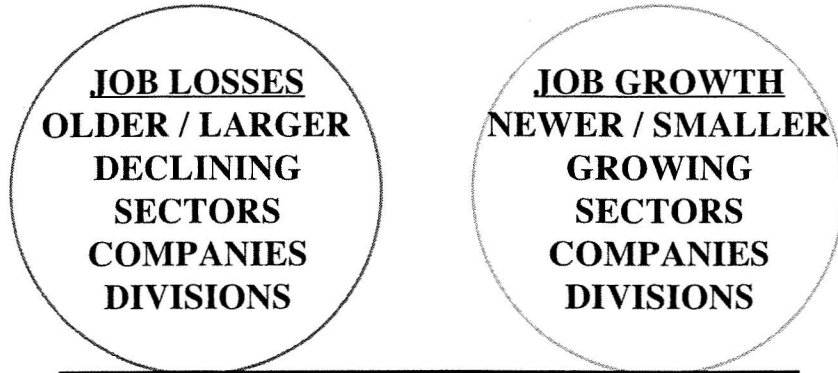
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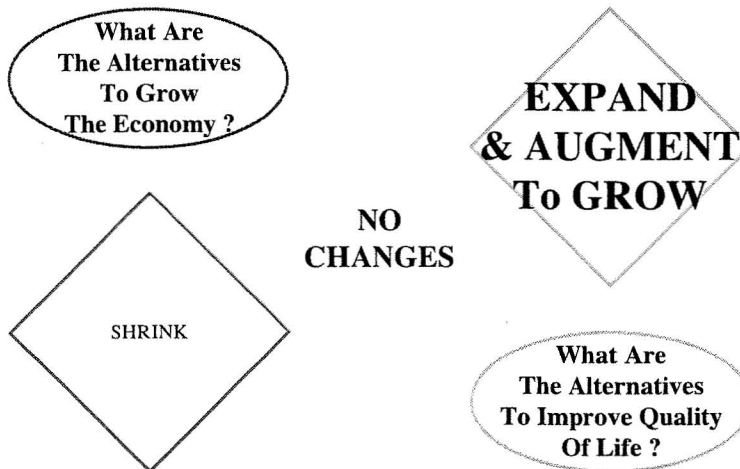


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TOUGH CHOICES



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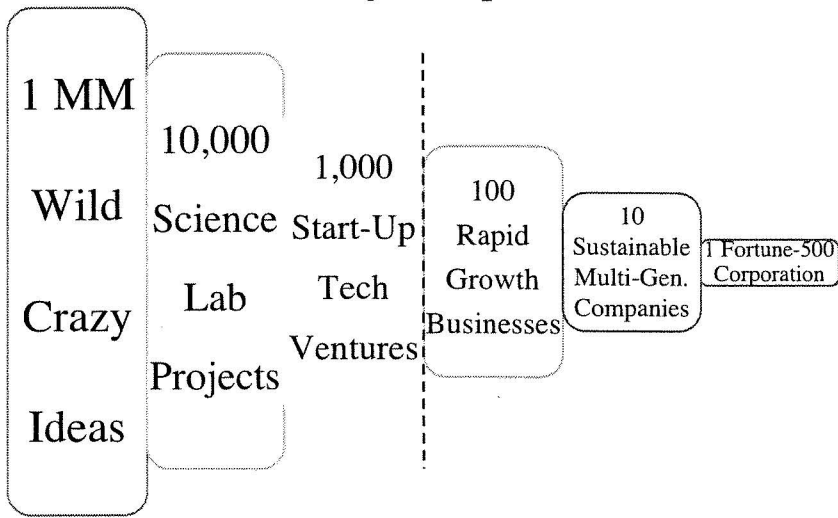
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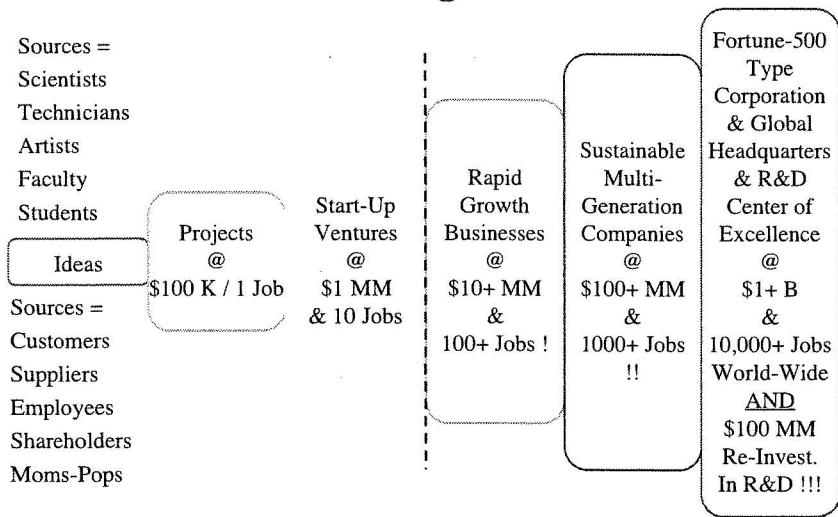


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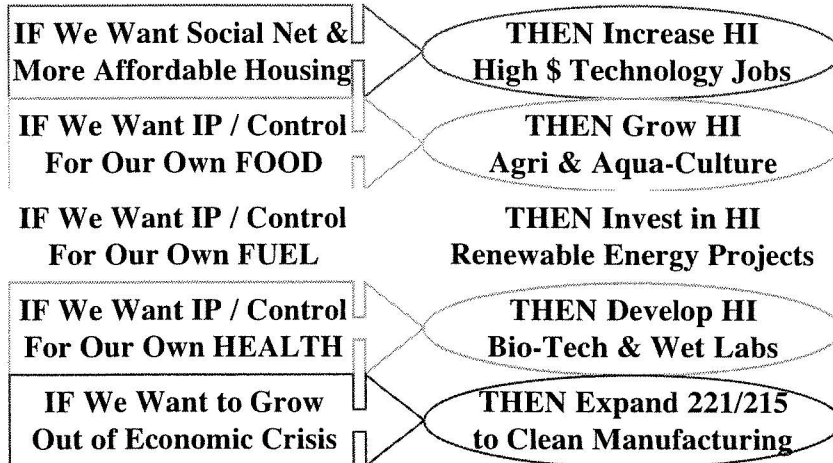
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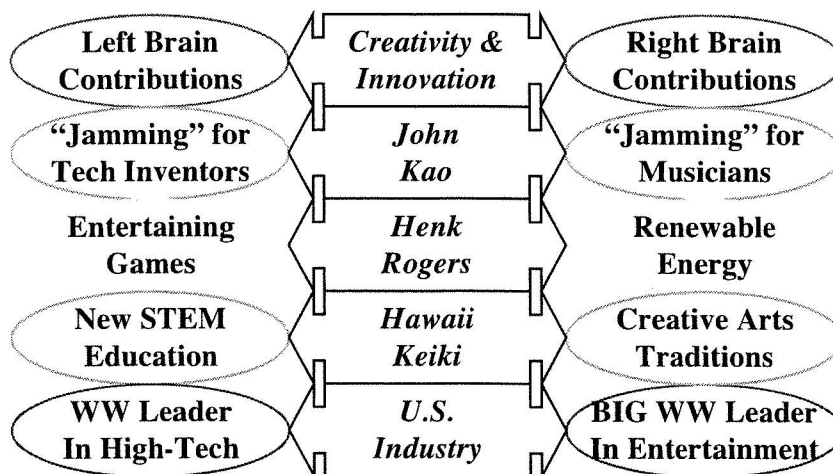


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INVEST
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Hawaii State legislature
State Capital
Honolulu, Hawaii 96813

Testimony on
H.B. NO. 1451

House Committee on Finance

February 26, 2009, Conference Room 308

Mr. Chairman & Members of the Committee, my name is Pono Shim, I am the Kahu of Enterprise Honolulu, the Oahu Economic Development Board.

Enterprise Honolulu **supports the intent of HB 1451** with cautions.

I, like most people involved in this discussion truly love Hawaii and our people and that affinity drives us to make positive decisions for our home and people. One of the fundamental philosophies I carry for economic, social, and educational prosperity is to reverse something that I believe we have gotten very good at doing and that is importing expertise and exporting monies. One of the most polarizing examples of this was the UH Logo fiasco where we exported tens of thousands of dollars to Michigan to import what an expert believed needed to be our logo.

A few weeks ago I took the initiative to spend 3 hours in one night, taking Act 221 apart. I'm no expert in taxes or accounting but rather look at things in a holistic manner and for the intent of legislation and the process. I looked as thorough as I could and what I discovered was that this is an incredible work of art. It isn't perfect and in my humble opinion certainly could use some adjustments but this is a tool that certainly encourages importing monies and exporting expertise. In its' intent I found that this Act supports the opportunities for our children to be involved in jobs that otherwise would not be available, learn, develop their gifts, and create new technologies and solutions.

Another core belief that I have is; we have among the most innovative, creative, and dynamic children in the world and that we, the current stewards of Hawaii, must create the opportunities for them to fulfill their destinies. Act 221 facilitates these opportunities. In 1978, the New Zealand Parliament came together with the different groups of the country to establish the New Zealand Film Industry Act of 1978 and their purpose was to build opportunities to tell their stories in film. They didn't necessarily know what they were doing but none the less they charted a course and got committed to the struggle. They tied the Act to the Arts because there was no film council established and had to put it somewhere.

It took nearly a quarter of a century, 25 years, and in 2003 the country of New Zealand realized their destiny with the release of "The Lord of the Rings, Return of the King." In their first 70 years they produced 20 films, in the last 30 they've produced over 200. They have produced 4 of the top grossing films in history. They are the world leader in many film technologies and their success has boosted their, economy, visitor industry, education system, etc. People from all over the world are relying on the New Zealand film industry for technology and they did it in a very cultural and environmental sensitive manner. What would have happened if they ended it after 5 years because it wasn't working the way they thought it should? I believe they, like most successful groups had to continue to go back to their intent and make honest corrections not just criticisms.

I believe that we in Hawaii are currently running a parallel track. We are at a precipice where we have opportunities to fulfill an incredible destiny and we have already started with different pieces. Act 221 is definitely an integral part of that component and it needs to be tweaked and worked on to insure our long term objectives and compliance, but it certainly should not end but rather be renewed.

Mahalo for your consideration,

Pono

Pono Shim, VP – Kahu
Enterprise Honolulu, the Oahu Economic Development