

LATE

HB 1583

LATE

HB 1583 HD1 (SD1 PROPOSED)

RELATING TO TAXATION

**JOEL K. MATSUNAGA
CHIEF OPERATING OFFICER & EXECUTIVE VP
HAWAII BIOENERGY**

MARCH 27, 2009

Chair Mercado Kim and Members of the Senate Committee on Ways and Means:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on HB1583 HD1 (SD1 Proposed) "Relating to Taxation."

SUMMARY

This bill reduces tax credits allowed under chapters 235, 239, 241, and 431, HRS, by 75 per cent for taxable years beginning on or after January 1, 2009, and ending before January 1, 2011, excluding a number of important tax credits including the Ethanol Facility Tax Credit (Section 235-110.3). Hawaii Bioenergy (HBE) supports this exclusion and would like to take opportunity to underscore the importance of maintaining the Ethanol Facility Tax Credit in order to foster biofuels production and contribute to greater energy security for the State of Hawaii. However, HBE opposes the proposed amendment to HB1583 HD1 (SD1 Proposed), which eliminates the High Technology Business Investment Tax Credit (Section 235-110.9) for investments made after June 30, 2009.

HBE supports the maintenance of the Ethanol Facility Tax Credit (Section 235-110.3) and the High Technology Business Investment Tax Credit (Section 235-110.9) for the following reasons:

1. HBE is currently considering plans to develop locally produced ethanol in Hawaii and has invested significant resources to date in evaluating its sustainability and long-term viability. The maintenance of the Ethanol Facility Tax Credit is critical to enabling HBE to pursue its ethanol development plans.
2. HBE is also moving forward with the development of other renewable energy projects in Hawaii that could contribute significantly toward addressing the State's energy needs and reducing the State's dependence on imported fuels. Repeal of the High Technology Business Investment Tax Credit could jeopardize or delay the projects and their associated environmental, economic, and social welfare benefits to Hawaii's residents.

RENEWABLE ENERGY PROJECTS IN HAWAII

Hawaii BioEnergy is a local company with a mission to help Hawaii toward a sustainable energy future through the production of biofuels from locally grown feedstocks. Among its partners are three of the larger land owners in Hawaii who control in total over 430,000 acres of land. HBE and its partners would like to use significant portions of their land to address Hawaii's energy needs. Since its inception in 2006, HBE has been researching various biofuels alternatives to clearly evaluate each biofuel's relative suitability and sustainability based on Hawaii's natural resource base, climate, market, and infrastructure.

One of those biofuel alternatives that HBE is pursuing is the production of jet fuel and other oil derivatives from micro-algae. Preparations have been underway for many

months and facilities to conduct on-site research and development are expected to be in place before this legislative session is done. Algae not only offers Hawaii the benefit of developing a locally produced fuel source, but it also benefits the agriculture industry by providing proteins for animal feed, fertilizers and other locally produced products.

HBE is also currently considering plans to develop locally produced ethanol from sugar cane, sweet sorghum, or other crops that can be processed into ethanol. The production of ethanol in Hawaii will provide its residents with better energy security, create a significant number of jobs, reduce the burning of fossil fuels, and retain dollars in the State's economy rather than sending them overseas.

IMPORTANCE OF TAX INCENTIVES IN FOSTERING RENEWABLE ENERGY PROJECTS

Maintenance of the Ethanol Facility Credit is critical to developing a competitive local ethanol industry, as the production of ethanol in Hawaii would need to compete against ethanol produced and available on the world markets where land, labor and other costs, including adherence to environmental and other regulations are lower. The current Ethanol Facility Tax Credit helps to offset those cost disparities to the extent that, under the right conditions, HBE would be willing to pursue producing ethanol locally. Further, the credit helps to offset a portion of the risk that first-movers must assume in the establishment of a new industry. Without that credit it would be very difficult, if not impossible, to justify investment in ethanol production facilities in Hawaii.

In addition to ethanol, HBE is also developing other renewable energy sources which will help contribute to a more secure and sustainable energy future for Hawaii. The Company has expended a considerable amount of its investors' funds to date to conduct the research and development necessary to be able to move projects forward

that will benefit Hawaii. The availability of the High Technology Business Investment Tax Credit has allowed HBE to maximize our investors' funds with the State's incentives. Without the credit, it is possible that HBE's projects, as well as the benefits they will provide to Hawaii's residents, will be delayed. Based on an independent analysis commissioned by HBE, a large-scale ethanol facility could provide up to 1,400 new jobs and over \$115 million in added value in the State. Those benefits could be in jeopardy should the High Technology Business Investment Tax Credit be repealed.

CONCLUSION

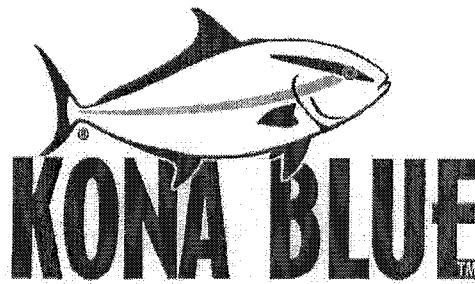
HBE is moving forward with projects that will help to address Hawaii's energy future. Hawaii residents will benefit from:

- Greater energy security from the displacement of fuel imports;
- A cleaner environment from the expansion of sustainable agriculture, the sequestration of CO₂ and harmful green house gas emissions, and reduction of fossil fuel consumption;
- A stronger economy through local job creation and investment in the local economy.

Maintenance of the Ethanol Facility Tax Credit is a key factor in HBE and the State of Hawaii achieving these goals. Elimination of High Technology Business Investment Tax Credit, however, will jeopardize those benefits by either significantly delaying or terminating projects under consideration.

Based on the aforementioned, Hawaii BioEnergy respectfully requests your support in maintaining the Ethanol Facility Tax Credit and the High Technology Business Investment Tax Credit.

Thank you for the opportunity to testify.



LATE

Kona Blue Water Farms

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: **Neil Anthony Sims, President**
Kona Blue Water Farms

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

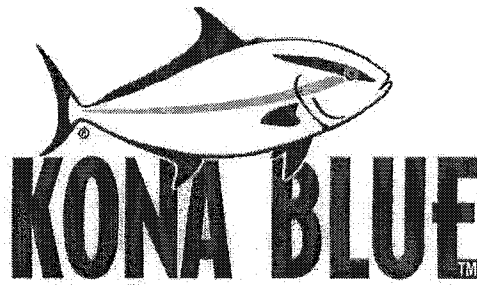
Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

Credit Allocations Elimination of disproportionate credit allocation will cut off out of state investment.

R&D Credit Eliminating the R&D credit on 221 investments made in QHTBs eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This credit is not a major cost issue to the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.



Kona Blue Water Farms

Company Background: Black Pearls, Inc (BPI) is the hatchery production and research subsidiary of Kona Blue Water Farms, LLC. Kona Blue / Black Pearls, Inc have pioneered the first integrated marine fish hatchery and open ocean fish farm in the U.S. BPI led the research breakthroughs in the U.S. to develop commercial-scale hatchery culture techniques for high-value fish species, such as *Seriola rivoliana*, for offshore fish farming. At the same time, we have blazed a trail for open ocean leasing legislation in the State of Hawaii, which is now being replicated by the Federal level. We have successfully taken these research breakthroughs and legislative accomplishments into the venture capital market, and built our commercial company. More than just obtaining capital, BPI/Kona Blue was able to attract experienced entrepreneurs who could bring expertise and perspective to the opportunity.


Kona Blue's mission is "to expand the environmentally sound production of the ocean's finest fish." The three elements of this mission are:

- "Pioneering and promoting sustainable aquaculture;
- "Producing and selling nutritious marine fish; and
- "Building Kona Blue as the world's leading brand of premium farmed fish.

BPI / Kona Blue's aim is to become a global leader in the open ocean aquaculture industry, through application of innovative biology and engineering, through rapid 'first mover' adaptation of new technologies, and through establishing a dominant brand that has recognition and value in the major seafood markets of the U.S., Europe, and Asia (particularly Japan and China). Our plan is to first demonstrate the viability of our production system in the U.S. We believe that we have already attained this goal in Kona, and we are now looking to expand our current operations, and to other sites. Kona Blue revenues were around \$2 million in 2006, and just under \$4 million in 2007. We have fish in the water to already meet our projections for 2008 revenues of around \$9 million

BPI/Kona Blue currently employs 30 people: including hatchery workers, an offshore farm crew, engineering/maintenance crew, sales and marketing support, management/administrative employees, and full-time researchers. The majority of these positions are filled under grad or graduate degrees or require professional training and certification. BPI/Kona Blue has received six Phase II SBIR awards: three from NSF and three from USDA. The progress our company has demonstrated has been made possible by research funding.

Thank you for the opportunity to testify.


Neil Anthony Sims, President
Kona Blue Water Farms



March 25, 2009

HB1583 HD1 SD1 Proposed- Relating to Taxation

LATE TESTIMONY

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
 Senator Donna Mercado Kim, Chair
 Senator Shan S. Tsutsui, Vice Chair

FROM: John Kuriyama
 General Manager
 Oceanit

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

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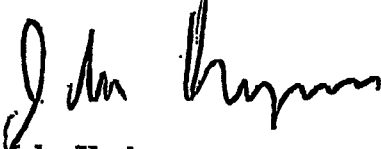
R&D Credit Eliminating the R&D credit on 221 investments made in QHTBs eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This would adversely affect the ability

to perform innovative research here in the State and urge you not to pass these changes.

Job and Investment Loss As noted in the September 2008 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Thank you for the opportunity to testify.

Respectfully yours,



John Kuriyama
General Manager
Oceanit





tropical paper garden

Director of Investor Relations, Ltd
1979 Kalanani St. Honolulu, HI 96819 808 842 1346

LATE TESTIMONY

**To: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair**

**From: Dwight Hamai
Tropical Paper Garden**

**Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed
Relating to Taxation**

Chair, Vice-Chair and Committee Members:

**Thank you for the opportunity to testify in strong opposition to HB1583
HD1 SD1 Proposed.**

**Overall this bill negatively impacts both the Act 221/215 investor
credit and R & D credit and does not contemplate the policy reasons for
the existing provisions. Some of the major problems include:**

**Issues with retroactivity may be unconstitutional. The tax credit
provisions of Act 221/215 were to be in effect until 2010 and
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Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Tropical Paper Garden
Importer and Distributor Recyclable Bags
1928 Kalani Street
Honolulu, Hawaii 96819

Sincerely,

A handwritten signature in black ink that reads "Dwight Hamai". The signature is written in a cursive style and is positioned above the printed name.

Dwight Hamai
President



LATE TESTIMONY

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

**TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair**

**FROM: Mark Gilmer, Director of Process Engineering
Advanced Integrated Photonics**

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

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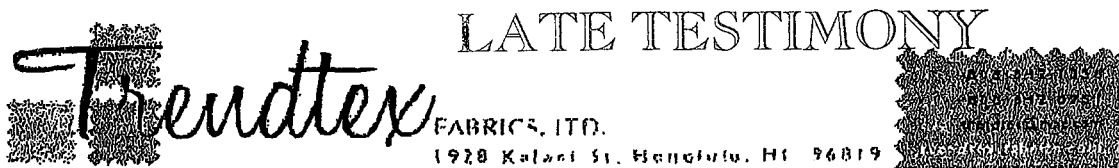
Advanced Integrated Photonics located in Honolulu, Hawaii applies proprietary design and process technology to develop highly integrated photonic and electronic components for optical interconnections and optical sensors. Our approach to photonic component and module development is founded on a fundamental belief that the best products result from optimizing photonic circuit design, material sciences, and fabrication processes simultaneously. Our current product developments and services take advantage of years of experience in delivering integrated photonics for defense contracts and our 5,000 sq ft state-of-the-art photonics wafer fabrication lab.

Thank you for the opportunity to testify.

Mark Gilmer

Advanced Integrated Photonics





To: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

From: Dwight Hamai
Trendtex Fabrics, Ltd.

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed
Relating to Taxation

Chair, Vice-Chair and Committee Members:

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Trendtex Fabrics, Ltd., 1984 Incorporated
Textile Importer and Wholesaler
1928 Kalani Street
Honolulu, Hawaii 96819

Sincerely,

A handwritten signature in black ink that reads "Dwight Hamai". The signature is written in a cursive style and is positioned above the printed name.

Dwight Hamai
President

March 26, 2009

LATE TESTIMONY

TO: (808) 586-6659

Testimony for Hearing before the
Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Friday, March 27, 2009, 9:30 a.m.
State Capitol, Conference Room 211

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

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Thank you for the opportunity to testify on this bill.

Very Truly Yours,



Alfred B. Fernandes, CPA

LATE TESTIMONY

3800 UPLANDER WAY - CULVER CITY, CA 90230 - 310-642-7975 (Voice) 310-642-7829 (Fax)

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tsutsui, Vice Chair

FROM: Denise Lortie

TITLE: Vice President

APIC Corporation

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

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The integration of photonics and electronics as wafer-based circuits is crucial in achieving transformational cost, size, and performance for a wide range of applications in communications, data networking, computing, sensors, solar power and more. APIC has an office/high technology fabrication lab in Honolulu since 2003. We are qualified for the QHTB program and it's been quite successful for both APIC and a Subsidiary and for the State of Hawaii. Advanced Integrated Photonics located in Honolulu, Hawaii applies proprietary design and process technology to develop highly integrated photonic and electronic components for optical interconnections and optical sensors. Our approach to photonic component and module development is founded on a fundamental belief that the best products result from optimizing photonic circuit design, material sciences, and fabrication processes simultaneously. Our current product developments and services take advantage of years of experience in delivering integrated photonics for defense contracts and our 5,000 sq ft state-of-the-art photonics wafer fabrication lab.

Thank you for the opportunity to testify.

Denise Lortie, Vice President, APIC Corporation



LATE TESTIMONY

5800 UPLANDER WAY
CULVER CITY, CA 90230
310-642-7975 (Voice) 310-642-7829 (Fax)

HB1739 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: James Chan, Senior Vice President, APIC Corporation

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

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Thank you for the opportunity to testify.

James Chan,

Senior Vice President

APIC Corporation

LATE TESTIMONY



HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

**TO: Senate Committee on Ways and Means
 Senator Donna Mercado Kim, Chair
 Senator Shan S. Tsutsui, Vice Chair**

**FROM: Raleigh Wong, Hawaii Clean Room Facility Assistant
 Advanced Integrated Photonics**

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

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Thank you for the opportunity to testify.

Raleigh Wong

Advanced Integrated Photonics



LATE TESTIMONY

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

**TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair**

**FROM: Kumkum Dutt, Human Resources
Advanced Integrated Photonics**

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

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Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

Credit Allocations Elimination of disproportionate credit allocation will cut off out of state investment.

R&D Credit Eliminating the R&D credit on 221 investments made in QHTBs eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This credit is not a major cost issue to

the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

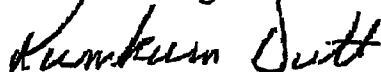
Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Advanced Integrated Photonics located in Honolulu, Hawaii applies proprietary design and process technology to develop highly integrated photonic and electronic components for optical interconnections and optical sensors. Our approach to photonic component and module development is founded on a fundamental belief that the best products result from optimizing photonic circuit design, material sciences, and fabrication processes simultaneously. Our current product developments and services take advantage of years of experience in delivering integrated photonics for defense contracts and our 5,000 sq ft state-of-the-art photonics wafer fabrication lab.

Thank you for the opportunity to testify.

Kumkum Dutt

Advanced Integrated Photonics





LATE TESTIMONY

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tsutsui, Vice Chair

FROM: Bernie Torres, Hawaii Clean Room Facility Manager

Advanced Integrated Photonics

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

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the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

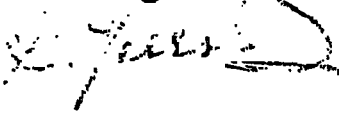
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Thank you for the opportunity to testify.

Bernie Torres

Advanced Integrated Photonics



March 26, 2009

TO: (808) 586-6659
Testimony for Hearing before the
Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Friday, March 27, 2009, 9:30 a.m.
State Capitol, Conference Room 211

LATE TESTIMONY

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

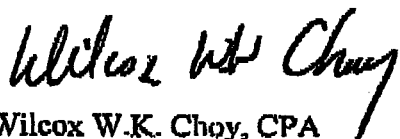
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Thank you for the opportunity to testify on this bill.

Very Truly Yours,



Wilcox W.K. Choy, CPA

March 26, 2009

TO: (808) 586-6659

Testimony for Hearing before the
Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Friday, March 27, 2009, 9:30 a.m.
State Capitol, Conference Room 211

LATE TESTIMONY

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

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Thank you for the opportunity to testify on this bill.

Very Truly Yours,



Alton I. Ohira, CPA

March 26, 2009

TO: (808) 586-6659

Testimony for Hearing before the
Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Friday, March 27, 2009, 9:30 a.m.
State Capitol, Conference Room 211

LATE TESTIMONY

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

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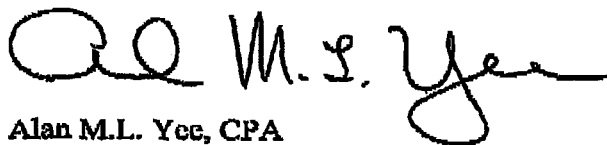
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Thank you for the opportunity to testify on this bill.

Very Truly Yours,



Alan M.L. Yee, CPA

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

LATE TESTIMONY

**TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair**

FROM: Jodie Kealohapaole

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

My nephew is an employee at Advanced Integrated Photonics, a company in the high tech industry in Hawaii. This job the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,

Jodie Kealohapaole

HB1583 HD1 SD1 Proposed- Relating to Taxation

LATE TESTIMONY

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tsutsui, Vice Chair

FROM: Stacy Lyn Dees

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

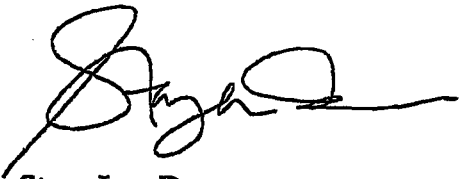
Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee at Archinoetics, LLC, a company in the high tech industry in Hawaii. This job the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Stacy Lyn Dees

kim2 - Arline

From: Brian Barnhart [brian@hyperspective.com]
Sent: Friday, March 27, 2009 8:45 AM
To: WAM Testimony
Cc: Charisse Lindsey
Subject: Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation



HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: Brian Barnhart

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee at Hyperspective Studios, Inc., a company in the high tech industry in Hawaii. This job the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

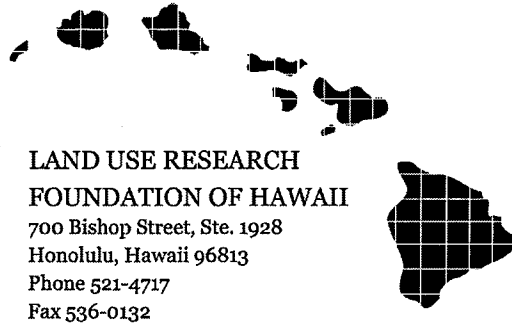
Sincerely,

Brian Barnhart

Brian Barnhart, MBA
Hyperspective Studios, Inc.
875 Waimanu St. #217
Honolulu, HI 96813
ph: 808.628.8432
fax: 808.593.4477
brian@hyperspective.com

Visit the Hyperspective Studios website
www.hyperspective.com

LATE



Via Capitol Website

March 27, 2009

**Senate Committee on Ways and Means
Hearing Date: Friday, March 27, 2009, at 9:30 AM in CR 211**

**Comments Regarding HB 1583 HD1: Relating to Taxation.
(Reduction of Business Tax Credits of not more than 75% for Two Years)**

Honorable Chair Donna Mercado Kim, Vice Chair Shan S. Tsutsui and
Members of the Senate Committee on Ways and Means:

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawai'i's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide **comments regarding HB 1583 HD1**, which reduces tax credits allowable under chapters 235, 239, 241, and 431, HRS, for two years, from January 1, 2009 to January 1, 2011. The current version of this bill also excludes a number of tax credits from its applicability. This measure suspends the use of tax credit carryovers generated from taxable years beginning before January 1, 2009, until January 1, 2011. HB 11583 HD1 also caps the amount of tax credits that may be claimed during the two year period at 75 percent of the taxpayer's tax liability and sunsets on January 1, 2015.

LURF understands that based on the latest State tax revenue forecasts, the State will need to make some major cuts, however, we **respectfully request that the following tax credits be included in the list in subsection (e) which excludes it from the seventy per cent cap on business tax credit claims including:**

- **Ko Olina Disney projects (Section 235-110.46);**
- **Farmers designating Important Agricultural Lands (Section 235-110.93); and**
- **Renewable Energy projects (Section 235-12.5).**

HB 1583 HD1. HB 1583 HD1 proposes to add a new section to Chapter 235 of the Hawaii Revised Statutes (HRS), which would limit a any business tax credits claims to not more than seventy-five per cent for two years from 2009 to 2011, as follows:

"§235- Credits against income; claim limitation. (a)

Notwithstanding any law to the contrary providing for a credit that may be claimed against a taxpayer's net income tax liability under this chapter or chapters 239, 241, or 431, for taxable years beginning on or after January 1, 2009, and ending before January 1, 2011, no claim for business credit, including carryover business credit from prior taxable years, shall exceed seventy-five per cent of the taxpayer's tax liability for the taxable year in which the credit is claimed.

(b) Any business credit generated between January 1, 2009, and December 31, 2010, shall be subject to the credit claim limitation provided in subsection (a) and shall not result in a credit carryover in subsequent taxable years.

(c) Any business credit generated and applicable to a taxable year beginning before January 1, 2009, that resulted in a credit carryover shall be subject to the credit claim limitation provided in subsection (a); provided that notwithstanding any provision creating a waiver of a tax credit by failing to make a claim within a specified period of time for any business credit, any business credit carryover generated and applicable to a taxable year beginning before January 1, 2009, may be used against a tax liability in taxable years beginning on or after January 1, 2011, until exhausted.

(d) Business credits generated during taxable years beginning on or after January 1, 2009, and ending before January 1, 2011, shall be claimed first, and business credits generated in taxable years beginning prior to January 1, 2009, shall be claimed thereafter; provided that, with regard to any business credit properly claimed for a taxable year beginning before January 1, 2009, the specified period of time established to exhaust that business credit shall be tolled until such time that business credits accrued for the period beginning January 1, 2009, and ending January 1, 2011, have been exhausted.

Those that qualify under "business tax credits" and would be exempt from this 75% limitation include the following listed in subsection (e), HB 1583 HD1 states:

(e) As used in this section, "business credit" means all tax credits allowed under chapters 235, 239, 241, and 431, except for the following tax credits:

(1) Section 235-15 (relating to a tax credit for child passenger restraint systems);

(2) Section 235-17 (relating to a tax credit for motion picture, digital media, and film production);

(3) Section 235-55 (relating to a tax credit for resident taxpayers);

- (4) Section 235-55.6 (relating to a tax credit for household and dependent care services);
- (5) Section 235-55.7 (relating to a tax credit for low-income household renters);
- (6) Section 235-55.85 (relating the refundable food/excise tax credit);
- (7) Section 235-110.3 (relating to a tax credit for ethanol facilities);
- (8) Section 235-110.6 (relating to a tax credit for commercial fishers' fuel);
- (9) Section 235-110.8 (relating to a tax credit for low-income housing);
- (10) Section 235-110.91 (relating to a tax credit for research activities);
- (11) Section 239-6.5 (relating to the tax credit for lifeline telephone services); and
- (12) Any credit against any tax required by the Constitution or the laws of the United States."

HB 1583 HD1 also suspends the use of tax credit carryovers generated from taxable years beginning before January 1, 2009 until January 1, 2011.

LURF's Position. Although the State and nation are facing very difficult economic times it would be even more detrimental to take away some of the few existing incentives available that could help jumpstart Hawai'i's economy.

For example, HB 1583 HD1 would apply the graduated reduction to Section 235-110.46, which include tax credits for **Ko Olina Resort and Marina**, which is set to expire in May 2009. The intent behind this tax credit was to benefit west Honolulu region and specifically the Waianae Coast by providing training facilities and programs in hotel and resort training for the community. The proposed reduction may have an affect on the current Disney project, which broke ground in 2008 and hopes to open in 2011 on 21 acres with 350 hotel rooms and 480 time-share villas for Disney Vacation Club members.

Similarly, the **Renewable Energy Technology Tax Credit**, which falls under HRS §235-12.5 will also be affected. Renewable Energy Tax credits were established in 1976 under Act 189 (amended 11 times) to encourage private investment in renewable energy systems and since then, these incentives have proven successful, beneficial and cost effective. The intent behind renewable energy technology tax credits remains the same since 1976 which has been to protect our environment, reduce pollution, make housing more affordable, and enhance Hawaii's economy. This tax credit is important because it provides incentives for homeowners and developers to employ renewable technologies that reduce the use of fossil fuels. The loss of tax incentives under HB 1583 will be detrimental to new efforts relating to renewable energy technology and will adversely affect current and future projects which involve renewable energy.

Another affected tax credit, under HB 1583 will include the **Important Agricultural Lands (IAL) tax credits** under Section 235-110.93, which incentivize farmers and agricultural land owners to invest in agricultural infrastructure and operations on lands

designated under Act 233 (2008) as IAL. IAL tax credits under Act 233 (2008) could provide valuable assistance to farmers with initial costs of farming, especially during these difficult economic times.

LURF respectfully requests that the following tax credits be included in the list in subsection (e) which excludes it from the seventy per cent cap on business tax credit claims including:

- **Ko Olina Disney projects (Section 235-110.46);**
- **Farmers designating Important Agricultural Lands (Section 235-110.93); and**
- **Renewable Energy projects (Section 235-12.5).**

LURF and its Members respectfully request that these sections be qualified under the “business tax credit” categories and be listed under subsection (e), because it will significantly impact a number of initiatives already in place. While we agree that as a state and nation, we must determine where and what needs trimming in government, we must not take away from the investors that help to stimulate the economy. Tax credits can also help the construction industry which is involved in resort development, affordable housing projects and infrastructure improvements.

We understand the need to reduce tax credits; however, we are willing to work collaboratively with the legislature and state agencies to do a closer analysis to evaluate what tax credits are most valuable to stimulating Hawaii’s economy and which went unused and could be deemed unnecessary or of lower priority.

Based on the above, we respectfully **request that the bill be amended to add the above-referenced tax credit sections be added to the list of exemptions in subsection (e)** being proposed by HB 1583 HD1, or in the alternative, we ask that this bill be **held** in the Senate Committee on Ways and Means.

Thank you for the opportunity to testify.

kim2 - Arline

From: Tareq Hoque [thoque@concentris-systems.com]
Sent: Thursday, March 26, 2009 4:04 PM
To: WAM Testimony
Subject: HB 1583 HD1 SD1 Proposed 3/27/09 9:30AM Hearing

**RE: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to
Taxation Chair, Vice-Chair and Committee Members**

March 26, 2009

Thank you for giving me the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

1. This bill negatively impacts both the Act 221/215 investor and R&D credits
 - It does not contemplate the policy reasons for existing provisions.
 - Its retroactivity may be unconstitutional.
 - Investments were made on the statutory commitment that the bills would be in effect until 2010.
 - Because credits are claimed over a five-year period, this change would retroactively repeal credits from previous years.
 - Suspension of the credit or carryover provisions would erode investor confidence and dry up investments in a tight lending environment.
 - The lack of credits would bring the demise of a number of qualified high tech businesses.

2. Elimination of disproportionate credit allocation will cut off statewide investment.
 - Loss of the 221 R&D credit would exacerbate the price disadvantage Hawaii tech competitors face versus mainland competitors.
 - QHTB companies would be driven to relocate to the mainland.

QHTB mainland relocations would decrease State revenue streams. A 9/08 DoTax study documented the emergence of these companies in the State's fastest growing job and revenue sector. In short, the 221/215's benefits are being realized. Losing them at a time when treasury revenues are in perilous short supply is unconscionable.

Today's focus should be on job creation and diversification. Acts 221/215 have delivered by bringing high paying jobs and new revenues to Hawaii. Let's ensure that the promise of these acts is brought to fruition.

I urge you to vote "no" on HB1583 HD1 SD1 Proposed.

Tareq Hoque

President, Concentris Systems

--

Tareq Hoque

Concentris Systems LLC

www.concentris-systems.com

808-781-2003

TESTIMONY OF WILLIAM G. MEYER, III

HB 1583 HD1 SD1

HEARING DATE/TIME: Friday, March 27, 2009
9:30 a.m. in Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

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

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, I believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

Credit Allocations The elimination of investment tax credit allocations in excess of 1:1 will cut off most, if not all, out of state investment in the State of Hawaii.

R&D Credit Eliminating the R&D credit on 221 investments made in QHTBs eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This credit is not a major cost issue to the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

Job and Investment Loss As noted in the September 2008 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a

Testimony of William G. Meyer, III
Re: HB 1583, HD1, SD1
Hearing Date/Time: Friday, March 27, 2009
Room 211
Page 2

LATE

significant negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

On Tuesday of this week, Google's chief technology advocate, Michael Jones (one of the creators of Google Earth) who is here in Hawaii to participate in various high tech programs, applauded the "forward thinking" of the State of Hawaii in connection with its high tech tax incentives <<http://kgmb9.com/main/content/view/15410/40/>>.

Let's keep moving Hawaii forward! This measure would erase the gains high tech has made since 2001 and set the clock back on Hawaii's economic diversification plan.

Thank you for the opportunity to testify.

Respectfully submitted,

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

LATE

T-RX ENTERTAINMENT, LLC

**56 NIUHI STREET
HONOLULU, HAWAI'I 96821
(808) 271-9140
marktarone@yahoo.com**

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: Mark J. Tarone, Esq.
President, T-Rx Entertainment, LLC

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to testify in strong opposition to HB1583 HD1 SD1 Proposed.

Overall, this bill negatively impacts Act 221 investor credit and does not contemplate the policy reasons for the existing provisions.

Some of the major problems include:

Issues with retroactivity may be unconstitutional. The tax credit provisions of Act 221/215 were to be in effect until 2010, and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would unfairly harm those who have invested in Hawaii's future. Moreover, any such actions would erode if not destroy investor confidence and would dry up investments. If the legislature sets the precedent of retroactively reducing or eliminating credits, future investors will never again have the confidence to invest in Act 221 projects, projects which are proven to be highly valuable to Hawaii.

Credit Allocations: Elimination of disproportionate credit allocation will cut off out of state investment.

Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on

Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Company Profile - T-Rx Entertainment, LLC:

T-Rx Entertainment, LLC has provided entertainment services to Hawaii residents and visitors for the past six years. From 2005 until 2008, the company focused on providing management services to Grammy Award-Winning singer songwriter, John Cruz. Since 2008, T-Rx Entertainment has been dedicated to promoting the Honolulu Culture & Arts District through a series of music & arts celebrations.

In 2008, T-Rx Entertainment played a central role in the fundraising and production of John Cruz's award winning album, 'One of These Days' (released in 2007). Without Act 221, that recording would have never happened. The album has provided John Cruz with critical revenue and also critical performance opportunities in Hawaii and the US mainland. National music sales continue to experience dramatic declines each year due to the rise of illegal pirating of recorded music. Act 221 is vital to giving Hawaiian musicians an opportunity to produce A level recordings and share high quality albums with people both in Hawaii and beyond our state's shores. Without Act 221, Hawaii's music industry will suffer significantly. Fewer musicians will be able to dedicate themselves to creating impactful music, and the small number who are able to focus on music full-time will have much less opportunity to reach a large audience.

Thank you for the opportunity to testify.

Sincerely,

Mark J. Tarone, Esq.
President, T-Rx Entertainment, LLC
www.trxentertainment.com
www.hallowbaloo.com
www.myspace.com/nuuanuavenue

SCOTT FOSTER & ASSOCIATES
PROVIDING MARKETING, PRODUCTION, & MANAGEMENT CONSULTATION
TO MUSICIANS & ARTISTS WORKING IN HAWAII

LATE

3050 KAHALOA PLACE • HONOLULU, HAWAII 96822-1541
VOICE 808-988-0555 • FAX 808-988-1777
FOSTERSOO5@HAWAII.RR.COM - HTTP://WWW.SCOTTFOSTER.ORG

Thursday, March 26, 2009

The Hawai'i State Senate Committee on Ways & Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

Testimony Opposing HB1583 HD1 SD1 "Relating to Taxation"

DATE: Friday, March 27
TIME: 9:30 AM
PLACE: Conference Room 211

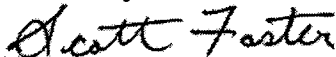
Dear Chair, Vice-Chair and Committee Members:

This misguided bill negatively impacts both the Act 221/215 investor credit and R&D credit. **As written, this legislation would devastate Hawaii's fledgling music industry.** While some minor adjustments to Act 221/215 may at some point be in order, this draconian rewrite should not be passed.

Earning a living in the music business is at best, punishing – and even some of Hawaii's best known performing artists have a difficult time attracting the financial backing required to "make it" in today's music business.

If you want to destroy Hawaii's now-growing entertainment industry, then pass this bill. If you want to instead see it flourish and generating significant intellectual property rights income returned to our local artists and economy, then vote "no" on this proposed amendment.

Sincerely,


Scott Foster

LATE

Hawaii State legislature
State Capital
Honolulu, Hawaii 96813

Testimony on
H.B. NO. 1583 HD1

Senate Ways and Means Committee on March 27, 2009, Conference Room 221

To: Chair Donna Mercado Kim, Vice Chair Shan Tsutsui, Members of Ways
and Mean Committee

Re: Opposed to HB 1583 HD1

From: Pono Shim, Kahu and Vice President Enterprise Honolulu, The Oahu
Economic Development Board
737 Bishop Street, #2040
Honolulu, HI 96813
808-521-3611 x12

Enterprise Honolulu is opposed to this bill because it would harm Act 221/215.

Please do whatever you can to protect Act 221/215. It's working, it's helping
Hawaii's future economy, it's good public policy, and it's a legacy to our children.

There are many vital components needed for the development of the industries
that can and will diversify Hawaii's economy. Act 221/215 are brilliant initiatives
that have and will continue to stimulate social economic growth.

Mahalo for your consideration,

Pono Shim

From: tony clapes [tclapes@attglobal.net]
Sent: Thursday, March 26, 2009 6:08 PM
To: WAM Testimony
Subject: SB1583 HD1 SD1 - Proposed - Relating to Taxation

Anthony L. Clapes
Intellectual Capital Asset Management, Inc.
3077 Kaohinani Drive
Honolulu HI 96817

HB1583 HD1 SD1 Proposed - Relating to Taxation

DATE: Friday, March 20
TIME: 1:15pm
PLACE: Conference Room 016

TO: Senate Committee on Economic Development and Technology Senator Carol Fukunaga, Chair
Senator Rosalyn H. Baker, Vice Chair

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

Position

I strongly oppose HB1583 HD1 SD1 Proposed.

As you will hear from many others, overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Retroactivity may be unconstitutional. The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

Credit Allocations Elimination of disproportionate credit allocation will cut off out of state investment.

R&D Credit Eliminating the R&D credit on 221 investments made in QHTBs eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This credit is not a major cost issue to the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

The Bill in Context.

Some people have told me that my little Y2K book on economic development in Hawaii, "Blue Wave Millennium," was influential in legislative thinking about diversifying the State's economy in the early part of the decade. I'd like to think so. However, whatever effect it may have had back then has since vanished. True to form, as it once again faces recession Hawaii proposes to throttle its own economic development activities, just as it did in the 1990s. That latter mistake set back the quest for a better economic future for Hawaii by a decade at least. This bill will add another decade of setback.

Act 221, and later Act 215, in addition to being quite successful in causing investors inside and outside the State to fund Hawaii technology-based start-ups, were a turning point in the quest for economic diversification in Hawaii. Thanks to those Acts, tech companies proved that they could innovate and succeed in Hawaii, and reach markets around the world from this isolated State. We now know that Hawaii can be competitive globally in innovation-based businesses.

We have proved the "existence theorem." Yet to compete in global markets with 21st Century products and services we need more than proof that it can be done. We need an industrial base that will do the competing over years and decades to come.

If we can't get off this vicious cycle of "boom or bust" economic thinking that has more than once set our diversification efforts back by many years, new industries will simply not thrive here. If all we care about is whether the planes are arriving again, full of passengers eager to spend, and whether military largess is going to flow like fine wine forever, then we are consigning Hawaii and its people to permanent economic vulnerability.

That's exactly what this bill will do: cut or dismember the most successful economic development program the Islands have had since Governor Ariyoshi first proposed a statewide strategy for high-tech development back in the mid-1980s.

Where is the sense in doing that? Yes, the credits are very generous, but they needed to be -- and still need to be -- in order to attract local investors more accustomed to land-based enterprises, and to convince out-of-state investors to send tens of millions of dollars halfway across the Pacific Ocean to fund Hawaii tech start-ups. But if we continue looking at the Acts aimed at strengthening our economy as a pot of money that should be taken away when times are tough, we will continue to short-change the generations of young people coming up now and in the foreseeable future.

In times of economic stress, the government should be looking for ways to "do more with less", not to intrude further on the lives of its people by increasing taxes or reducing tax credits designed to secure a better future for the State. Doing more with less: there's no magic to that. I've worked with efficiency experts and business process experts long enough to know that any operation can increase its efficiency, and reduce its costs, by at least 10% if it gets the right advice.

There are perhaps obstacles to implementing efficiency-based programs in Hawaii's government. It may be much easier and expedient to cut tax credits. But taking the easy path means depriving young people of a better future in order to preserve inefficient government functions that, I guarantee you, could be accomplished more cheaply than they are now..

On behalf of the schoolchildren who have engaged in the national engineering competitions, the college students who have decided to major in science or engineering, the young and not-young entrepreneurs who have taken the bold step of starting innovation-based ventures in this business-unfriendly and technology unfriendly State, I thank you for this opportunity to testify.

Tony Clapes, President
iCAM, Inc.

kim2 - Arline

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 26, 2009 10:55 PM
To: WAM Testimony
Cc: fosters005@hawaii.rr.com
Subject: Testimony for HB1583 on 3/27/2009 9:30:00 AM
Attachments: SF&A_Act221_215.pdf

Testimony for WAM 3/27/2009 9:30:00 AM HB1583

Conference room: 211
Testifier position: oppose
Testifier will be present: No
Submitted by: Scott Foster
Organization: Scott Foster & Associates
Address: 3050 Kahaloa Place Hawai`i
Phone: 808-988-0555
E-mail: fosters005@hawaii.rr.com
Submitted on: 3/26/2009

Comments:

From: Andreas Mylonakis [amylonakis@cellularbioengineering.com]
Sent: Thursday, March 26, 2009 5:09 PM
To: WAM Testimony
Subject: Testimony in Strong Opposition to HB1739 HD1 and Section 8 of SD1 Proposed - Relating to Taxation

Testimony on Strong Opposition to HB1583 HD1 SD1 Proposed – Relating to Taxation

Date: Friday, March 27, 2007
Time: 9:30 a.m.
Place: Conference Room 211

To: Senate Committee on Ways and Means
The Honorable Donna Mercado Kim, Chair
The Honorable Shan S. Tsutsui, Vice Chair

From: Andreas Mylonakis

Re: Testimony on Strong Opposition to HB1583 HD1 SD1 Proposed – Relating to Taxation

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

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee at Cellular Bioengineering, Inc., a company in the high tech industry in Hawaii. In part, this job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies and could lead to business shut downs and the loss of jobs here in Hawaii.

Sincerely,

Andreas Mylonakis, Ph.D.
Sr. Polymer Chemist
Cellular Bioengineering, Inc.
1946 Young St., Honolulu, HI 96826
phone: 808 949-2208 x137
fax: 808 949-2209

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:02 PM
To: Sen. Donna Mercado Kim; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Barnabe O. Basa
91.1032 Kauiki Street
Ewa Beach, HI. 96706

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Barnabe O. Basa

LATE

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 11:57 AM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Oppose HB 1583 HD1 SD14

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Diane Frauenholz
1721 Kealia Drive
Honolulu, HI. 96817
808.3434960

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy of creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your

Mahalo Nui Loa,

Diane Frauenholz

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 12:25 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Michael A Broady
94.375 Keehuhiwa St.
Mililani, HI 96789
808.722.4551

Re: **Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation**

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Michael A Broady

Set Medic

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 12:36 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Andrew Calma Jr.
1519 Nehoa St. Apt. 103
Honolulu, HI 96822
808.7226448

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Andrew Calma Jr.

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 12:57 PM
To: Sen. Donna Mercado Kim; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

William Draheim
3265 Kalihi Street
Honolulu, HI 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

William Draheim

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:00 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Melvin G. Ho
534 Ohohia Street
Honolulu, HI 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Melvin G. Ho

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:03 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Landon Lau
1412 A Gulick Ave.
Honolulu, HI. 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Landon Lau

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:06 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Judith Y. Matsumoto
1968 Ala Mahamoe Place
Honolulu, HI. 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Judith Y. Matsumoto

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:09 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Richard Romer
2994 Kalihi Street
Honolulu, HI. 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Richard Romer

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:12 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Tuia'ana August K. Scanlan
1931 Kalihi Street
Honolulu, HI. 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Talofa,

Tui Scanlan

Rigger

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:14 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Reid Keoki Smith
1609 Democrat Street
Honolulu, HI. 96819

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Reid Keoki Smith

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:17 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Raimar Ven Den Bylaardt
98.945 Moanalua Rd. # 1003
Aiea, HI. 96704

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Ray Bylaardt

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:20 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Ralph Garcia
98.319 Ualo Street #C-3
Aiea, HI. 96704

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Ralph Garcia

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:23 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Edwin A Hollmann III
98.1206 Maohu Place
Aiea, HI. 96701

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Edwin A. Hollmann III

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:25 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

John E Kendrick
98.1410 Akaaka Street
Aiea, HI. 96701

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

John E. Kendrick

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 1:30 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Patrick G.W. Lum
PO Box 1932
Aiea, HI. 96701

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Patrick G.W. Lum

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:05 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Damien Darchuck
59.432 Kawowo Road
Haleiwa, HI. 96712

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Damon Darchuck

LATE

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:08 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Sonny J. Ahpuck Jr.
54.121 Imua Place
Hauula, HI. 96717

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Sonny J. Ahpuck Jr.

LATE

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:10 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Jeffery Nihipali Day
PO Box 1379
Honolulu, HI. 96807

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Jeffery Nihipali Day

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:13 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Lee Kaneakua
PO Box 961
Honolulu, HI. 96808

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Lee Kaneakua

kim2 - Arline

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:16 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Leonard T.K. Au
3315 Brokaw Street
Honolulu, HI. 96815

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Leonard Au

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:18 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Nathan Amina
2400 Liliha Street
Honolulu, HI. 96817

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Nathan Amina

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:21 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Travis Hoover
PO Box 66
Ka'a'awa, HI. 96730

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Travis Hoover

LATE

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:23 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Byron W. Jeremiah
PO Box 475
Kahuku, HI. 96731

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Byron W. Jeremiah

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:41 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Ahley Kanahale
PO Box 292
Laie, HI. 96762

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Ashley Kanahale

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:44 PM
To: Sen. Donna Mercado Kim; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Gerard J. Karman
84.644 Kepue Street
Makaha, HI. 96792

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Gerard J. Karman

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:48 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Chavis Acosta
1013 Ho'oli Place
Pearl City, HI. 96872

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Chavis Acosta

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:50 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Christopher Baxa
PO Box 860502
Wahiawa, HI. 96786

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Christopher Baxa

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:53 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Dean C. Des Jarlais
41.871 Laumilo Street
Waimanalo, HI. 96795

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates and atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patience to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Dean C. Des Jarlais

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:56 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Michael J. Downing
17850 Hale Akala Hwy.
Kula, HI. 69790

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Michael J. Downing

Gina Williams

LATE

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 2:58 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

Alex Alcantar
PO Box 3051
Kailua-Kona, HI. 96745

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

Alex Alcantar

Gina Williams

From: B Shafer [iatse665leg@gmail.com]
Sent: Thursday, March 26, 2009 3:01 PM
To: Sen. Donna Mercado Kim; Sen. Shan Tsutsui; iatse665leg@gmail.com
Subject: Opposition to HB1583 HD1 SD1

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair
Members of the Committee

John F. Brady
PO Box 1290
Hanalei, HI. 96714

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Aloha Chairperson Mercado Kim, Vice-Chair Shan Tsutsui and Committee Members:

Reducing tax credits when the economies of the world are in a tail spin is both counter-productive and creates an atmosphere of uncertainty. Governments need to see beyond today and look at what can be projected to pick up the economies. President Obama's latest speech to the nation reminded all of us that we need to have a plan, carry out that plan and be patient to make it work. Reducing tax credits will feed into the feeding frenzy by creating despair instead of creating wealth.

As a member of IATSE 665, the Union behind Entertainment, I strongly oppose HB 1583 HD 1 SD1 and request your support.

Mahalo Nui Loa,

John F. Brady

LATE TESTIMONY

March 26, 2009

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tetsui, Vice Chair

FROM: David G. Watumull

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



David G. Watumull

President & CEO

Cardax Pharmaceuticals, Inc.

LATE TESTIMONY

March 26, 2009

HB1583 HD1 SD1 Proposed - Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tsutsui, Vice Chair

FROM: Ricky H. Takushi

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Ricky H. Takushi
Operations Associate

Cardax Pharmaceuticals, Inc.

No. 2304 P. 6

Cardax Pharma 808-237-5901

Mar. 26. 2009 11:01AM

LATE TESTIMONY

March 26, 2009

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: Kazutoshi Fujioka

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

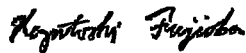
Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Kazutoshi Fujioka
Senior Scientist, Analytical Chemistry
Cardax Pharmaceuticals, Inc.

LATE TESTIMONY

March 26, 2009

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Stan S. Tsutsui, Vice Chair

FROM: Janice P.S.H. Kam

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Janice P.S.H. Kam
Manager, Purchasing, AP, AR
Cardax Pharmaceuticals, Inc.

NO. 2301 P. 4

Mar. 26. 2009 11:49AM Cardax Pharma 808-231-8901

LATE TESTIMONY

March 26, 2009

HB1583 HD1 SD1 Proposed- Relating to Taxation

DATE: Friday, March 27

TIME: 9:30AM

PLACE: Conference Room 211

TO: Senate Committee on Ways and Means

Senator Donna Mercado Kim, Chair

Senator Shan S. Tsutsui, Vice Chair

FROM: Henry L. Jackson

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed - Relating to Taxation

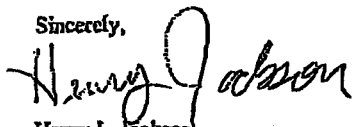
Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HD1 SD1 Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HD1 SD1 Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Henry L. Jackson

Associate Director, Discovery Chemistry

Cardax Pharmaceuticals, Inc.

LATE TESTIMONY

March 26, 2009

HB1583 HDI SDI Proposed- Relating to Taxation

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: Andrew D. Hieber

Re: Testimony in Strong Opposition to HB1583 HDI SDI Proposed - Relating to Taxation

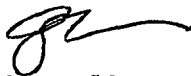
Aloha Chair, Vice Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to HB1583 HDI SDI Proposed.

I am an employee of Cardax Pharmaceuticals, Inc., a company in the high tech industry in Hawaii. This job is the result of the incentives provided by Act 221 to encourage high tech companies to come to Hawaii to do business. HB1583 HDI SDI Proposed will shut off the flow of critical investment dollars needed for the establishment, survival and growth of early stage high tech companies. The loss of investment dollars poses a real threat to the survival of early stage companies, could lead to a shut down, and the loss of jobs here in Hawaii

Mahalo for the opportunity to submit this testimony in strong opposition to this bill.

Sincerely,



Andrew D. Hieber
Associate Director, Biology
Cardax Pharmaceuticals, Inc.

NOV-2009

CARDAX PHARMA 0808-231-3301

MAR-26-2009 11:49AM

LATE TESTIMONY



Cardax Pharmaceuticals, Inc.
79-243 Alan Bishop Drive, Suite 400, Hahaione, HI 96731
Telephone: 808-472-1400 | Fax: 808-252-9500
www.cardaxpharma.com

March 25, 2009

HB1583 HD1 SD1 Proposed - Relating to Taxation

DATE: Friday, March 27
TIME: 9:30AM
PLACE: Conference Room 211

TO: Senate Committee on Ways and Means
Senator Donna Mercado Kim, Chair
Senator Shan S. Tsutsui, Vice Chair

FROM: David G. Watumull
President and CEO
Cardax Pharmaceuticals, Inc.

Re: Testimony in Strong Opposition to HB1583 HD1 SD1 Proposed Relating to Taxation

Chair, Vice-Chair and Committee Members:

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 \$10 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 in strong opposition to HB1583 HD1 SD1 Proposed.

Overall this bill negatively impacts both the Act 221/215 investor credit and R & D credit and does not contemplate the policy reasons for the existing provisions. Some of the major problems include:

Issues with retroactivity may be unconstitutional The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

No. 2354 P. 2

Cardax Pharma 808-287-5901

Mar. 26. 2009 11:00AM

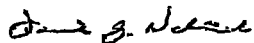
Credit Allocations Elimination of disproportionate credit allocation will cut off out of state investment.

R&D Credit Eliminating the R&D credit on 221 investments made in QHTB's eliminates one of the most significant advantages a Hawaii tech company has versus locating on the Mainland, where costs are often substantially less. This credit is not a major cost issue to the State but has a lot to do with why the tech industry is the fastest growing sector in the State.

Job and Investment Loss As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Thank you for the opportunity to testify.

Sincerely,



David G. Wammull
President and CEO
Cardax Pharmaceuticals, Inc.
Phone: (808) 457-1375
Email: dwwammull@cardaxpharma.com

NOV 2004

Cardax Pharma 808-237-0001

Mar-26-2009 11:00AM