

LINDA LINGLE  
Governor



State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512

**SANDRA LEE KUNIMOTO**  
Chairperson, Board of Agriculture

**DUANE K. OKAMOTO**  
Deputy to the Chairperson

**TESTIMONY OF SANDRA LEE KUNIMOTO  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON FINANCE  
THURSDAY, FEBRUARY 26, 2009  
2:00 P.M.  
ROOM 308**

**HOUSE BILL NO. 1588  
RELATING TO TAXATION**

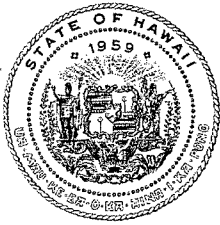
Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1588, which proposes to temporarily reduce various income tax credits. While we are sensitive to the economic situation facing the State and recognize the merits of the bill, we are opposed to the inclusion of Section 235-110.93, Hawaii Revised Statutes in this bill.

The inclusion of Section 235-110.93, Hawaii Revised Statutes in this bill would effectively decrease the value of the most important of all of the incentives created in the 2008 session to start the process to designate and protect important agricultural lands (IAL) as mandated by the State constitution. It would cause an additional delay in designating IAL as landowners would likely wait until the bill ended before January 1, 2011 in order to obtain maximum benefit.

It has been 30 years since Article XI; section 3 was added to the constitution. During that period, thousands of prime agricultural lands were lost to development. Now, more than ever, in these uncertain times, we need to ensure that the state will have a minimum level of food self-sufficiency which requires the utilization of our most productive lands.

The incentives are working. Within six months of the passage of the incentives, a landowner has initiated the process to designate thousands of acres as IAL. In both the short and long-term, protecting and using our important agricultural lands will contribute to our economic recovery and growth. Using our important agricultural lands to grow food for local and visitor consumption rather than rely on imports can make a significant impact on our economy. It has been estimated that using our agricultural lands to replace just 10% of the food we import could generate an economy-wide impact of \$188 million in sales, \$47 million in earnings, \$6 million in state tax revenues, and more than 2,300 jobs. Please do not stop 30 years of effort to protect Hawaii's agricultural lands and jeopardize the State's future ability to feed its people.



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

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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
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Telephone: (808) 586-2355  
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**Statement of  
THEODORE E. LIU  
Director**

Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**

Thursday, February 26, 2009  
2:00 PM  
State Capitol, Conference Room 308

in consideration of  
**HB 1588**  
**RELATING TO TAXATION.**

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

The Department of Business, Economic Development, and Tourism (DBEDT) appreciates the intent of this measure, however, due to the downturn of Hawaii's economy, the closing of so many businesses and the loss of jobs, we have serious concerns about the impact of this measure as it would temporarily reduce or suspend §235-110.9 high technology business investment tax credit, known as Act 221/215 and the royalties tax exemption under §235-7.3, both of which are integral to the continued development and success of Hawaii's film industry. As we continue our work in a highly competitive climate to attract more production business to Hawaii which stimulates our economy, the temporary reduction of these important tax credits will adversely affect Hawaii's reputation and momentum, sending the wrong message to the industry-at-large.

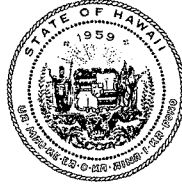
The entertainment industry and the ancillary economic benefits it generates are part of the **solution** to the economic challenge we face. Not only does film and television production provide skilled, well-paying jobs, it also supports our visitor industry infrastructure, providing revenues to hotels, as well as valuable marketing exposure for Hawaii that the state might not otherwise be able to afford. The marketplace has become fiercely competitive on a global scale, with Hawaii competing for its share of production business more often with countries rather than other U.S. states. To the extent we can maintain our tax incentives, we will continue to attract business to our islands. We must be mindful that the global entertainment industry is monitoring closely which jurisdictions they can depend upon for stability and certainty in their production

planning. Hawaii needs to be careful it does not inadvertently drive production away by contemplating changes in current film incentive programs for our state.

Thank you for the opportunity to offer testimony.

LINDA LINGLE  
GOVERNOR

JAMES R. AIONA, JR.  
LT. GOVERNOR



KURT KAWAFUCHI  
DIRECTOR OF TAXATION

SANDRA L. YAHIRO  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF TAXATION  
P.O. BOX 259  
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510  
FAX NO: (808) 587-1560

**HOUSE COMMITTEE ON FINANCE  
TESTIMONY REGARDING HB 1588  
RELATING TO TAXATION**

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

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This measure provides a limitation on the amount of "business tax credit" that may be claimed by any taxpayer over a three year period. The measure limits the amount of credit claimable to 50% of the taxpayer's tax liability. The measure defines "business tax credit" to include non-welfare, constitutionally required, and refundable tax credits. This measure also applies the limitation to any credit carry-forwards generated in years prior to the measure's effective date. Ordering of credit claims is provided.

The Department of Taxation (Department) appreciates the intent of this measure and offers comments.

Many businesses in Hawaii enjoy extremely beneficial tax credits whereby they ultimately pay little or no taxes on business income. With the current budget constraints, it is important to recognize that the State is less able to pay these generous credits than in years past. This measure ensures that all taxpayers are paying their fair share of tax by reducing the means of calculating certain business credits (non-welfare credits) for the next three taxable years. The bill leaves refundable credits unchanged because limiting these credits to an amount of liability is unworkable for credits intended by the Legislature to be refunded to the taxpayer.

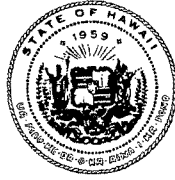
From the Department's perspective, this measure is a creative means of temporarily suspending the pressure on the general fund's liabilities for payment of many business credits. The Department understands that the state of California passed a similar measure, which suspended certain credits and net operating losses for two years to minimize that state's general fund gap.

The Department appreciates that the committee has heard this measure in the interest of balancing the State's budget this session. The Department suggests that these measures be kept alive for further discussion.

This measure will result in a revenue gains of

Credit	Gain from Cutting Credit Claims to 50% of Liability (\$ million)	
	FY2010	FY2011
Renewable Energy Technologies Income Tax Credit (carryover & new)	1.2	1.2
Employment of Vocational Rehabilitation Referrals Tax Credit	0.0	0.0
Enterprise Zone Tax Credit	0.3	0.3
High Technology Business Investment Tax Credit	50.0	50.0
Technology Infrastructure Renovation Tax Credits	0.0	0.0
Low-Income Housing Tax Credit	0.3	0.3
Credit for School Repair and Maintenance	0.0	0.0
Individual Development Account Contribution Tax Credit (carryover)	0.0	0.0
Ko Olina Resort & Marina Attractions and Educational Facilities Tax Credit	4.0	4.0
<b>Revenue Gain</b>	<b>55.8</b>	<b>55.8</b>

Linda Lingle  
GOVERNOR



KAREN SEDDON  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
Honolulu, Hawaii 96813  
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of  
**Karen Seddon**  
Hawaii Housing Finance and Development Corporation  
Before the

**HOUSE COMMITTEE ON FINANCE**

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

In consideration of  
**H.B. 1588**  
**RELATING TO TAXATION.**

The HHFDC has the following comment on H.B. 1588. On page 2, lines 17 and 18 of this bill, reference is made to the capital goods excise tax credit, which is codified in section 235-110.7, Hawaii Revised Statutes, but mistakenly cites the State Low-Income Housing Tax Credit, section 235-110.8, Hawaii Revised Statutes. We respectfully suggest that page 2, lines 17 and 18 be revised to read as follows:

(9) Section 235-110.7 (relating to a credit for capital goods excise taxes);

Thank you for the opportunity to testify.

OFFICE OF THE MAYOR  
**CITY AND COUNTY OF HONOLULU**

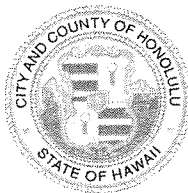
HONOLULU FILM OFFICE

530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813

PHONE: (808) 527-6108 • FAX: (808) 527-6102

EMAIL: [info@filmhonolulu.com](mailto:info@filmhonolulu.com) • WEB: <http://www.filmhonolulu.com>

MUFI HANNEMANN  
MAYOR



WALEA CONSTANTINAU  
FILM COMMISSIONER

Testimony of Walea Constantinou, Film Commissioner  
Honolulu Film Office - Office of the Mayor  
City and County of Honolulu

HOUSE COMMITTEE ON FINANCE

February 26, 2009 – 2:00 pm  
State Capitol, Conference Room 308

RE: 1588 - Relating to Taxation

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

**I oppose a portion of HB 1588 that seeks to alter Section 235-17** as it would adversely affect the basic refundable 15-20% film tax credit known as Act 88.

I appreciate the long-standing support the legislature has given the film industry and the particular attention that legislators, the administration and the industry cooperatively engaged in when developing Act 88. The measure has served to **attract and encourage more than \$300M of spending** in the state from July 2006 (it's inception) through October 2008, at **no cost to the state**.

The bill was designed to be **revenue neutral** and numbers confirm that the intent is being met and exceeded. For calendar year 2007, the **state netted an estimated \$11 million in tax revenue, after the payout of the credit**.

Couple this with the knowledge that the bill has served to create a jobs across a broad spectrum, contributed to workforce development, supported our #1 industry, tourism with literally thousands of hotel room nights as well as millions of dollars of free advertising, and you see why we feel that Act 88 is a part of the **SOLUTION** and not a contributor to the economic challenge we now find ourselves in.

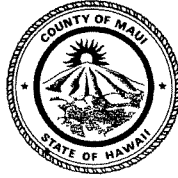
I respectfully request that the provision that speaks to Act 88, referred to as Section 235-17 in the measure, be removed from the bill.



CHARMAINE TAVARES  
MAYOR

DEIDRE M. TEGARDEN  
OED COORDINATOR

BENITA BRAZIER  
FILM COMMISSIONER



2200 Main Street Suite 305  
Wailuku, Maui, Hawai'i 96793-2155  
Telephone (808) 270-7415  
Fax (808) 270-7995  
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**Office of Economic Development**  
COUNTY OF MAUI – Kalana O Maui

February 25, 2009  
Testimony from  
Benita Brazier  
Maui County Film Commissioner

House Committee on Finance

February 26, 2009 2:00pm  
State Capitol, Conference Room 308

RE; HB 1588

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

As the film commissioner from the County of Maui, I strongly oppose the portion of HB 1588 that applies to 235-17. This is the refundable tax credit, known as Act 88. I respectfully request that you remove its reference from the measure. While I understand that we find ourselves in economically challenging times, this measure is a fiscally responsible credit.

The bill named Act 88 does not take money from the general fund – it is revenue neutral. Language in the bill bases the credit on a percentage of what is actually spent by a production company. Since its signing in 2006 the measure has generated over \$300 million dollars in direct expenditures into the local economy at no cost to the state.

This bill has created hundreds of direct industry jobs as well as creating business opportunities for hundreds of vendors throughout the state.

Finally, the bill provides the state with millions of dollars in free advertising.

As I mentioned, I am well aware and understand that a review of all credits has become necessary; however, I feel that the above information strongly supports the fact that this measure is part of the solution and not part of the problem.

I respectfully request you eliminate Section 235-17 from the measure.

I thank you for the opportunity to provide testimony.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**  
*Executive Director*  
Tel: 808.543.0011  
Fax: 808.528.0922

**NORA A. NOMURA**  
*Deputy Executive Director*  
Tel: 808.543.0003  
Fax: 808.528.0922

**DEREK M. MIZUNO**  
*Deputy Executive Director*  
Tel: 808.543.0055  
Fax: 808.523.6879

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

**Testimony by**  
**Hawaii Government Employees Association**  
**February 26, 2009**

**H.B. 1583, H.B. 1588 – RELATING TO**  
**TAXATION**  
**H.B. 1589 – RELATING TO TAX**  
**CREDITS**

The Hawaii Government Employees Association supports the purpose and intent of all three bills (H.B. 1583, H.B. 1588, and H.B. 1589), which reduce various tax credits allowable under multiple sections of Hawaii Revised Statutes. These tax credits apply to individual income taxes, public service companies, banks/financial institutions and insurance companies.

We believe that a temporary reduction of certain tax credits provided by the State of Hawaii is necessary during these difficult economic times. These bills will enable the Legislature to make more fiscally sound and effective spending decisions and reduce the necessity of drastic spending cuts. Every dollar provided through tax credits has the same impact on the budget deficit as spending that dollar.

To balance the State budget, we need to ensure that ineffective or overly expensive tax credits are reduced. Thank you for the opportunity to testify in support of H.B. 1583, H.B. 1588 and H.B. 1589.

Respectfully submitted,

**Nora A. Nomura**  
**Deputy Executive Director**

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Temporary tax credit reduction

BILL NUMBER: HB 1588

INTRODUCED BY: Say

**BRIEF SUMMARY:** Adds a new section to HRS chapter 235 to provide that for tax years beginning on January 1, 2009 and ending before January 1, 2011, no claim for business credit, including carryover business credits from prior taxable years, shall exceed 50% of a taxpayer's tax liability for the taxable year in which the credit is claimed.

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

Any business credit generated and applicable to a tax year beginning before January 1, 2009, which resulted in a credit carryover, shall be subject to the credit claim limitation; provided that any business tax credit carryover generated and applicable to a tax year beginning before January 1, 2009, may be used against a tax liability in tax years beginning on January 1, 2011 until exhausted.

For purposes of this section, "business credit" means all tax credits allowable under HRS chapters 235, 239, 241, or 431, excluding 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 investment);
- (8) section 235-110.6 (relating to a tax credit for commercial fishers' fuel);
- (9) section 235-110.8 (relating to a credit for capital goods excise taxes);
- (10) section 235-110.91 (relating to a 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.

Provides that in ordering credit claims pursuant to this section, credits generated during taxable years beginning on or after January 1, 2009 and ending before January 1, 2011, shall be claimed first, and credits generated in taxable years beginning prior to January 1, 2009, shall be claimed thereafter; provided that, with regard to any business tax credit properly claimed for a tax year beginning before January 1, 2009, the specified period of time established to exhaust that business tax credit shall be tolled until such time that business tax credits accrued for the period beginning January 1, 2009, and ending

January 1, 2011, have been exhausted.

This section shall apply to tax years beginning on January 1, 2009 and shall not apply to tax years beginning after January 1, 2011.

EFFECTIVE DATE: July 1, 2009

STAFF COMMENTS: While it is understandable given the dire financial situation of the state, this proposal represents a reasonable response as it would reduce the amount of tax credits that could be claimed by any one taxpayer. However, it is curious that some of the credits that would be excluded by this limitation on the amount of credit claim include some major business tax credits such as those for digital media, the ethanol investment credit and commercial fishers' fuel tax credit. In the case of the latter, if lawmakers wish to continue the fuel tax credit, the credit should be charged against the fund that benefits from the fuel tax paid by commercial fishers.

Again whether or not this measure alone will help solve the state's financial situation is anyone's guess without a careful evaluation of how much revenue this measure would generate.

Digested 2/26/09



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. Claim Check opposes HB1583, HB1588 and HB1589.

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 affect investor confidence and reduce my opportunity to interest investors. This action will have a direct negative affect on the operations of my company.

Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years resulting in severe hardships to our company. Our projected plans related to this credit will be adversely affected to include future job opportunities.

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

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

We feel that HB 1451 provides a better approach.

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

Sincerely,

Allen R. Koenig, BSN, RN

President & CEO, Claim Check  
808-533-1776 [Roy@ClaimProfile.com](mailto:Roy@ClaimProfile.com)

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

**RE: Testimony In Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. Superb Development & Service Corp. opposes HB1583, HB1588 and HB1589.

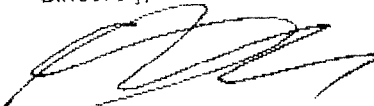
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, 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. 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.

Superb Development & Service Corp. believes that a better approach is contained in HB 1451.

Superb Development & Service Corp. has started business in Hawaii just in February of 2009, and a significant reason behind our costly and time-consuming move from Vancouver, BC, Canada to Honolulu, Hawaii was precisely the Act 221 tax credits, that are applicable to us as an advanced software developer & researcher. We are adding 2-4 new advanced software developer jobs per month, and expect to grow many fold this year, creating 10 or more well-paid local jobs. However, the proposed changes to Act 221 would greatly erode our confidence in Hawaii and may prompt us to move back to the mainland.

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

Sincerely,

  
Haralds Jass  
President & CEO  
[hjass@superb.net](mailto:hjass@superb.net)  
808-544-0333



**HB1583: Relating to Taxation**  
**HB1588: Relating to Taxation**  
**HB1589: Relating to Tax Credits**

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

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

FROM: Lisa Gibson  
President  
Hawaii Science & Technology Council

**RE: Testimony In Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. The Hawaii Science & Technology Council (HISciTech) opposes HB1583, HB1588 and HB1589.

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. 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.

HISciTech believes that a better approach is contained in HB 1451.

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

Sincerely,

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

HB1583 - Relating to Taxation □  
HB1588 - Relating to Taxation □  
HB1589 - Relating to Tax Credits

□ □ DATE: February 25, 2009 □  
TIME: 2:00pm □  
PLACE: Conference Room 308 □ □

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

□ □ FROM: Mike Curtis, Hawaii Investor and Entrepreneur

□ RE: Testimony in Opposition to HB1583, HB1588 and  
HB1589 □

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

□ □ Thank you for the opportunity to testify on these bills. I  
strongly oppose HB1583, HB1588 and HB1589. □ □

The tax credit provisions of Act 221/215 were to be in effect until  
2010 and investments were made on that statutory commitment.  
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Because credits are claimed over a five-year period, this bill would  
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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.

I believe that a better approach is contained in HB 1451 and ask that you support this measure as well as championing it to others on your committee. □ □

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

□ □ Sincerely,

Mike Curtis

808-292-6862

[mcurtis@hawaii.rr.com](mailto:mcurtis@hawaii.rr.com)

1829 Bertram Street Honolulu, HI 96816

# Cellular Bioengineering, Inc.

*Invent. Disrupt. Inspire.*

HB1583: Relating to Taxation  
HB1588: Relating to Taxation  
HB1589: Relating to Tax Credits

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

To: House Committee on Finance  
The Honorable Marcus R. Oshiro, Chair  
The Honorable Marilyn B. Lee, Vice Chair  
From: Michael J. Coy, Vice President, Cellular Bioengineering, Inc. (CBI)

Re: Testimony in Opposition to HB1583, HB1588 and HB1589

Aloha Chair, Vice Chair and Members of the Committee:

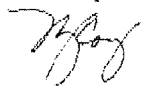
Thank you for the opportunity to testify on these bills. CBI opposes HB1583, HB1588 and HB1589.

The tax credit provisions of Act 221/215 were to be in effect until December 31, 2010 and investments were made on that statutory commitment. Any reduction or suspension of the credit or the carryover provisions prior to December 31, 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. As noted in the September 2008 DoTax study, QHTBs spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4,000 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 QHTBs 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.

CBI believes that a better approach is contained in HB1451, HD1.

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

Sincerely,



1946 Young Street, Suite 288 · Honolulu, Hawaii 96826  
Ph: 808.949.2208 · Fax: 808.949.2209  
[www.cellularbioengineering.com](http://www.cellularbioengineering.com)



**Edutainment Resources, Inc.**  
美國教娛資源有限責任公司

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Edutainment Resources, Inc. opposes HB1583, HB1588 and HB1589.

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. 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.

Edutainment Resources, Inc. believes that a better approach is contained in HB 1451.

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

Since we started several years ago, we have been able to raise money through the Act 221 tax credit program to conduct R&D and product development. Although we have made significant progress, we

still need additional capital to continue our development until enough revenue can be generated to sustain our operation. Without Act 221, we would not have been able to raise the funding to get us to where we are – closer to fruition of our hard work and a success that will benefit all of us in Hawaii!

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

Sincerely,

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

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



**STEINER & ASSOCIATES**

Business and Management Consulting  
www.SteinerAssoc.com

702 Kanaha Street  
Kailua, HI 96734

808-221-5955

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February 24, 2009

HB1583 - Relating to Taxation, HB1588 - Relating to Taxation, & HB1589 - Relating to Tax Credits

HEARING DATE: February 25, 2009  
HEARING TIME: 2:00 p.m.  
HEARING ROOM: Conference Room 308

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

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

RE: **Testimony in Opposition** to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Steiner & Associates opposes HB1583, HB1588 and HB1589.

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. 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.

Steiner & Associates believes that a better approach is contained in HB 1451. Steiner & Associates is a consulting firm that provides business and management expertise to entrepreneurs, start-ups and professional service firms. Act 221 incentives will provide the impetus to attract and retain new viable business which will produce jobs and provide a much needed source of revenue.

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

Michael Steiner, CLM, Principal  
Steiner & Associates  
Telephone: (808) 221-5955  
Email: [MSteiner@SteinerAssoc.com](mailto:MSteiner@SteinerAssoc.com)

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

*Kenneth A. Kautz*  
Producer  
Creative Service Assoc  
Box 458, Kailua, Hi 96731

# Millennium Films

P.O. Box 183 Kihei, HI 96753  
Office (808)874-0995 Fax (808)879-8822  
e-mail milfilm@maui.net

February 25, 2009

Re: HB 1583, 1588, 1589 - Relating to Taxation

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

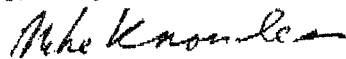
I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
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- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely



Mike Knowles  
Director of Photography

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

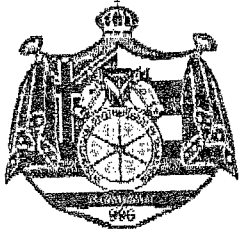
- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

*Katherine A. James* COSTUMER  
1103 Luuaai ST.  
Kailua, HI 96734





# HAWAII TEAMSTERS AND ALLIED WORKERS, LOCAL 996

Affiliated with the International Brotherhood of Teamsters

1817 Hart Street  
Honolulu, Hawaii 96819-3205

Telephone: (808) 847-6633  
Fax: (808) 842-4575

## HOUSE COMMITTEE on FINANCE

### Hearing Date:

Thursday, February 26, 2009 at 2:00 p.m.  
State Capitol - Conference Room 308

February 25, 2009

TO: Rep. Marcus R. Oshiro, Committee on Finance  
Rep. Marilyn B. Lee, Vice Chair, Committee on Finance  
Members of the House Committee on Finance

FR: Jeanne C. Ishikawa  
Business Representative, Hawaii Teamsters & Allied Workers Union, Local 996

RE: TESTIMONY OPPOSING a PORTION of HB1588 (RELATING TO TAXATION)

Dear Chair Oshiro, Vice Chair Lee, and members of the Committee:

The Hawaii Teamsters and Allied Workers Union, Local 996, strongly opposes the portion of HB 1588 which applies to Section 235-17. This is the basic refundable tax credit known as Act 88. We ask that you remove Section 235-17 from the measure as Act 88 has proven to be a revenue neutral and fiscally responsible credit. This is so significant in these times of economic scrutiny. Since its enactment eighteen (18) months ago, Act 88 has generated more than \$300 million dollars in direct expenditures into our state's economy at no cost to the state. This tax credit is based on a percentage of actual spending; in other words, if a company doesn't spend money here, it won't be eligible for a rebate. In addition, Act 88 generates hundreds of direct film industry jobs, supports our local merchants and vendors (clothing stores, food markets, entertainment, etc.), our visitor industry (airlines, hotels, restaurants, car rentals, etc.) and our communities (donations to public schools, charitable organizations, etc.)

Each island has benefitted from Act 88: "Pirates of the Caribbean 3" (Maui), "Forgetting Sarah Marshall" and "Lost" (Oahu), "Indiana Jones and the Kingdom of the Crystal Skull" (Big Island), and "Tropic Thunder" (Kauai). All of these productions (and many others) have provided a huge boost to each island's economy, not to mention the fringe benefit of the fantastic publicity and advertising that our state receives from each production that comes to film in Hawaii.

Thank you for accepting this testimony on behalf of the Hawaii Teamsters, Local 996, Movie Drivers Division.

Sincerely,

Jeanne C. Ishikawa  
Business Representative, Hawaii Teamsters Local 996

**Stuart "Randy" Spangler**  
The Location Company  
LOST - Location Consultant

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

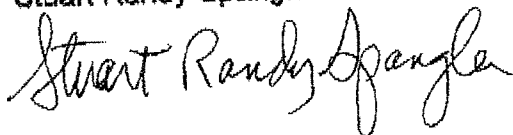
I **strongly oppose** the portion of **HB 1583, 1588, 1589** that applies to **Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is **NOT** a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate **Section 235-17** from the measure.

Thank you for the opportunity to provide these comments.

Stuart Randy Spangler



Testimony Opposing HB 1588  
Imposing a Ceiling on Tax Credits applying to Section 235-17

House Committee on Finance  
February 26, 2009 - 3pm  
State Capitol, Conference Room 308

I strongly oppose the portion of HB 1588 that applies to Section 235-17, imposing a ceiling on the basic refundable tax credit also known as Act 88. Please remove its reference from the measure.

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Kay Lorraine, Member of FAVAH  
7098 Hawaii Kai Drive, Unit 32, Honolulu, HI 96825

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

I strongly oppose the portion of HB 1588 (to be heard on 2/26 at 2pm) that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
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- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.



Art Rivers  
Location Manager

66-3920 Halekua Rn.  
Halekua, HI 9672  
808/637-5682 or 222-0672

**Hawaii Film Authority, Inc.**  
Stephanie Spangler  
4599 Waikui Street  
Hono, HI 96821  
808-373-2710

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

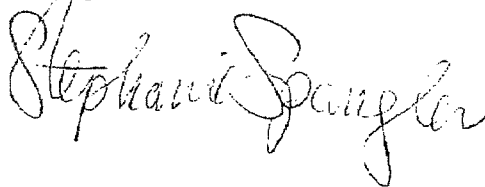
**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

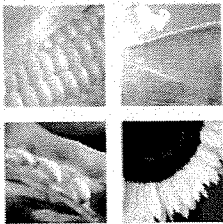
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- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
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- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Stephanie Spangler





# Hawaii Crop Improvement Association

*Growing the Future of Worldwide Agriculture in Hawaii*

Testimony By: Alicia Maluafiti

HB 1583, Relating to Taxation, HB 1588, Relating to Taxation,

HB 1589, Relating to Tax Credits

House FIN Committee - Thursday, Feb. 26, 2009

Room 308, 2:00 pm – Agenda #5

## Position: Strong Opposition

Chair Oshiro, and Members of the House FIN Committee:

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

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

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.

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

Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. In a time of economic recession and a slowdown in tourism, our economy needs Act 221 now more than ever to stimulate and diversify our economy. We ask that you consider HB 1451's approach to this matter. Thank you for the opportunity to testify on this measure.

### HCIA 2008-2009 Board of Directors

#### President

Adolph Helm

#### Vice President

Fred Perlak

#### Treasurer

John Anderson

#### Secretary

Allka Napier

#### Directors At Large

Mike Austin

Ray Foster

David Gilliland

Cindy Goldstein

Laurie Goodwin

Kirby Kester

Paul Koehler

Leslie Poland

Martha Smith

Mark Stoutemyer

Jill Suga

#### Past President

Sarah Styan

#### Executive Director

Alicia Maluafiti



## **Pacific Aquaculture and Biotechnology LLC**

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

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

DATE: February 25, 2009

TIME: 2:00pm

PLACE: Conference Room 308

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

FROM: Joseph Tabrah  
President  
Pacific Aquaculture and Biotechnology LLC

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Pacific Aquaculture and Biotechnology LLC opposes HB1583, HB1588 and HB1589.

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. 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.

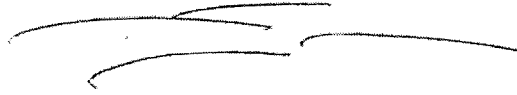
Pacific Aquaculture and Biotechnology LLC believes that a better approach is contained in HB 1451.

Our company has recently completed a seven year development program resulting in specific pathogen free stocks of penaeus monodon shrimp. We are now in the process of establishing selectively bred lines of these shrimp for commercialization. In the past 12 months, the company has grown from two to eleven employees. Pacific Aquaculture and Biotechnology is actively negotiating with local partners to raise capital under the terms of acts 215/221 to provide for the expansion of facilities at NELHA to provide sufficient

infrastructure to support commercial production of shrimp broodstock from these selectively bred lines. These commercial operations will employ upwards of 30 people. Acts 215 and 221 provide one of the few avenues we have encountered here in Hawaii to raise capital to support the growth of technology based companies such as ours.

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

Sincerely,



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





**Hawaii Farm Bureau**  
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819  
Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272  
Fax: (808) 848-1921; e-mail: [info@hfbf.org](mailto:info@hfbf.org)

TESTIMONY

HOUSE COMMITTEE ON FINANCE

RE: HB1588: RELATING TO TAXATION

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our member farm and ranch families and organizations is in strong opposition to HB 1588, reducing tax credits allowable in chapters 235, 239, 241 and 431.

During economic hard times, the fragile tend to be impacted more severely than others in the population. Hawaii's agriculture is in just that category. Astronomical input costs have put our farmers at risk farm ahead of other business categories. While paying higher input costs, they have not been able to pass them on to the consumer, resulting in reduced profitability and in some cases suffering losses. In effect, our farmers and ranchers are imposing a form of tax on themselves by absorbing losses in their operations.

Recognizing the need of long term sustainability for agriculture in Hawaii, we embarked on a path to identify ways to ensure long term agricultural viability. By having viable farms and ranches, the lands would be in agriculture for future generations. The IAL Qualified Agricultural Cost Tax Credit provides for this goal. Unlike material things such as televisions and automobiles, food and fiber is the very basis of human life. As an isolated island state, it makes sense to provide some level of stability for the industry that provides for this very basic need. During difficult economic these incentives become especially important.

We respectfully request that this measure be held. Thank you.

# MAKAI MOTION PICTURES

VIA EMAIL: February 23, 2009  
Email/upload to: Rep. Marcus Oshiro, Finance Committee  
From: coreytong@aol.com, coreytong@earthlink.net

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

FROM: Corey Tong  
President and Chief Creative Executive, Producer of new feature film 'THE GATHERING PLACE'  
Makai Motion Pictures, Honolulu, Hawaii

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. On behalf of my film production company MAKAI MOTION PICTURES I oppose HB1583, HB1588 and HB1589.

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. 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.

Our new media and film company Makai Motion Pictures believes that a better approach is contained in HB 1451.

MAKAI MOTION PICTURES is an international film financing, development and production company based in Hawaii. The company is committed to creating original, high-quality film and television programming for the international marketplace with a particular emphasis on stories and content originating from or in Hawaii. Makai Motion Pictures also forms co-production,

# MAKAI MOTION PICTURES

Page 2 of 3

creative and financial partnerships with filmmakers, production-distribution companies and original content creators around the Asia-Pacific Region and the globe.

Born and raised in Hilo – and then having lived away on the mainland U.S., as well as in France, Germany and Japan for over 20 years – I have always had dreams to return to the islands to work professionally and creatively, and to showcase the unique social, cultural and geographic beauty of the islands to the rest of the world. Hawaii's Act-221 investment credits – created with such vision for the development of new industries – provided me with the single most important opportunity to bring my professional international film knowledge and experiences back to the islands and to create projects in Hawaii that would give the islands vast international exposure. I helped to produce a film called THE LAND HAS EYES with some Hawaii-partners in 2004, and spending time professionally back in the islands – along with the opportunities to develop new projects that Act-221 provided – gave me the incentives and financial opportunities to consider moving back to Hawaii to launch our media company Makai Motion Pictures.

Makai Motion Pictures is currently in the midst of financing a new international feature film project called THE GATHERING PLACE which we intend to shoot in summer-fall of 2009, set mostly on the island of Oahu (with newly renovated The Royal Hawaiian Hotel, local restaurants and homes, Kapiolani/Sans Souci and Waimanalo beaches as primary locations), with local production crews and as many 'hapa-local' cast as possible. Budgets/expenditures in Hawaii would range from \$1M to more than \$3M, upwards of 60-100 local positions or roles per project, along with needs for production services and support, hotels, transport, catering, post-production, music talent, etc.

Makai Motion Pictures is utilizing international (Hong Kong, Japan, mainland U.S.) financing to support this film production partnered with the vital contributions of Hawaii equity and 221 investment. Makai Motion Pictures also has several other projects in development, most created with Hawaii in mind as primary locations and character inspiration. We want to remain a viable Hawaii production and development company, and our project financing, production and distribution phases all depend on the vision and financial opportunities that the state of Hawaii provides for long-term sustainability for companies like ours to remain in the islands.

Especially crucial, Makai Motion Pictures is currently negotiating to bring in upwards of \$2million for our feature film THE GATHERING PLACE from outside the state. The film is one of the few international-level films written and produced by a 'local boy' using local executive/producing teams, and using Hawaii musicians and cast that will have international exposure not only in the U.S. but in Japan and Chinese-speaking territories.

If Act 221's investment benefits were to be altered, that would effectively cut off opportunities for financing in 2009 and beyond, and our company Makai Motion Pictures will very likely need to move to California. THE GATHERING PLACE film would likely need to be shelved or re-worked into another setting and location, as there would be little or no incentive to use Hawaii creative talent or settings if there are no financial opportunities to support them. Makai has spent over two years developing this project inspired by – and created and set in – Hawaii. We sincerely want to continue developing the local talent base, producing international

# MAKAI MOTION PICTURES

Page 3 of 3

quality programs and showcasing Hawaii to the world, as no one else will if we don't do it ourselves.

Thank you for the opportunity to testify on these important bills. We respectfully ask that you hold these bills and continue providing Hawaii and new businesses with long-term unique economic opportunities to flourish and grow.

Sincerely,

Corey Tong  
President & Chief Creative Executive  
Makai Motion Pictures  
Honolulu, Hawaii  
+1 808 524 5738  
+1 415 626 5585  
[ctong@makaimotionpictures.com](mailto:ctong@makaimotionpictures.com)



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

FROM: Danny Rosner  
Title: President  
Company: Hawaii Media, Inc.

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Hawaii Media, Inc. opposes HB1583, HB1588 and HB1589.

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. 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.

Hawaii Media, Inc. believes that a better approach is contained in HB 1451.

Hawaii Media, Inc. is a production service company servicing the film and television industry in Hawaii. We currently have ten (10) employees and have been in business here for 17 years.

Act 221/215 has been responsible for the expansion of our business to include sound stages, production offices, investment and financing. Without opportunities created by the Act, Hawaii Media Inc. may well have gone out of business with the production downturn after the events of 9/11/2001.

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

Sincerely,



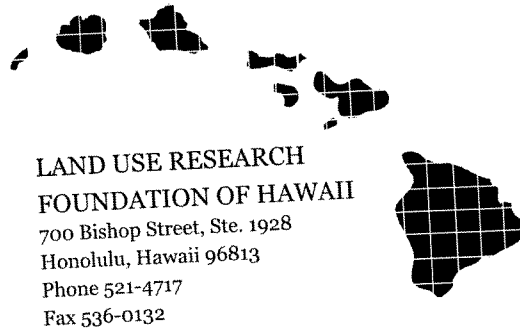
Danny Rosner

President

Hawaii Media, Inc.

(808) 484-5706

Email: [danny@hawaiimedia.com](mailto:danny@hawaiimedia.com)



Via Capitol Website

February 26, 2009

**House Committee on Finance**  
**Hearing Date: February 26, 2009, at 3:00 PM in CR 308**

**Comments Regarding HB 1743: Relating to Taxation.**  
**(Reduces income tax rate and Repeals various income tax credits)**

Honorable Chair Marcus Oshiro Vice-Chair Marilyn Lee and Finance Committee Members:

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 1743, which reduces the income tax rate for the lower brackets and repeals various income tax credits and deductions, including tax credits for renewable energy projects, low income housing tax credits for affordable housing and tax credits under Important Agricultural Lands (IAL).

**HB 1743.** The purpose of HB 1743 is to (1) reduce the income tax rates for taxpayers in the lower income brackets and (2) repeal select tax credits and deductions. HB 1743 amends, adds and repeals select sections of HRS Chapters 201H, 235, 241, and 431.

Particularly, HB 1743 will repeal the following sections:

- Section 235-5.5 Individual Housing Accounts
- Section 235-7.3 Royalties Derived from Patents, copyrights, or trade secrets excluded from gross income;
- Section 235-9.5 Stock options from qualified high technology businesses excluded from taxation;
- Section 235-12 Energy conservation;
- Section 235-12.5 Renewable Energy Technologies;
- Section 235-15 Child Passenger Restraint Systems;

- Section 235-17 Motion picture, digital media and film production;
- Section 235-19 Exceptional trees;
- Section 235-55.91 Employment of Vocational rehabilitation referrals;
- Section 235-110.2 Credit for school repair and maintenance;
- Section 235-110.3 Ethanol Facility;
- Section 235-110.51 Technology Infrastructure Renovation;
- Section 235-110.6 Fuel Tax Credit for commercial fishers;
- Section 235-110.7 Capital Goods Excise tax credit;
- Section 235-110.8 Low Income Housing tax credit;
- Section 235-110.9 High Technology business investment tax;
- Section 235-110.91 Tax credit for research activities; and
- Section 235-110.93 Important Agricultural land qualified agricultural cost.

The effective date is January 1, 2010 and applies to taxable years beginning after December 31, 2009 and will be repealed on December 31, 2015, unless otherwise amended.

**LURF's Position.** Although the State and nation are facing very difficult economic times it would be even more detrimental to repeal some of the few existing incentives available that could help jumpstart Hawai'i's economy. The effects of a reduction and repeal of such tax credits will directly affect current and imminent projects that have already solidified their budgets in reliance of tax credits. HB 1743 will negatively affect renewable energy projects, affordable housing projects, and farmers and agricultural land owners who voluntarily designating their lands as "Important Agricultural Lands" (IAL).

**Impact on IAL.** For example, tax credits under Section 235-110.93 incentivize farmers to invest in agricultural infrastructure and operations on lands designated under Act 233 (2008) as Important Agricultural Lands (IAL). IAL tax credits under Act 233 (2008) also assist farmers with initial costs of farming, especially during these difficult economic times.

**Impact on Affordable Housing.** Reducing the amount of tax credits allowable for affordable housing projects would exacerbate Hawaii's existing housing shortage crisis. In 2007, the Administration convened a statewide task force to identify barriers to affordable housing development in Hawaii and to recommend appropriate solutions. The Affordable Housing Regulatory Barriers Task Force comprised of representatives from the counties, business, labor, developers, architects, non-profit providers of services, the state and the legislature worked for two years to recommend solutions to address barriers to affordable housing. The initiation of this Task Force illustrates the need of affordable housing in Hawaii and how critical it is to Hawaii's people. Thus, support of the Low Income Housing Tax Credit is not only important on a national level, but also very important to our people in the State of Hawaii.

**Impact on Renewable Energy Projects.** Similarly, the Renewable Energy Technology Tax Credit, which falls under HRS §235-12.5 will also be affected. This tax credit is important because it provides incentives for homeowners and developers for renewable technologies that take away from the use of fossil fuels. 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. HB 1743 will adversely affect current and future projects which involve renewable energy technology.

**For the reasons mentioned above, LURF requests that the following tax credits not be repealed:**

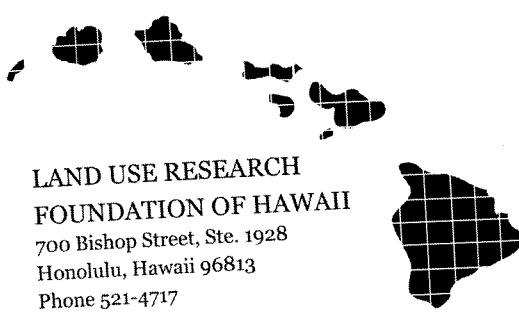
- **Renewable Energy projects (Section 235-12.5);**
- **Low Income Housing Tax Credit (Section 235-110.8) and**
- **Farmers designating Important Agricultural Lands (Section 235-110.93).**

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 help the construction industry which is involved in resort development, preservation of local agriculture and infrastructure improvements.

We understand the need to repeal or 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 above-mentioned Tax Credits not be repealed as proposed by HB 1743.

Thank you for the opportunity to testify.



LAND USE RESEARCH  
FOUNDATION OF HAWAII  
700 Bishop Street, Ste. 1928  
Honolulu, Hawaii 96813  
Phone 521-4717  
Fax 536-0132

Via Capitol Website

February 26, 2009

**House Committee on Finance**  
**Hearing Date: February 26, 2009, at 3:00 PM in CR 308**

**Comments Regarding HB 1743: Relating to Taxation.**  
**(Reduces income tax rate and Repeals various income tax credits)**

Honorable Chair Marcus Oshiro Vice-Chair Marilyn Lee and Finance Committee  
Members:

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 1743, which reduces the income tax rate for the lower brackets and repeals various income tax credits and deductions, including tax credits for renewable energy projects, low income housing tax credits for affordable housing and tax credits under Important Agricultural Lands (IAL).

**HB 1743.** The purpose of HB 1743 is to (1) reduce the income tax rates for taxpayers in the lower income brackets and (2) repeal select tax credits and deductions. HB 1743 amends, adds and repeals select sections of HRS Chapters 201H, 235, 241, and 431.

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**LURF's Position.** Although the State and nation are facing very difficult economic times it would be even more detrimental to repeal some of the few existing incentives available that could help jumpstart Hawai'i's economy. The effects of a reduction and repeal of such tax credits will directly affect current and imminent projects that have already solidified their budgets in reliance of tax credits. HB 1743 will negatively affect renewable energy projects, affordable housing projects, and farmers and agricultural land owners who voluntarily designating their lands as "Important Agricultural Lands" (IAL).

**Impact on IAL.** For example, tax credits under Section 235-110.93 incentivize farmers to invest in agricultural infrastructure and operations on lands designated under Act 233 (2008) as Important Agricultural Lands (IAL). IAL tax credits under Act 233 (2008) also assist farmers with initial costs of farming, especially during these difficult economic times.

**Impact on Affordable Housing.** Reducing the amount of tax credits allowable for affordable housing projects would exacerbate Hawaii's existing housing shortage crisis. In 2007, the Administration convened a statewide task force to identify barriers to affordable housing development in Hawaii and to recommend appropriate solutions. The Affordable Housing Regulatory Barriers Task Force comprised of representatives from the counties, business, labor, developers, architects, non-profit providers of services, the state and the legislature worked for two years to recommend solutions to address barriers to affordable housing. The initiation of this Task Force illustrates the need of affordable housing in Hawaii and how critical it is to Hawaii's people. Thus, support of the Low Income Housing Tax Credit is not only important on a national level, but also very important to our people in the State of Hawaii.

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**For the reasons mentioned above, LURF requests that the following tax credits not be repealed:**

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We understand the need to repeal or 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 above-mentioned Tax Credits not be repealed as proposed by HB 1743.

Thank you for the opportunity to testify.

**Private Security Inc.**

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

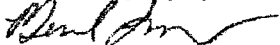
**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:**

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely,  
Brad Long  
Vice President



**Private Security Inc.**

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

FAX: 586-6001

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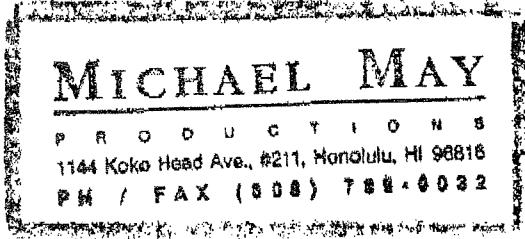
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I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely,  
Charles Long  
Owner / President





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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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Thank you for the opportunity to provide these comments.

Michael M. May  
 PRODUCER, MEDIA



integrated branding + production

HOUSE COMMITTEE ON FINANCE  
February 26, 2009 - 2pm  
State Capitol, Conference Room 308  
FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

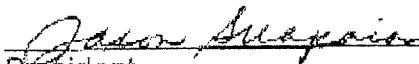
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\_\_\_\_\_  
President



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

FAX: 586-6001

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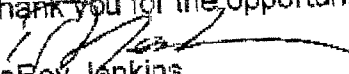
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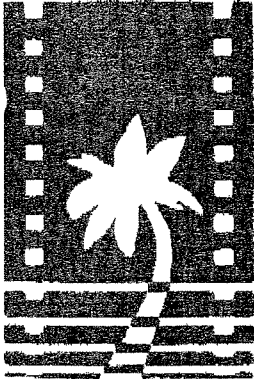
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I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

  
LeRoy Jenkins  
Producer



# REEL SERVICES/HAWAII, INC.

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

#106-226

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

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

FAX: 586-6001

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- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

*Aue Larkin*  
CASTING DIRECTOR

Shinkawa Limited

1481 S. King Street #201, Honolulu, Hawaii 96814, 808-947-9475, Fax 808-949-3229, [onlinesurf@yahoo.com](mailto:onlinesurf@yahoo.com)

2/25/09

FAX to: 808-586-6001

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Paul Shinkawa, Vice President

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

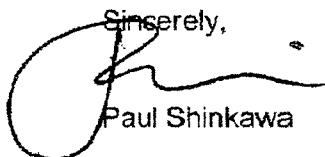
Thank you for the opportunity to testify on these bills. Shinkawa Limited opposes HB1583, HB1588 and HB1589.

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. 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.

Shinkawa Limited believes that a better approach is contained in HB 1451.

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

Sincerely,



Paul Shinkawa



February 25, 2009

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

Re: HB 1588 - Relating to Taxation

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

I strongly oppose the portion of HB 1588 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter J. Mago'.

Peter J. Mago - Owner

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Mark Loughridge, President, Aloha Island, Inc.  
RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Aloha Island, Inc. opposes HB1583, HB1588 and HB1589.

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. 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.

**Aloha Island Inc.** believes that a better approach is contained in HB 1451. Aloha Island, Inc. is a digital media company that would not exist without Act 221. We hire local artists, engineers and programmers to develop software.

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

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

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Mark Loughridge, President, Aloha Island, Inc.  
RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

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Aloha Island Inc. believes that a better approach is contained in HB 1451. Aloha Island, Inc. is a digital media company that would not exist without Act 221. We hire local artists, engineers and programmers to develop software.

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

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

**HB 1588  
RELATING TO TAXATION**

**PAUL T. OSHIRO  
MANAGER – GOVERNMENT RELATIONS  
ALEXANDER & BALDWIN, INC.**

**FEBRUARY 26, 2009**

Chair Marcus Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Hawaiian Commercial & Sugar Company, one of its agricultural companies, on HB 1588, "A BILL FOR AN ACT RELATING TO TAXATION."

After over twenty five years of debate, negotiation, and compromise, the IAL Law was finally passed in the 2005 Legislative Session. After years of pursuing a land-use approach to this constitutional mandate, the IAL law that was successfully passed was one premised on the principle that the best way to preserve agricultural lands is to preserve agricultural businesses and agricultural viability. As such, Act 183 (2005) not only provides the standards, criteria, and processes to identify and designate important agricultural lands (IAL) to fulfill the intent and purpose of the Hawaii State Constitution, it also provides for the passage of a package of incentives designated to support and encourage sustained, viable agricultural activity on IAL—prior to the designation of IAL. Act 233 (2008) contains the comprehensive package of incentives to attract the broad spectrum of parties needed to build and foster a viable agricultural industry in Hawaii—to incent farmers, landowners and farmer/landowners, of all sizes, with varying situations and needs, to commit to both designating and farming IAL.

This bill imposes a tax credit ceiling of not more than fifty percent of a taxpayer's tax liability for various tax credits, including the IAL Qualified Agricultural Cost Tax Credit, which is a part of the comprehensive package of IAL incentives in Act 233 (2008). Not only will this tax credit encourage investment in agricultural infrastructure and operations on IAL, it will greatly assist these dedicated farmers with the basic costs of farming, assisting their viability which is particularly key as many have been badly weakened financially by the impacts of the past two years of unprecedented drought in Hawaii. Furthermore, this tax credit, as part of the comprehensive package of IAL incentives, is central to the IAL law—intended to encourage farmers and landowners to consider the voluntary designation of their agricultural lands as IAL, a process that is currently ongoing and will provide for much quicker designation of IAL. While we understand the fiscal constraints that the Legislature must deal with, we believe that impacting the core aspects of the IAL law may negatively impact the outcome. We also believe that the IAL law should be given a chance to work, the way the Legislature intended it to work when it passed the law.

While we note that this bill excludes various other tax credits from the purview of this bill, we respectfully request that the IAL Qualified Agricultural Cost Tax Credit be added to this list of tax credits excluded from this tax credit ceiling.

Thank you for the opportunity to testify.





DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Charles M. Brotman  
Title: owner  
Companies: Charles Michael Brotman Music, LLC; MIX808  
RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Charles Michael Brotman Music LLC and MIX808 oppose HB1583, HB1588 and HB1589.

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. 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.

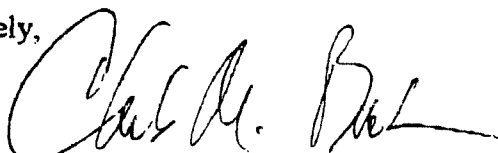
Charles Michael Brotman Music LLC and MIX808 believe that a better approach is contained in HB 1451.

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

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

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

Sincerely,



Charles Michael Brotman

Owner: Charles Michael Brotman Music, LLC

Partner: MIX808

(808) 885-6558

[cb@lavatracks.com](mailto:cb@lavatracks.com)

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**nt:** Wednesday, February 25, 2009 4:56 PM  
**Subject:** FINTestimony  
**Cc:** candramaita@yahoo.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: candra maita  
Organization: Individual  
Address:  
Phone:  
E-mail: [candramaita@yahoo.com](mailto:candramaita@yahoo.com)  
Submitted on: 2/25/2009

### Comments:

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 25, 2009 7:23 PM  
**To:** FINTestimony  
**Cc:** rickbrock1@yahoo.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: rick brock  
Organization: local 600 west coast  
Address:  
Phone: 310 344 4889  
E-mail: [rickbrock1@yahoo.com](mailto:rickbrock1@yahoo.com)  
Submitted on: 2/25/2009

Comments:

creative **GYR** media

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

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 2pm  
State Capitol, Conference Room 308  
FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17.** the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

George Y. Russell

02/25/09

Producer "Hawaiian Ghost Story" a local feature film in the early pre-production phase.



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

February 25, 2009

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify in regards to the above-referenced bills. DRC hereby voices its opposition to HB1583, HB1588 and HB1589.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. Changing the law after the fact sends a grave message to investors, businesses and the general public.

Any reduction or suspension of the credit or the carryover provisions prior to 2010 would cause great detriment to, if not the demise of a number of qualified high tech businesses and the thousands of local folks that they employ.

Published Tax Department data shows more than \$1.2 billion has been invested in Act 221 companies. These organizations have spent more than \$1.4 billion in Hawaii, representing 87% of their expenses. They are buying local. Further, these companies are responsible for the creation of more than 4000 local jobs.

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

We believe that 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.



1600 Kapiolani Boulevard, Suite 900  
Honolulu, HI 96814  
(808) 949-8316 / (808) 942-4298 FAX  
www.decisionresearch.com


DRC believes that a better approach is contained in HB 1451, which extends Act 221/215 to December 31, 2015. HB 1451 also provides for reasonable caps in tax credits. We have submitted separate testimony regarding that bill.

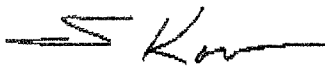
DRC is a Hawaii based software development and professional services company. Founded in 1971, we employ nearly 50 individuals in Hawaii. We believe Act 221/215 to be beneficial to the local technology community as well as the state as a whole.

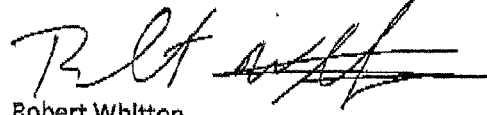
Thank you for the opportunity to testify on this important bill.

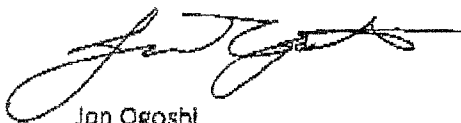
Sincerely,

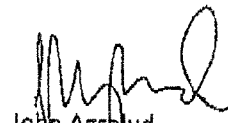
  
Walt Simmons  
President and CEO  
DRC  
(808) 949-8316  
waltsimmons@decisionresearch.com

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

  
Stephen Korow  
Vice President  
DRC  
(808) 949-8316

  
Robert Whitton  
Vice President  
DRC  
(808) 949-8316

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

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

P.1

Sohbi Y. Reynolds  
Excor Inc.  
3860 Nikolo Street, Honolulu, HI 96815

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:


- Act 88 is **NOT** a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy **at no cost to the state**
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.



P 2

A handwritten signature in black ink, appearing to read 'Sohbi Y. Reynolds', with a long horizontal stroke extending to the right.

Sohbi Y. Reynolds

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

**DATE:** February 25, 2009

**TO:** House Committee on Finance

**FROM:** Phil Kinnicutt  
Kinnicutt Consulting, LLC

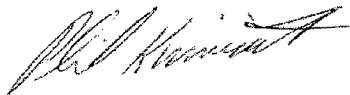
**VIA FAX #:** 808-586-8519

**SUBJECT:** Strong Opposition to HB 1583, HB 1588 & HB 1589

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. 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.

I believe a better approach is contained in HB 1451.

Respectfully,



Phil Kinnicutt

February 25, 2009

TO: (808) 586-6001

Testimony for Hearing before the House Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

Thursday, February 26, 2009, 2:00pm

State Capitol, Conference Room 308

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. I oppose HB1583, HB1588 and HB1589.

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. 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 on these important bills.

Sincerely,



Alfred B. Fernandes, CPA

Margaret J. Doversola Casting  
676 Aipo St.  
Honolulu, HI 96825

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**


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

**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

  
Margaret J. Doversola  
Hawaii Casting Director

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Dr. Robert Yonover  
President  
SEE/RESCUE Corporation

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. SEE/RESCUE Corporation opposes HB1583, HB1588 and HB1589.

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.

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

SEE/RESCUE Corporation believes that a better approach is contained in HB 1451. SEE/RESCUE Corporation designs, develops, and patents Survival technologies for Military, Commercial and Civilian Markets. SEE/RESCUE Corporation developed the patented and military-approved RescueStreamer technology that is now in use by all branches of the U.S. military and by commercial and civilian groups around the world ([www.RescueStreamer.com](http://www.RescueStreamer.com)). SEE/RESCUE Corporation licensed the RescueStreamer technology to Rescue Technologies Corporation in Aiea, Hawaii, where they build and distribute the RescueStreamer product worldwide from their Oahu base. Although SEE/RESCUE Corporation does not directly benefit from Act 221/215, we believe it is a critical piece to continue to build a technology sector to diversify the Hawaiian economy.

Sincerely,  
Dr. Robert Yonover  
President  
SEE/RESCUE Corporation  
tel. 808-395-1688  
e-mail: [SeeRescue@juno.com](mailto:SeeRescue@juno.com)

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HB1746 - Relating to Taxation

DATE: February 26, 2009  
TIME: 3:00pm  
PLACE: Conference Room 308

: House Committee on Finance



## Turtle Bay Resort

true hawai'i

### HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 3pm

State Capitol, Conference Room 308

#### Re: HB 1588 - Relating to Taxation

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

I strongly oppose the portion of HB 1588 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Mahalo,

Robert Boyle

Vice President & General Manager



57-091 Kamehameha Highway, Kahuku, Oahu, Hawaii 96731

Telephone 808-293-6000; Toll Free 800-203-3650

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



2/25/09



Fax: 586.6001

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

Re: HB 1588 - Relating to Taxation

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

**I strongly oppose HB 1588.**

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, 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.

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.

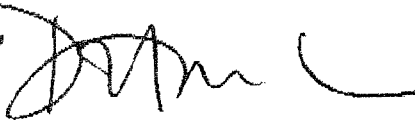
The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

As the line producer/production supervisor for the theatrical feature film THE TEMPEST, shot on Lanai and Big Island last year, my approval and signature on all expenditures allowed approximately \$8m to flow into our state's economy from just this one project, in a three month period.

At a time when the whole country is looking to provide encouragement and support for the well-being of our business communities, HB1588 would destructively put at end to any growth.

Thank you for the opportunity to provide these comments.

Aloha,



Dana Hankins  
Redhead Productions, LLC  
928 Nuuanu Ave. #503  
Honolulu, HI 96817

Production Supervisor, THE TEMPEST (rel. 12/09)  
Producer, CHIEF (Sundance premiere 1/08)  
Producer, MOONGLOW  
Line Producer, PICTURE BRIDE



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

Re: HB 1588 - Relating to Taxation

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

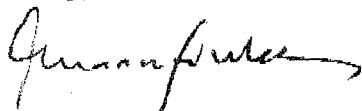
I strongly oppose the portion of HB 1588 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely,



Elissa Dulce, local actress

February 25, 2009

Aloha Chairman Oshiro, Vice-Chairwoman Lee, and esteemed Members of the Finance Committee,

My name is Ben London and I am the Executive Director of The Recording Academy's Pacific Northwest Chapter. We represent musicians, producers, songwriters, and other industry recording professionals, and are committed to protecting cultural conditions and improving policy respecting arts and culture. Hawaii is part of our Chapter, and as such we hold an annual Music and Technology conference each May in Honolulu for our Hawaiian members. It is in these capacities that I wish to express my opposition to Hawaii's proposed House Bills with this written testimony.

Each of these bills - HB 1743, HB 1746, HB 1583, HB 1588, HB 1589, and HB 611 - seeks to undo the support and investment in Hawaii's cultural and performing arts products deemed necessary in legislative Act 221/215 and Act 88. The availability of investment tax credits has resulted in the investment of more than \$1.2 billion in over 300 Hawaiian companies. This is at a cost to the state of less than \$450 million between 1999 and 2007. Act 221/215, together with the legislative investment of Act 88, has contributed to a doubling in film, television, and music video production since the passage of these Acts.

Not only the music, television, and film industries would suffer due to a loss of investments and tax incentives; Hawaii's nascent technology risks a loss of footing. Thousands of jobs would potentially vanish, services would be lost, and any tech-related revenue stream would flow with them.

In addition to eroding investor confidence, HB 1743 would deal a crippling blow directly to the recording artists and other creative individuals who comprise and contribute to the State of Hawaii's copyrightable performing arts products by repealing and eliminating their current income tax exclusion. Similarly, HB 1746 would have a detrimental effect on local artists and those involved in the production of television and film.

I can't over-emphasize the devastating impact HB 1743, HB 1746, HB 1583, HB 1588, HB 1589, and HB 611 would collectively have on all sectors of Hawaii's creative community. I respectfully ask that the State of Hawaii's House Finance Committee continue to facilitate the ability of individuals in the cultural industries to flourish by opposing these bills, not only for your constituency, but for those who visit Hawaii to experience your unique culture and musical heritage.

I respectfully ask you, as alternatives to the misguided House Bills listed above, that you consider HB 1451, HD1 which would continue Act 221/215 for another five years. An extension in investment tax credits would benefit Hawaii's cultural industries far more than their repeal. While this bill is subject to some technical corrections and clarification of language, I would like to express my support of HB 1451, HD1.

Sincerely,

**Ben London**

Executive Director

The Recording Academy, PNW Chapter

206.834.1000

[BenL@Grammy.com](mailto:BenL@Grammy.com)



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on this bill. Ocean Engineering and Energy Systems, Inc., opposes HB1583, HB1588 and HB1589.

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. 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.

Ocean Engineering and Energy Systems, Inc., believes that a better approach is contained in HB 1451.

Our small business company is in the renewable energy sector providing local opportunity to develop and commercialize Ocean Thermal Energy Conversion technologies for Hawaii and other locations. Since we are in the early start-up phase of establishing our corporate presence and marketing our technology/ability to build these

projects that provide electricity, fresh water and seawater air conditioning, Act 221/215 is our life source to provide the funding to keep our company operating! Act 221/215, in its current format, makes investors excited about investing in our technology and it gives them a stronger incentive to make an investment here in Hawaii with our company instead of going somewhere else like Nevada, Texas or North Carolina to invest their dollars.

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

Sincerely,



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

808-954-6020

[hjackson@ocees.com](mailto:hjackson@ocees.com)



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Norman Wayne Karo  
CEO  
Pipeline Micro

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Pipeline Micro opposes HB1583, HB1588 and HB1589.

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. 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.

Pipeline Micro believes that a better approach is contained in HB 1451.

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

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

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

Sincerely,

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



HB1588 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

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

FROM: James P. Karins  
President and CEO  
Pukoa Scientific

RE: Testimony in Opposition to HB1588

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

Thank you for the opportunity to testify on these bills. Pukoa Scientific opposes HB1588.

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. 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.

Pukoa Scientific believes that a better approach is contained in HB 1451.

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

Sincerely,

/s/James P. Karins

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



2800 Woodlawn Drive  
Suite 141  
Honolulu, HI 96822

PHONE  
FAX  
WEB SITE

(808) 457-1500  
(808) 237-5959  
<http://www.pukoa.com>





## LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS  
Since 1937

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

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

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

FROM: Donovan K. Ahuna  
Business Agent  
IATSE Local 665

RE: Testimony in Strong Opposition of:  
HB1588 - Relating to Taxation

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

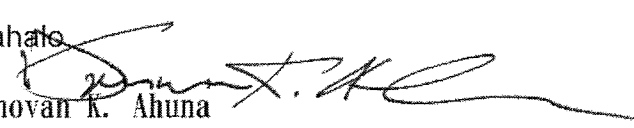
Aloha, We are the Membership of the International Alliance of Theatrical Stage Employees Local 665, better known as the IA or IATSE, with over 300 Signatures from members as well as other Labor Unions, Private and Public, Vendors and Businesses that are currently working on projects. (see attachment) strongly oppose to HB1588.

Any changes to reduce or suspend Act - 88 and Act - 221/215 - even now in these challenging times when we need to keep our people employed - would mean hundreds and thousands of jobs lost. Act - 88 and Act - 221/215 without a doubt HAS and IS creating JOBS - right now - for the working people of Hawaii, including my members of the IATSE. We are the technicians in the following crafts just to name a few - camera, sound, grips, electricians, special effects, make-up artists, set construction workers, etc..

"We Are The Union Behind Entertainment" and "This IS All We Do"

Thank you for the opportunity to provide these comments.

Mahalo

  
Donovan K. Ahuna  
Business Agent  
IATSE Local 665

PRINT NAME:	SIGNATURE:	DEPARTMENT:
GUY BELEGAUD	<i>Guy Belegaude</i>	665
Milo Tierceall	<i>Milo Tierceall</i>	665
William Preston	<i>William Preston</i>	665
Jason Skaggs	<i>Jason Skaggs</i>	665
Cary Beall	<i>Cary Beall</i>	665
Andrew Calva Jr.	<i>Andrew Calva Jr.</i>	665
Andrew Pangkue	<i>Andrew Pangkue</i>	996
Chris Libbie	<i>Chris Libbie</i>	665
Warron Roberts	<i>Warron Roberts</i>	665
Freddy Kaluna	<i>Freddy Kaluna</i>	996
MILYAS PANTAN	<i>Milyas Pantan</i>	996
CHRIS BARNES	<i>Chris Barnes</i>	'LOST'
Jim Van Houten	<i>Jim Van Houten</i>	LOST
Salvador Anaya	<i>Salvador Anaya</i>	LOST
Steve Badilla	<i>Steve Badilla</i>	LOST
MICHAEL CROWE	<i>Michael Crowe</i>	LOST
Mel Kinnen	<i>Mel Kinnen</i>	LOST/665
Edward Timmer	<i>Edward Timmer</i>	LLV 665
ALYCE FAHSHOLTZ	<i>Alyce Fahsholtz</i>	665
Michael WPA	<i>Michael WPA</i>	996
SCOTT LIEB	<i>Scott Lieb</i>	665
Sami. Tialiso	<i>Sami Tialiso</i>	PRIVATE SECURITY
CHRISTOPHER ENGICHY	<i>Christopher Engichy</i>	PRIVATE SECURITY
JOLIE-LYN SWIFE	<i>Jolie-Lyn Swife</i>	LOST
WALTER GOUVEIA JR	<i>Walter Gouveia Jr</i>	PRIVATE SECURITY
WALTER K. WONG	<i>Walter K. Wong</i>	LOST
BERNIE TOI LAMHO	<i>Bernie Toi Lamho</i>	LOST
FRANK S. LAURE	<i>Frank S. Laure</i>	665
JOHN E RINGGOLD Jr	<i>John E Ringgold Jr</i>	665
Keala Nakoulua	<i>Keala Nakoulua</i>	Rights 665
Karina Kerstin	<i>Karina Kerstin</i>	Rights 665
John Niiipati Day	<i>John Niiipati Day</i>	Rights 665
Alvin Jan	<i>Alvin Jan</i>	Labor
Kessie WAKI	<i>Kessie Waki</i>	665
Ronald Wang	<i>Ronald Wang</i>	665
DERECK KUPKO	<i>Dereck Kupko</i>	665
Vita Jan Kano	<i>Vita Jan Kano</i>	996

	PRINT NAME:	SIGNATURE:	DEPARTMENT:	
	ANE TRINETZKI	<i>Ana Trinetzki</i>	GRIPS	IA
	Donie Freitas	<i>Donie Freitas</i>	Greens	IA
	Alvin Akai	<i>Alvin Akai</i>	Greens	IA
Mar	"Aina" Riboca	<i>Aina Riboca</i>	GRIPS	IA
	DAVID CARUBBA	<i>David Caruba</i>	PROPERTY	IA
	Paul Oshkos	<i>Paul Oshkos</i>	Electric	IA
	Mike Sui	<i>Mike Sui</i>	FX	IA
	Charita Basmila	<i>Charita Basmila</i>	Makeup	IA
	Suzani Zaquim	<i>Suzani Zaquim</i>	Wardrobe	IA
	AARON E. MULLIGAN	<i>Aaron E. Mulligan</i>	Wardrobe	IA
	Cole Chetness	<i>Cole Chetness</i>	GRIPS	IA
	Mark Kalanick	<i>Mark Kalanick</i>	Set Lighting	IA
	Ben Wenzel	<i>Ben Wenzel</i>	Extras	
	EBERT VAUGHN	<i>Ebert Vaughn</i>	ACTOR/STUD	
	Nathan Shirley	<i>Nathan Shirley</i>	Extra	
	Jeff Hummel	<i>Jeff Hummel</i>	EXTRA	
	KURT SIMAFRANCA	<i>Kurt Simafranca</i>	LOST. GRIPZ.	IA
	Chris Pratt	<i>Chris Pratt</i>	Lost Gripz	IA
	KIM STOWELL	<i>Kim Stowell</i>	LOST/ACTOR	
	JASON MARUSZ	<i>Jason Marusz</i>	LOST/SPIC	
	Brian Matsumura	<i>Brian Matsumura</i>	CAMERA	600
	Kevin Craven	<i>Kevin Craven</i>	Extra	
	Stan Cooper	<i>Stan Cooper</i>	EXTRA	
	STEPHEN BACQUET	<i>Stephen Bacquet</i>	Set Lighting	IA
	Kanoo Dublin	<i>Kanoo Dublin</i>	Set Dressing	IA
	Jon Mumper	<i>Jon Mumper</i>	Sound	IA
	Andrew Childers	<i>Andrew Childers</i>	Set P.A.	DGA
	John M. H. Lee	<i>John M. H. Lee</i>	Set Lighting	IA
	Roger Thompson	<i>Roger Thompson</i>	Set Lighting	IA
	Akoni Kaano'i	<i>Akoni Kaano'i</i>	Set Lighting	IA
	RACER MOODY	<i>Racer Moody</i>	Stand-In	IA
	Keola Sui	<i>Keola Sui</i>	Transportation	
	DIANE FRAUENHAZ	<i>Diane Frauenhaz</i>	SCRIPT SUPERVISOR	
	Lance Hookano	<i>Lance Hookano</i>	GRIP	IA
	W. Jennings Fowler	<i>W. Jennings Fowler</i>	PROPERTY	IA
	Brad Barrylin	<i>Brad Barrylin</i>	Actor	
	Charles Bowen	<i>Charles Bowen</i>	PRODUCTION	DGA
	FRANCIS CHAN	<i>Francis Chan</i>	Actor	
	Anne Hoss	<i>Anne Hoss</i>	Costumes	IA
	Jon T. Dahl	<i>Jon T. Dahl</i>	Transex	

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Keoua Koulu		Transportation
Miko Lapeere		Security
Earl Mitchell		Security
Bob Johnson		Elec.
Bruce Vollett		Grip
Hany Ladan		Production Mgr/AD
DANA K SATO		Art
MARTIN L GREUSARD		Flor
Melody N. Low		Grip
Aileen Joy Levy		Grip
Tomoko Stagg		Coordinator
Eril Uyeno		Coordinator
Ryan Moriz		Medic
Rice Crum		Lighting
Scott Lisetop		Grip
Don Tomuch		Lighting
JACOM FRATIS		ELECTR.
BRANDON PAGE		Coordinator
DEID SMITH		Grip
JAMES C LEVY		Grip
ISKIA ROBINS		GREENS
Landon Lan		art dept
KAHUKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruill		PROPS
Reuben Iao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		Prop
LEE KANEAKUA		Grip
PUNA TITCOMB		CS
TALISIA NIKO		LABORER
BRIAN COSTA		PROPS
John Kuvagold		MEDIC

PRINT NAME:	SIGNATURE:	DEPARTMENT:	
Michael A Broady JAMES THURSTON	<i>[Signature]</i>	Set Medic	IA
Colin Jones	<i>[Signature]</i>	YES Grip	IA
Sonya Masinovsky	<i>[Signature]</i>	PRODUCTION	DGA
John Kalamita	Fred Kalamita Jr	PRODUCTION	IA
Steve Shuch	STEVE LIVERIA	WALOPS	IA
ROBERT WEGMAN	<i>[Signature]</i>	STUDIO	
KETH FRANK	<i>[Signature]</i>	Laborer	IA
KEONI MAHELEUA	<i>[Signature]</i>	DRIVER	
Robert Anderson	<i>[Signature]</i>	Sound	IA
Tony Nagy	<i>[Signature]</i>	Camera	600
TORRI TUKUAFI	<i>[Signature]</i>	CAMERA	600
GLENN GRIMES	<i>[Signature]</i>	GRIP	IA
MIKE SCHWABE	<i>[Signature]</i>	Grip	IA
Kevin Sardinia	<i>[Signature]</i>	Locations	
Charles Kramer	<i>[Signature]</i>	ELECTRIC	IA
LIZABETH MAGGINI-MARTIN	<i>[Signature]</i>	Costume	IA
Joey Vidal	<i>[Signature]</i>	IA	
MATHIAS WESSINGER	<i>[Signature]</i>		IA
LAWRANCE TAVARA	<i>[Signature]</i>	TRUCK	
JACK BRYAN	<i>[Signature]</i>	Production Director	
John Griffiths	<i>[Signature]</i>	TRUCK	
NORMAN KAIS	<i>[Signature]</i>	A.D.	DGA
A. HOWE	<i>[Signature]</i>	Flagging	IA
JORGE GARCIA	<i>[Signature]</i>	ACTOR	
SHANDLE MERSEBURN	Shandle Merseburn	Security	
IAN TRAVERS	<i>[Signature]</i>	LOCATIONS	
Gregory Dai Va	<i>[Signature]</i>	CAMERA	
GERGE NOFIELD	<i>[Signature]</i>	CAMERA	IA
STAN PRADAL	<i>[Signature]</i>	ELECTRICIAN	
Robert Lyell	<i>[Signature]</i>	Transportation	
Thornton Lukela	<i>[Signature]</i>	Accounting	
Kevin Winger	<i>[Signature]</i>	Const.	
FRANK SLAUGHTER	<i>[Signature]</i>	665	
Charles Kaahala	<i>[Signature]</i>	665	
WILLIAM RISSO	<i>[Signature]</i>	665	
LYLE GREAS	<i>[Signature]</i>	Cont.	
STANFORD JENNINGS	<i>[Signature]</i>	66	
MARY RASMUSSEN	<i>[Signature]</i>	LOCAL 44	
FRANK PALMA	<i>[Signature]</i>	Driver	

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME:	SIGNATURE:	DEPARTMENT:
HENRY FORDHAM		JATSE 665
NATHANIEL E. DEARMORE		JATSE 665 / TEAMSTER '996
DANNE ANUNA		JATSE 665
Michael R. Kachanovi		JATSE 665
Carol L. Bathke		JATSE 665
Drew Desjarlais		JATSE 665
ALLEN MOZO		JATSE 665, 600, SAG
Danvell Tachihara		JATSE 665
Francis "Sonny" Julian		JATSE 665 / medic
Ramona Woolson		JATSE 665
Drew Desjarlais		JATSE 665, IBEW 1260
CHRIS WICKENS		JATSE 665, 695, IBEW 1260
CHARLEY KAEQ		JATSE 665
CHRIS PAPES		CYANIDE
Zachary Kim		665
Mike Weisbrad		665 / 600
KALIKO PALMIRA		665
DANIEL ROSNER		(GRI) 665
Tiffany Cheney		Set PA-DGA
LUKAS SENO		JATSE 665
Sonja Balmores		SAG Actor
Uez Canite		MODEL
Kelsey Campbell		Model
Nalani Ravelo		Model
Kiya Lee		Wordrobe
Tani Fujimoto		actress/model
Kazuko Kato		665 / wardrobe
Kristy Romero		MODEL
Kelley Chinone		Performer
Sarah Inoué		model
Meredith Gardenas		model
Ashley von der Burg		model
Sophia On		Actress
Alanna Yoshitaka		model
CHELSEA RODRIGUES		Model
Mokihana Aki		model
ADTIA TANAKA		model
Eri Aihara		model
Sayaka Ogura		model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Chantele Wata	Chantele Wata	Model
Chantelle Sawa	Chantelle Sawa	Model
Jennifer Kennedy	Jennifer Kennedy	Talent
Aristina de la Rosa	Aristina de la Rosa	Talent/Model
RICHARD DRAKE	Phil C. Drake	PROP MASTER PAGES
Samoni DARCHUCK	Samoni DARCHUCK	ART DEPT. PAGES
KELLY NEWMILLER	Kelly Newmiller	ART DEPT. PAGES
NIKOLAI ULITSKY	Nikolai Ulitsky	PRODUCTION
Guo Guo	Guo Guo	PRODUCTION
Wesley Morgan	Wesley Morgan	PRODUCTION
SHANNAN ALEXANDER	Shannan Alexander	PRODUCTION
AVANNA J. COLBERT	Avanna J. Colbert	1063/Hair
JOYCE SHIMABUKU	Joyce Shimabuku	cosmetologist
Melinda Roberts	Melinda Roberts	Hair
KARLA YOUNG	Karla Young	Sound Effects
Thomas Rance	Thomas Rance	996
BERTHA SNOW	Bertha Snow	SPECIAL EFFECTS
ARLETTE PATEA	Arlette Patea	SPECIAL EFFECTS
Shane White	Shane White	SPECIAL EFFECTS
CHARLES RAYMOND	Charles Raymond	EFF
Fred W. Adams	Fred W. Adams	EFF
Jim Curtis	Jim Curtis	ELEC.
Gene Tye	Gene Tye	PROP
Kui Scudlan	Kui Scudlan	GRIP
Edward Kaman	Edward Kaman	Andie
DAN GARAB	Dan Garab	SOUND/VIDEO
WILLIAM E. KYLE	William E. Kyle	Makeup
Timothy Chinn	Timothy Chinn	Production
Gregory Doi Jr	Gregory Doi Jr	Electric
STACY NEWHOUSE	Stacy Newhouse	STAGE SOUND
John Kendrick	John Kendrick	Prod/Stage Sound/Elec
JOEL CARMICHAEL	Joel Carmichael	Making/Video/Stage
RON EVANS	Ron Evans	Elec
John Q. Adams	John Q. Adams	PRODUCTION GRIP
DAVID WALLACE	David Wallace	Set Medic/Marine
Curtis Winstenter	Curtis Winstenter	Back/STAGE Elec
Chuck Butler	Chuck Butler	Stage/Prod
HARRY SWIGER	Harry Swiger	Stage Prod

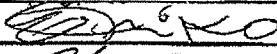
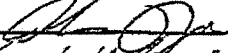
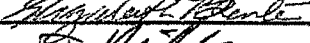
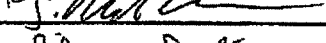
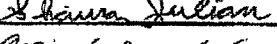
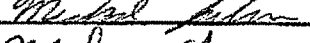


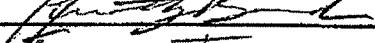

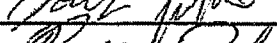
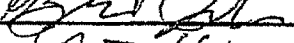
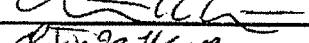
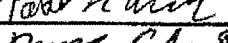
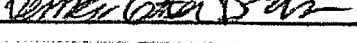
PRINT NAME:	SIGNATURE:	DEPARTMENT:
James Kim Moore		Film + Stage
Robin Wilson		Trade Show
Darren Rodriguez		Trade Show
EVERETT GALISA		FILM
LARRY SMITH		FILM
Kay Carter	KAY CARTER	FILM/STAGE
Ben Phape	Ben Shafer	Film/Stage
Jenni L. Laido	Terri L. LAIDO	Film/Stage
MATTHEW K. LYONS	Matth K. Lyons	STAGE/SOUND
ALEMA RYDER		STAGE
Melvin Pana	Melvin Pana	Film/Stage
Patrick W.K. Caziah		STAGE/REGISTRATION
PATRICK LUM		AUDIO
William Kasin		Structural
Edward Kasin		Cap Structural
Kim Shipton		CARP. Stagehand
Sandy Sandelin		Stagehand
Frank Alerza	FRANK ALERZA	PROPS
Charles Roberts		Audio
James Takahashi	James Takahashi	Grip, Construction
AL OMO		STAGE
Tim Murphy	Tim Murphy	STAGE
Joseph R.R. Dahlin III		
CAROL "CASEY" CAMERON	Carol Casey Cameron	STAGE/FILM
FASTER K LOGAN		STUD
JUDITH MATSUMOTO	Judith Matsumoto	WARDROBE
Doug Kissel		Trade Show
RICHARD F. HOOPER II	Richard F. Hooper II	Construction Keys
PAUL KAHHA CHUCK II	Paul Kahha Chuck II	REL. / CONST.
Jonathan Fess		STAGE/FILM
KONALD EVANS	KONALD EVANS	STAGE/FILM
Wke Thompson		STAGE/FILM
JEFF LISO		STAGE/FILM
Kevin Kinn		STAGE
JOHN M. REYNOLDS	JOHN M. REYNOLDS	STAGE/FILM
Alexandra Aranda		GIS STAFF



PRINT NAME:

SIGNATURE:

DEPARTMENT:

EKEPITI DIKO		DRIVER
Andrew Parryke		DRIVER
ELIZABETH BORTON		SCRIPT SUPERVISOR
J. Nick Porreca		Accounting
Shawn Julian		labor
Michael Julian		labor
Makani Young		stage
Sean Brizin		Lifeguard
Timothy Farnock		Lifeguard
EUGENE TEARJEET		Lifeguard
Noah Williams		SETH
Brian Julian		labor
Kainoa Reapre		LABOR
Patrick Miller		labor
DUNCAN COSTA BRUM		LABOR



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Archinoetics, LLC opposes HB1583, HB1588 and HB1589.

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. 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.

Archinoetics, LLC believes that a better approach is contained in HB 1451.

Archinoetics, LLC is a woman owned world class technology company focused on the research and development of human-centered technologies. Our current research and development projects include functional brain imaging systems, human fatigue and performance monitoring devices, intelligent algorithms based on genetic programming and biometric sensors, remote sensing, and specialized computing platforms. We were created in 2005 with the help of Act 221 which allowed my husband and I to make the leap of investing in our own company. Today we employ 30 software and hardware engineers and scientists from varying backgrounds. Over 1/2

of our employees are kamaaina who left Hawaii and never dreamed that they would be able to work in their profession and raise their children back here at home.  
Thank you for the opportunity to testify on these important bills.

Sincerely,

Name  
Title  
Company  
Phone  
Email



TO: House Committee on Finance  
Honorable Representative Marcus Oshiro, Chairman

RE: Testimony in Opposition to HB1588 Relating To Taxation.

HEARING: Thursday, February 26, 2009, 2:00pm

Mr. Chairman and members of the Committee:

We oppose HB1588 as it relates to the Hawai'i Renewable Energy Tax Credit (HIRETC) contained in HRS 235-12.5, and welcome this to opportunity submit testimony in opposition to it as it affects the HIRETC; we take no position on the bill as it relates to other tax credits.

My name is Larry Gilbert, and I am the Managing Director and Chief Executive of Sennet Capital LLC. Sennet Capital is a Hawai'i merchant bank that focuses entirely on providing and arranging funding for Hawai'i companies and renewable energy projects. We have become one of the leading experts in Hawai'i in solar project financing, and recently completed one of the largest solar project financings done in Hawai'i when we arranged the financing for Hoku Solar to put solar panels on all of the Neighbor Island airports for the State of Hawai'i Department of Transportation.

Solar energy is a proven technology that can help Hawai'i dramatically reduce its dependency on imported oil. Solar energy technologies can be implemented immediately to accomplish this goal. But solar energy technologies involve a capital cost that must be paid up front, and that cost is currently causing Hawai'i companies and citizens to defer installing this important and proven technology.

The HIRETC is a crucial element to fostering more rapid adoption of solar and other renewable energy technologies in Hawai'i.

The Hawai'i market has the potential to immediately attract \$100 million to \$200 million per year in investment capital for renewable energy projects here. These projects would generate hundreds if not thousands of jobs, reduce Hawai'i's dependence on imported oil, and protect our environment.

Reducing or suspending the HIRETC, as this bill proposes to do, would be a major step backwards in both getting Hawai'i weaned from its dependency on imported oil and in creating these hundreds or thousands of new "greener" jobs.

Moreover, making the suspension or reduction of the HIRETC retroactive to the beginning of the year would seriously impact projects and commitments that have already been undertaken, and could lead to substantial litigation as well as give Hawai'i a huge "black eye" among the national and global investors whose capital we so urgently we need to attract.

February 25, 2009

Page 2

If Hawai'i is serious about incentivizing investment in renewable energy projects, then this bill is absolutely the wrong thing to do. Hawai'i could be one of the best states in the country for solar projects, and attract tens and hundreds of millions in outside capital to help build them, which in turn provides stimulus to our economy and jobs for our electricians, construction workers and others who install and maintain these projects, as well as put millions of dollars in energy savings into the economy rather than shipping them overseas to buy foreign oil.

Thank you for the opportunity to submit this testimony, and please feel free to contact me if I can be of further assistance.

Larry Gilbert  
Managing Director  
Sennet Capital LLC  
737 Bishop Street, Suite 3170  
Honolulu, HI 96813  
Tel 808 457-1300  
Email: [LGilbert@sennetcapital.com](mailto:LGilbert@sennetcapital.com)

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 25, 2009 11:57 AM  
**To:** FINTestimony  
**Cc:** alohairish@aol.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Irish Barber  
Organization: Individual  
Address: Mokuhano St Honolulu HI  
Phone: 808-479-1770  
E-mail: [alohairish@aol.com](mailto:alohairish@aol.com)  
Submitted on: 2/25/2009

Comments:

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 25, 2009 12:20 PM  
**To:** FINTestimony  
**Cc:** jsuapaia@1013integrated.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Jason Suapaia  
Organization: 1013 Integrated Branding + Production  
Address: 1013 Kawaiahao Street Honolulu, Hi  
Phone: 593-8848  
E-mail: [jsuapaia@1013integrated.com](mailto:jsuapaia@1013integrated.com)  
Submitted on: 2/25/2009

Comments:



**pacific**  
light & power

*Bringing Renewable Energy to Hawaii and Pacific Oceania*

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HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00 pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Pacific Light and Power opposes HB1583, HB1588 and HB1589.

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. 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.

Pacific Light and Power believes that a better approach is contained in HB 1451.

Pacific Light and Power is a Kauai-based renewable energy company working with resource-constrained grids through the Hawaiian islands and the Pacific Rim. Because





*Bringing Renewable Energy to Hawaii and Pacific Oceania*

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island grids have special challenges, it is necessary to use unconventional technologies in order to make renewable energy feasible. These technologies are difficult to finance and Act 221 gives investors incentive to promote these projects and technologies.

Pacific Light and Power is developing more than one project. Just one 10 megawatt renewable energy project will create approximately 100 construction jobs and between 4 and 10 permanent jobs, while contributing to the Hawaiian Clean Energy Initiative and Renewable Portfolio Standard targets for energy produced by renewable means. This also reduces the island's dependence on oil as a power generation fuel, keeping resources on island.

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

Sincerely,

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

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 25, 2009 12:58 PM  
**To:** FINTestimony  
**Cc:** BA@iatse665.org  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: Yes  
Submitted by: Donovan K. Ahuna  
Organization: IATSE Local 665  
Address: 875 Waimanu Street - #610 Honolulu, HI. 96813  
Phone: (808)596-0227  
E-mail: [BA@iatse665.org](mailto:BA@iatse665.org)  
Submitted on: 2/25/2009

Comments:



House of Representatives  
The Twenty-Fifth Legislature  
Regular Session 2009

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

Thursday, February 26, 2009 – 2:00 pm  
State Capitol, Conference Room 308

RE: HB 1588 - Relating to Taxation

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

The Screen Actors Guild Hawaii Branch strongly opposes HB 1588 that would amend Act 88, referred to in the bill as Section 235-17 (Motion Picture, Digital Media and Film Production Income Tax Credit).

Act 88 is a fiscally responsible bill that has not been a drain on the State's economy. Act 88 has created jobs, supports tourism and other industries, and provides priceless free advertising for the State.

We ask that you carefully weigh the above factors and respectfully request that you make no changes to Act 88.


Thank you for the opportunity to submit testimony.

Glenn Cannon, President  
Brenda Ching, Executive Director

**SCREEN ACTORS GUILD**

949 KAPIOLANI BLVD., SUITE 105, HONOLULU, HI 96814 ★ Tel. 808.596.0388 ★ Fax 800.305.8146

[www.sag.org](http://www.sag.org)

Branch of Associated Actors and Artistes of America / AFL-CIO •  • Affiliate of International Federation of Actors



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Archinoetics, LLC opposes HB1583, HB1588 and HB1589.

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. 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.

Archinoetics, LLC believes that a better approach is contained in HB 1451.

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of our employees are kamaaina who left Hawaii and never dreamed that they would be able to work in their profession and raise their children back here at home.  
Thank you for the opportunity to testify on these important bills.

Sincerely,

Name  
Title  
Company  
Phone  
Email

# HAWAII FILM & ENTERTAINMENT BOARD



Brenda Ching, Chair  
Screen Actors Guild

Chris Conybeare, Esq.

Donovan Ahuna  
I.A.T.S.E., Local 665

Benita Brazier  
Maui Film Commission

Walea Constantinau  
Honolulu Film Office

Donne Dawson  
Hawaii Film Office

Jeanne Ishikawa  
Teamsters, Local 996

Leroy Jenkins  
H.I.F.A.

John Mason  
Big Island Film Office

Brien Matson  
A.F.M., Local 677

Stephanie Spangler  
F.A.V.A.H.

Art Umezu  
Kauai Film Commission

Randall Young  
I.B.E.W., Local 1260

## HOUSE COMMITTEE ON FINANCE

February 26, 2009 – 2:00 pm  
State Capitol, Conference Room 308

RE: 1588 - Relating to Taxation

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

The Hawaii Film and Entertainment Board, whose members include all of Hawaii's film unions, film commissions and leading industry associations, thank the legislature for its strong support of Hawaii's film industry but **oppose the portion of HB 1588** that would make changes to Act 88, referenced as Section 235-17.

We respect the tough job at hand and to assist with your decision-making, submit that Act 88 is a part of the **SOLUTION** and not a part of the problem because:

- Act 88 is a **fiscally responsible bill** that is **NOT A DRAIN** on the general fund
- Act 88, **has GENERATED REVENUES** for the state while providing significant economic stimulus (over \$11M in calendar year 2007).

In addition, Act 88:

- **creates jobs**
- **supports visitor industry** infrastructure
- provided millions of dollars of **free advertising** for Hawaii

The credit applies statewide and has generated **over \$300M of direct spending** into all four of Hawaii counties at **NO EXTRA COST TO THE STATE**. Attached please find a summary of the numbers compiled with the assistance of economist, Dr. William Boyd, that show that **over \$11M in revenues was generated, after the payout of the credit for calendar year 2007**.

The HFEB board, and over 300 members of its various entities, respectfully request that Act 88 **remain as written** so it can continue to be a significant economic stimulus for Hawaii that generates revenues at no cost to the state.

Sincerely,  
Brenda Ching  
Chair

Attachments: Act 88 Petition; 2007 Act 88 ROI spreadsheet

**2007 Economic Impact estimates - Act 88 and non-Act 88 Scenario**

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15% x estimated split		\$11,592,208
NI cost	20% x estimated split		\$15,456,277
	\$77,281,387 Oahu split		
	\$77,281,387 NI split		
	Total Act 88 cost:		\$27,048,486
Indirect Impact (Production Spend x multiplier)			\$294,997,152
Indirect revenues generated =			\$66,317,189
Indirect revenues x Revenue calculation =			\$8,621,235
total direct and indirect impact			\$303,618,387
		multiplier	1.29
Annual Production Spend	\$228,679,963		
Act 88 Spend	\$154,562,775	% of Act 88 total	67.589120%
non-Act 88 Spend	\$74,117,188	% of non-Act 88 total	32.410880%
			100.000000%
Annual Tax Revenues	\$29,728,395	Revenue calculation @	13.00%
Rebate Cost	\$27,048,486	Oahu and NI figures	
subtotal (cost to state)	\$2,679,910	(net gain/net loss)	
Indirect Impact	\$8,621,235		
+ cost to state	\$2,679,910		
<b>TOTAL</b>	<b>\$11,301,144</b>	<b>(net gain/net loss)</b>	

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

**Total figures**

**Black** = net gain to state

**(Red)** = net loss to state

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Abrosius	Gregg	production manager	Honolulu
Aguinaldo	Arlene	production assistant	Ewa Beach
Aguinaldo	Luke	video editor	Waipahu
Ahuna	Harold	driver	Waimanalo
Akamine	Riley	driver	Kapolei
Aleck	Nancy	non-profit director	Honolulu
Amaral	William	driver	Kailua
Anbe	Brent	film industry development spec.	Honolulu
Andres	Sally	accounts receivable clerk	Honolulu
Anno	Yoshitaka	vice president	Honolulu
Anthony	Benjamin	grip	Honolulu
Archibald	Jo	copywriter	Honolulu
Asato	Charlene	advertising traffic manager	Honolulu
Asiata	Philip	driver	Kaneohe
Atkins	Paul	director of photography	Honolulu
Atkins	Grace	producer / sound mixer	Honolulu
Bacon	Michael	sound mixer	Mililani
Beercka	Meleana	hotel worker	Kahuku
Bellerose	Ann	sales coordinator	Kahuku
Benson	Mark	driver	Pearl City
Beteta	Jonathan	hotel worker	Laie
Blake-Scott	Aren	make up artist	Koloa
Blue	Maria	activities manager	Waianae
Boyd	Lawrence	associate specialist	Honolulu
Boyle	Bob	hotel worker	Kahuku
Boynton	Susan	photographer	Kilauea
Brazier	Benita	film commissioner	Wailuku
Brenner	Renee	accounting	Kahuku
Bresson	John	driver	Honolulu
Brewerton	Katie	project manager	Honolulu
Britos	Peter	professor / writer / producer	Honolulu
Cabalar Jr	M.	driver	Kapolei
Cadiz	Phillip	hotel worker	Haleiwa
Camenson	Anna	driver	Kaneohe
Cannon	Glenn	president, SAG Hawaii branch	Honolulu
Cappos	Constance	costume designer	Keaau
Carrillo	Rubin	cinematographer	Honolulu
Cassity	Clifton	property manager	Kaaawa
Castro	Daren	senior art director	Honolulu
Ching	Brenda	executive director	Honolulu
Chock	Nilda	Nat'l business agent, AFC-CIO	Honolulu
Cho-Moody	Sylvian	background talent	Honolulu
Christmas	Amy	director of food and beverage - hotel	Kapaa
Chun	Brycen	production assistant	Honolulu
Chunn	Johanna		Honolulu
Clevelend	Katherine	actor	Kailua
Coad	Michael	VP, Admin, cement company	Kaneohe
Coen	Shawn	welder	Honolulu
Cole	Jessica	talent coordinator	Kula



**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Cole	Josh	stand-in / extra	Honolulu
Collado	Leslene	administrative assistant	Honolulu
Confair-Sensano	Renee	production supervisor	Waiialua
Constantinaw	Walea	film commissioner	Kaneohe
Cook	Jennifer	film school student	Honolulu
Cooper	Richard	assistant director	Kapaa
Costa	Dwayne	driver	Waianae
Cotton	Liz	sales executive	Honolulu
Coyne	Andrew	art director	Keaau
Crowell	Oliver	consultant	Honolulu
Dacosin	Darren	driver	Kaneohe
Dahl	Jon	transportation captain	Honolulu
Davey	Jacqueline		Honolulu
Davis	Keith	driver	Mililani
Dawson	Donne	film commissioner	Honolulu
de la Diosa	Christina	actor	Honolulu
deJung	Vanya	prop master / set dresser	Honolulu
Dicion	Joann	conference service manager	Waiialua
Dinion	Steve	musician	Honolulu
Domingo	Gregory	safety / security officer	Kahuku
Doversola	Margaret	casting director	Honolulu
Dowell	Joe	driver	Kaneohe
Downey	Miriam	union business agent	Kaneohe
Duarte	Jesse	driver	Honolulu
Duarte	William	driver	Kaneohe
Ekepati	Niko	driver	Ewa Beach
Elmore	Gerard	director	Kapolei
Eugenio	Lynnette	advertising executive	Honolulu
Faumuina	Putoto	driver	Honolulu
Ferrer	Leanne	program manager	Honolulu
Fewell	Richard	graphic artist	Mililani
Fishburn	Anna	casting director	Honolulu
Flores	Serena	assistant production coordinator	Miliani
Florez	Connie	director / producer	Honolulu
Fontaine	Renato	grip	Kaneohe
Forsberg	Dana	videographer	Honolulu
Freeborn	Luke	art director	Honolulu
Fukuda	Sheila		Pearl City
Fukushima	Dirk	producer	Honolulu
Galindez	Richardo	producer	Kailua
Garcia	Vincent	mechanic - heavy equipment	Kapolei
Gillett	Kathryn	graphic designer	Honolulu
Goda	Brandon	marketing manager	Honolulu
Golstein	Mathew	actor	Kaneohe
Gomes	Troy	producer/editor	Ewa Beach
Gomes	Dustin	assist location manager	Kailua
Gomes	Dexter	production coordinator	Honolulu
Gonzalez	Elias	restaurant manager	Hauula
Griffiths	John	driver	Honolulu

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Groden	Richard	driver	Kailua
Gross	Thomas	hotel worker	Honolulu
Hall	Abraham		Honolulu
Hamlett	Kelly	hotel worker	Haleiwa
Hankins	Dana	producer	Honolulu
Hanley	Lauren	production assistant	Honolulu
Hanley	Tom	art director	Honolulu
Hatchell	Linda	administrative assistant	Kaneohe
Haviland	Wes	producer / writer / actor	Honolulu
Hazelwood	Jennifer	actress	Honolulu
Hernandez	William	driver	Kailua
Higa	Michael	production coordinator	Honolulu
Higuchi	Lisa	writer / producer / director	Kaneohe
Hisamoto	John	producer	Honolulu
Hite	Anthony	security officer	Kahuku
Holmbeck	Konari	sales manager	Kahuku
Hooper	Sarah	production manager	Honolulu
Horowitz	Susan	director	Honolulu
Hugar	Tony	audio technician, business owner	Honolulu
Igari	Hirohide	cameraman/production coordinator	Honolulu
Inake	Lauren	associate producer	Waipahu
Inouye	Kevin	administrative assistant	Honolulu
Ishikawa	Jeanne	business agent, local 996	Wahiawa
James	Katherine	costume designer	Kailua
Jenkins	Leroy	producer / company president	Honolulu
Johnson	Sandra	producer	Honolulu
Johnson	Wesley	hotel worker	Laie
Johnson	Jill	business agent, local 996	Kailua
Johnston	Anthony	gaffer	Mountain View
Joseph	Genie	producer	Honolulu
Jung	Korina	office worker	Honolulu
Jung Jr	Ted	executive producer	Honolulu
Kaiwi	Alva	foreman	Waianae
Kanda	Scott	photographer / editor	Honolulu
Kaneshiro	Darrin	producer	Honolulu
Kaneshiro	Arryl	project specialist - land management	Koloa
Kanoa	Victor	driver	Honolulu
Katinszky	Jenni	producer	Honolulu
Kato	Stephan	producer	Honolulu
Kauwalu	Cherilyn	executive assistant	Waianae
Kawakami	Chad	driver	Honolulu
Keamohuli	William	driver	Honolulu
Kekoa	Janice	creative department manager	Honolulu
Kelii	Thomas	electrician	Mountain View
Kelley	Carol	set decorator	Honolulu
Kelly	Michael	production manager	Honolulu
Keomaka	Stanley	operator	Waipahu
Kim	Susie		Honolulu
Kim	Matt	welder	Kaneohe

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Kiyatu	Bliss	account executive	Honolulu
Knowles	Myles	videographer	Kihei
Ko	Helen	advertising executive	Honolulu
Kowal	Robert	sales executive	Honolulu
Kozuma	Ronan	union president	Honolulu
Kribell	Jan	club manager	Haleiwa
Kruse	Emil	pipe repairer	Kaneohe
Kunihara	Duke	actor	Honolulu
Kusano	Hideyo	film school student	Honolulu
Kwak	Charlene	secretary	Honolulu
LaBerge	Nicole	public relations account exec	Mililani
Laguana	Edward	driver	Ewa Beach
Lam Yuen	Sharyl	secretary	Kapaa
Larkin	Sue	casting director	Waianae
Lau	Jann	travel specialist	Honolulu
Lau	Henry		Waimanalo
Lee	Keoni	producer	Mililani
Lee	Lance	driver	Honolulu
Lehman	Sheldon	prop master / grip	Kurtistown
Lehr	Randal	general manager - hotel	Makaha
Levine	Liam	actor	Honolulu
Levy	James	key grip	Honolulu
Lewis	Craig	set dressing shopper	Kaneohe
Lewis	John	business owner	Honolulu
Libby	Kenneth	cinematographer	Kaneohe
Lindsey	Christopher	security officer	Hauula
Lo	Terri	account executive	Kaneohe
Long	Melanie	broker	Honolulu
Long	Charles	security firm - owner	Honolulu
Loo	Earl	travel agency	Honolulu
Lopez	Scott	film school student	Honolulu
Lorraine	Kay	1st assistant director	Honolulu
Lum	Jeff	sales	Honolulu
Lum	Eugene	driver	Aiea
Maduli	Janet	entertainment / talent booker	Honolulu
Maekawa	Mike	location coordinator	Honolulu
Mago	Peter	equipment sales	Kaneohe
Maltby	Joyce	actor	Kailua
Maness	Jennifer	production coordinator	Honolulu
Martin	Joshua	account executive	Honolulu
Martinez	Charles		Waimanalo
Mastro	Mark	account supervisor	Honolulu
Matson	Brien	business agent, local 677	Honolulu
Matthews	William	set designer	Honolulu
Mattos	Wendell	senior editor	Aiea
May	Michael	producer	Honolulu
Medeiros	Joseph	driver	Honolulu
Mick	Marilyn	location manager	Honolulu
Millner	Traci	marketing	Honolulu

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Miranda	Melvin	driver	Kamuela
Misty	Abalos	receptionist	Wahiawa
Mitchell	Frank	craft service	Honolulu
Mitchell	Lisa	production coordinator	Honolulu
Mito	Gerald	driver	Kaneohe
Moniz	Ryan	lifeguard / emt	Honolulu
Moody	Racer	stand-in	Honolulu
Moody	Fuzzy	stuntman	Honolulu
Moriguchi	Alison		Koloa
Morita	Masahiko	production coordinator	Honolulu
Moriyama	Miki	tourism company worker	Honolulu
Mossman	Delphine	receptionist	Honolulu
Mowry	William	rancher	Hanalei
Murphy	K.	executive assistant	Kaneohe
Nagai	Masatoshi	coordinator	Honolulu
Nagata	Wade	driver	Honolulu
Nakamoto	Nicle	accounting clerk	Honolulu
Nakamura	Nao	production coordinator	Honolulu
Newale	Charles	driver	Kaneohe
Nikolaidas	Nik	owner, computer recycling company	Kaneohe
Nishitani	Koki	production coordinator	Honolulu
Nitta	Mark	producer / director / editor	Waipahu
Nomura	Evan	account executive	Honolulu
Nordlum	John	stuntman	Waianae
Norton	Shanna	set dresser / buyer	Honolulu
Odeon	Juan	film school student	Honolulu
Olague	Robert	executive producer	Honolulu
Olivares	Doug	camera operator	Honolulu
Olson	Naomi	camera assistant	Honolulu
Omori	Lyssa		Honolulu
Oney	Thomas	accounting clerk	Honolulu
Ongay	Fiona	director of guest services (hotel)	Wahiawa
Osaki	Richard	senior graphic artist	Honolulu
Oshiro	Manami	officer manager	Honolulu
Ozaki	Yumi	director	Honolulu
Pait	Sharon	executive assistant	Hanalei
Pallett	Jim	actor	Honolulu
Pang Kee	Andrew	driver	Honolulu
Paongo	Elena	operations	Waianae
Pascua	Lono	a/c contractor	Lawai
Pascua	Bruce	driver	Wahiawa
Patterson	Patricia	driver	Honolulu
Paty	Randolph	assist location manager	Waialua
Pearson	Wendy	actor	Honolulu
Pedrina	Charlie	graphic designer	Pearl City
Perry	Gordon	music supervisor	Kilauea
Pierce	Don	restaurant managar	Honolulu
Pike	Rebecca	visitor publications editor	Honolulu
Powell	William	production accountant	Honolulu

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Pyburn	Gail	location scout	Papaikou
Ramos	Sunny	driver	Waianae
Ranches	Juju	senior art director	Honolulu
Ranion	Vidal	union trustee	Mililani
Rego Jr	Renny	driver	Honolulu
Reid	Carolyn	travel consultant	Honolulu
Relosimon	Judy	assistant account exec	Honolulu
Reynolds	Sohbi	location manager	Honolulu
Riverio	Mike	producer	Aiea
Riverio	Claireq	musician	Aiea
Rodrigues	John	driver	Honolulu
Rodrigues, Jr	Richard	foundation program manager	Honolulu
Rogers	Scott	acting coach	Honolulu
Romualdo	Angelina	hotel worker	Kahuku
Rosen	David	director	Kailua
Ruff	Sean	hotel worker	Kahuku
Russell	George	production coordinator	Honolulu
Ryan	Tim	executive editor	Honolulu
Rydell	Sheila	director, tv studio operations	Honolulu
Sandblom	Marissa	business vp	Waimea
Sasaki	Deborah	print prodution	Honolulu
Sato	Linda	actor	Wahiawa
Sato	Hidemi	graphic designer	Honolulu
Sato	David	camera operator / dp	Honolulu
Schopler	Edward	programmer	Kailua
Schwartz	Cathy	production coordinator	Honolulu
Sears	Leo	producer / film fesitival director	Waikoloa
Shimabukuro	Sheryl	print production	Honolulu
Shimabukuro	Shawn	project manager	Waimea
Shirakawa-Baek	Takahiko	travel agent	Honolulu
Silberstein	Morris	location coordinator	Honolulu
Silva	Pat	union agent	Honolulu
Soares	Robert	production director	Honolulu
Sofa	Chadwick	driver	Waianae
Sonada	Harry	driver	Honolulu
Souza	Jonah	route supervisor	Kaneohe
Spangler	Stephanie	location manager	Honolulu
Spangler	Stuart	location manager	Honolulu
Spargur	Patrick	director	Honolulu
Stern	Herman	actor	Honolulu
Sua	Lata	risk manager	Kahuku
Suapaia	Jason	executive producer	Honolulu
Sudipro	Piku	senior copywriter	Honolulu
Sumait	Jeanne	executive assistant	Kahuku
Sunborg	Karen	accountant	Honolulu
Sundby	Sarah	hotel worker	Kahuku
Tang	Jennifer	advertising agency exec	Honolulu
Tanigawa	Stacie	production artist	Honolulu
Tavares	Susan	waste management	Honolulu

**PETITION IN OPPOSITION TO PROPOSED CHANGES TO ACT 88 (Section 235-17)**

Revision date: 2/25/09 11:29 AM

Tayomori	Kyle	driver	Honolulu
Teixeira	Alexander	driver	Honolulu
Teramame	Marlene	account supervisor	Honolulu
Thornton	Michael	film distributor	Honolulu
Tillson	Angela	location manager	Kapaa
Tobaru	Peggy	database operator	Kaneohe
Trask-Batif	Lakea	writer / producer	Honolulu
Tresler	Michael	senior vp, land management	Lihue
Triplett	Jim	location manager	Honolulu
Tupai	Pisa	operations manager - security co.	Honolulu
Tupai	Mate	supervisor - security co.	Honolulu
Turner	Jennifer	rental coordinator - tent rentals	Haleiwa
Uy	Tammy	creative director	Kailua
Vendiola	Amanda	hotel worker	Kahuku
Vendiola	Melvin	foreman	Ewa Beach
Vera	Marisa	hotel worker	Wahiawa
Vidal	Aaron		Ewa Beach
Visser	Thomas	sound department	Honolulu
Wagner	Michael	art director	Honolulu
Wagner	Brett	director	Honolulu
Wallace	Keoki	hotel worker	Hauula
Wilkins	Michael	hotel worker	Waialua
Williams	Jennifer	producer	Aiea
Wiss	Larry	actor	Honolulu
Wong	Susan	sales manager - hotel	Honolulu
Wong	Ben	producer	Kaneohe
Wray	John	broadcast manager	Honolulu
Yadao	Linda	producer	Waialua
Yasufuku	Miki	assist location manager	Honolulu
Yasutake	Michael	cinematographer / editor	Honolulu
Yoshikawa	Clinton	driver	Honolulu
Yotsuya	Stacy	account executive	Honolulu
You	Justin	project coordinator	Pearl City
Yu	Gary-Lee	security officer	Hauula
Yu	Vernon	attorney	Honolulu
Zeng	Minyi	information tech worker	Honolulu
Ziegler	Daniel	writer / director	Honolulu
Zucker	Robyn	costumer	Haleiwa

PACIFIC



See the light.

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. Pacific LightNet opposes HB1583, HB1588 and HB1589.

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. 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.

Pacific LightNet believes that a better approach is contained in HB 1451.

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

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

Respectfully

A handwritten signature in black ink, appearing to be "Pat Bustamante".

Pat Bustamante  
President



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

**From: Sopogy Inc.**

**Date: February 25<sup>th</sup>, 2009**

**Subject: Opposition of HB 1583, HB 1588, HB 1589 – Related to Tax Credits  
Thursday, February 25, 2009  
2:00pm  
State Capitol, Conference Room 308**

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

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

Sopogy opposes HB 1583, HB 1588, and HB 1589, which temporarily reduces tax credits. The intent of certain tax credits proposed to be reduced is to incentivize research and development, the creation of new intellectual property in the State of Hawaii, attract much needed investment capital for high technology companies, and job creation. It is evident that tax credits foster the continuing development of renewable energy research and development, intellectual property creation, job growth and projects within and without the State of Hawaii.

In addition, a reduction or repeal of existing tax credits at this stage will not only impact the momentum in the renewable energy technology area, but for companies who raised capital in reliance upon tax incentives, it could result in a detrimental effect on the ability to raise future investment capital.

Therefore, Sopogy supports the continuance of the existing tax credits and adoption of renewable energy and energy efficiency measures that lessen the state's dependence on







oil, reduce greenhouse gas emissions, and provide energy price stability to Hawaii's consumers.

Thank you for this opportunity to testify.

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



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

**I strongly oppose the portions of HB1739, HB1743, HB1746, HB1583, H1588 and HB1589 (to be heard on 2/26 at varying times from 11am – 3pm) that apply to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:**

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

I do however support HB1451, also to be heard on Thursday, 2/26, seeking to extend Act 221 for 5 years. The importance of Act 221/215 in attracting film projects to Hawaii and helping to develop independent film projects in Hawaii can not be understated nor can the economic benefits to the industry and the State be overstated.

Thank you for the opportunity to provide these comments.

Art Rivers  
Location Manager

**TESTIMONY OF WILLIAM G. MEYER, III**

**HB1583  
HB1588  
HB1589**

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

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

RE: Testimony in STRONG OPPOSITION to HB1583; HB1588 and HB1589

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

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

Thank you for the opportunity to testify on these bills. I oppose HB1583, HB1588 and HB1589.

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 performing arts and other qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. 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.

I believe that a better approach is contained in HB1451, HD1.

Thank you for the opportunity to testify on this bill.

Respectfully submitted,



William G. Meyer, III  
[wmeyer@dwyerlaw.com](mailto:wmeyer@dwyerlaw.com)  
Telephone: 534-4412

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

**DataHouse**



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

FROM: Lyanne M. Kimura  
Chief Financial Officer  
DataHouse Consulting, Inc.

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. DATAHOUSE CONSULTING, INC. opposes HB1583, HB1588 and HB1589.

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. 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.

DataHouse Consulting, Inc. believes that a better approach is contained in HB 1451.

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

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

Sincerely,

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

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 25, 2009 2:28 PM  
**To:** FINTestimony  
**Cc:** scott@AmericanFilmActor.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Scott Rogers  
Organization: Individual  
Address: 1111 D Wainiha Street HI  
Phone: 808 779-4444  
E-mail: [scott@AmericanFilmActor.com](mailto:scott@AmericanFilmActor.com)  
Submitted on: 2/25/2009

### Comments:

If you really want to help the economy in Hawai'i, You MUST not only keep but increase, the tax incentives in Act 88 and Act 221/215. They create JOBS and bring in millions in secondary spending, not to mention millions of dollars in TV and film exposure. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.



**NATURAL POWER CONCEPTS**

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

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Larry Lieberman, CEO  
Natural Power Concepts  
Company

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. NATURAL POWER CONCEPTS opposes HB1583, HB1588 and HB1589.

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. 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.

NATURAL POWER CONCEPTS believes that a better approach is contained in HB 1451.

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

staff plus the near-full time services of several contractors and vendors.

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

Sincerely,

Larry Lieberman

CEO

Natural Power Concepts

808-741-7529

[larry@naturalpowerconcepts.com](mailto:larry@naturalpowerconcepts.com)



HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

FROM: William K. Akiona II  
Projects Director  
OmniGreen Renewables

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. **OmniGreen Renewables LLC** opposes HB1583, HB1588 and HB1589.

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. 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.

**OmniGreen Renewables LLC** believes that a better approach is contained in HB 1451.

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

Thank you for the opportunity to testify.

Respectfully,

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



February 25, 2009

**HB1583 - Relating to Taxation**  
**HB1588 - Relating to Taxation**  
**HB1589 - Relating to Tax Credits**

DATE: February 25, 2009  
 TIME: 2:00pm  
 PLACE: Conference Room 308

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

FROM: Rick Holasek, President and CEO, NovaSol

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. NovaSol opposes HB1583, HB1588 and HB1589.

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. 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.

NovaSol believes that a better approach is contained in HB 1451.

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

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

Sincerely,

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

CORPORATE OFFICE

28<sup>th</sup> Floor  
 733 Bishop St.  
 Honolulu, Hawaii 96813  
 808.441.3600  
 808.441.3601 fax

CALIFORNIA OPERATIONS

15150 Avenue of Science  
 San Diego, California 92128  
 858.376.0185  
 858.376.0190 fax

FINANCE OFFICE

28<sup>th</sup> Floor  
 733 Bishop St.  
 Honolulu, Hawaii 96813  
 808.680.9601  
 808.680.9624 fax



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

**HB1583 - Relating to Taxation**  
**HB1588 - Relating to Taxation**  
**HB1589 - Relating to Tax Credits**

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Thank you for the opportunity to testify on these bills. **Kobayashi Development Group LLC** opposes HB1583, HB1588 and HB1589.

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. 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.

**Kobayashi Development Group LLC** believes that a better approach is contained in HB 1451.

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

Sincerely,

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

HB1583, HB1588 and HB1589. - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: GB Hajim  
Managing Director  
Island Planet One Productions

RE: Testimony in Opposition to HB1583, HB1588 and HB1589.

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

Thank you for the opportunity to testify on this bill. Island Planet One Productions opposes HB1583, HB1588 and HB1589.

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. 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.

Our company's workforce has grown 500% within the last year and we have over a million dollars of investment lined up for the first half of 2009. Two thirds of this amount is from mainland investors. If you change the law now, you instantly kill our company since we are depending on this capital until our film is completed and revenue stream begins in the first quarter of 2010. These investors will take their money elsewhere and we would be forced to move our company overseas. Is this what you want? Another brain drain and capital flight?

You need to come to the local high schools here and take a look into the eyes of

these kids and their parents. Most of the jobs are in the waning tourism industry. The unemployment rate is around 7% here and growing - Where is their hope for a better life? Where are their options?

When we started this production the economically prudent thing to do would have been to do the production in Eastern Europe where a government offered to pony up 50% of the budget. No credits. A simple cash infusion. Because of the cheaper labor and other costs, our \$2.5 million feature would have cost under \$1 million with the government of Bulgaria putting up 1/2 of the total!

But that's not the reason I developed this style of animation and this production pipeline. It is not the reason why I go to high schools and the local colleges to teach workshops and classes. The reason in a nutshell: I want to create something sustainable here so that the youth (including my own) can be inspired and our best and brightest can be encouraged to stay here. This tax incentive for investment allows us to reach for that dream.

The UH Student who now does most of my high end Maya stuff - I hired him back when he was 16 at Pahoa High. His mom couldn't afford to keep him in the same house for more than a few months at a time. He built his own computer, but had no place to plug it in most of his time in high school. He was helping his mom survive by bagging groceries at \$8/hr! Now, 3 years later, he is writing render engines, paying his way through college with his wages from my company and, recently, was flown to the mainland to compete in a software competition.

I'll never forget when I hired this 14 year old Hilo High School student for an internship in digital design. Her mother came to me with tears in her eyes saying, "When I was her age I could draw as well as her and I drew all the time, but there were no opportunities here, so when I graduated I joined the military, then came back, got married, had kids, and never drew again. Thank you for my daughter. Thank you from me."

Almost all my employees and interns have stories like this.

Do you know the story of WETA in New Zealand? Started with a couple of smart, creative guys, passionate about film, making a movie where Muppets, that looked straight out of Sesame Street, were shooting at each other with automatic rifles and blowing each other up with bombs. Sounds sustainable? Within 12 years they were in charge of putting the Lord of the Rings together.

With a whole lot of creativity, passion and brains, we are creating a small miracle here. We will make it grow bigger.

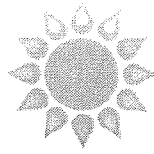
In this past holiday season, one of my animators gave me a gift and on the card he wrote: "Thank you for giving me the job of my dreams."

That is what this is all about.

Thank you for the opportunity to testify on this important bill. We respectfully ask that you hold this bill and continue the tax credits for at least 2009. Here on the outer islands, it is one of our only hopes to diversify our economy with jobs that pay a living wage.

Sincerely,

GB Hajim  
**Director**  
Island Planet One Productions, LLC  
(a Hawaii State Qualified High Technology Business)  
PO Box 430 Papaikou Hawaii 96781  
cell (808) 960-7619 studio (808) 963-5482



**pacific**  
light & power

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

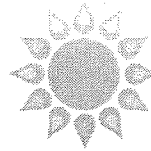
Aloha Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to testify on these bills. Pacific Light and Power opposes HB1583, HB1588 and HB1589.

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. 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.

Pacific Light and Power believes that a better approach is contained in HB 1451.

Pacific Light and Power develops utility scale renewable energy projects for Hawaii. We use QHTB monies to realize Hawaii's renewable energy potential and in the process create jobs building and operating power projects.



**pacific**  
light & power

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

Sincerely,

Kyle Hunker  
Vice President of Finance  
Pacific Light and Power  
(808) 652-4183  
kyle@pacificlightandpower.com





700 Bishop Street, Suite 2000 Honolulu, HI 96813

February 25, 2009

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

FROM: Joe Cooper, CFO  
Archinoetics LLC

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Archinoetics opposes HB1583, HB1588 and HB1589.

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. 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.

Archinoetics believes that a better approach is contained in HB 1451.

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

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

Sincerely,

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

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Oceantronics Inc. opposes HB1583, HB1588 and HB1589.

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. 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.

Oceantronics Inc. believes that a better approach is contained in HB 1451.

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

Sincerely,

Fritz M. Amtsberg  
Oceantronics, Inc.  
711 No. Nimitz Hwy.  
Honolulu, HI 96817  
Ph. 808-522-5600  
Fax 808-522-5222  
Cell 808-216-0256  
Skype - oceantronics  
web [www.oceantronics.net](http://www.oceantronics.net)  
e-mail [fritz@oceantronics.net](mailto:fritz@oceantronics.net)



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

February 26, 2009

TESTIMONY BEFORE THE  
HOUSE COMMITTEE ON FINANCE

HB 1583, HB 1588, & HB 1589

Chair Oshiro and committee members:

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

We do not support the HB 1583, HB 1588, and HB 1589 that would limit or eliminate the High Technology Investment credit, also known as Act 221.

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

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

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

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

Thank you for allowing us to testify in opposition to these measure.

# REAL-TIME GENOMICS, LLC

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 26, 2009  
TIME: 3:00pm  
PLACE: Conference Room 308

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

FROM: Blair Stultz  
President  
Real-Time Genomics, LLC

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Real-Time Genomics opposes HB1583, HB1588 and HB1589.

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. 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.

Real-Time Genomics believes that a better approach is contained in HB 1451.

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

# REAL-TIME GENOMICS, LLC

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

Sincerely,



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



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HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Ricardo S Galindez, Island Film Group

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

Aloha Chair, Vice Chair, and Members of the Committee

Thank you for the opportunity to testify on these bills. Island Film Group opposes HB1583, HB1588 and HB1589.

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. 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.

Island Film Group believes that a better approach is contained in HB 1451.

Island Film Group is a locally owned film and television production company. Since its formation in 2007, Island Film Group has produced a television series, two television movies and the feature film "Princess Ka'iulani," all of which were financed using Act 221/215. In addition to employing hundreds of local film and television professionals and injecting millions of mainland capital into the Hawaii economy, all four of our projects have depicted Hawaii for Hawaii, meaning that millions of people have seen the beauty of Hawaii on television and in the theaters, with millions more to follow. What better way to build our film and television production infrastructure AND support our visitor industry?

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

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Sincerely,

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

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HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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

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

FROM: Roy Tjioe, Principal, Island Film Group

**RE: Testimony in Opposition to HB1583, HB1588 and HB1589**

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

Island Film opposes HB1583, HB1588 and HB1589.

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. As noted in the 9/08 DoTax study, these QHTBs 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 QHTBs 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.

Island Film Group believes that a better approach is contained in HB 1451.

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

Sincerely,

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



# Hyperspective Studios

HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

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

Thank you for the opportunity to testify on these bills. Hyperspective Studios, Inc. opposes HB1583, HB1588 and HB1589.

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. 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.

Hyperspective Studios believes that a better approach is contained in HB 1451.

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

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

Sincerely,

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



HB 1583 – Relating to Taxation  
HB 1588 – Relating to Taxation  
HB 1589 —Relating to Taxation

DATE: February 26, 2009

TIME: 2:00 PM

PLACE: Conference Room 308

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

FROM: Ricardo S Galindez, Island Film Group

RE: Testimony in Opposition to HB1583, HB1588, HB1589

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

**I strongly oppose the portion of HB1583, HB1588 AND HB 1589 that applies to Section 235-17**, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs

- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

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

Sincerely, □ □

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



**Hawai'i  
Association of  
REALTORS®**  
www.hawaii Realtors.com

The REALTOR® Building  
1135 12<sup>th</sup> Avenue, Suite 220  
Honolulu, Hawaii 96816

Phone: (808) 733-7060  
Fax: (808) 737-4977  
Neighbor Islands: (888) 737-9070  
Email: har@hawaii Realtors.com

February 25, 2009

**The Honorable Marcus R. Oshiro, Chair**  
House Committee on Finance  
State Capitol, Room 308  
Honolulu, Hawaii 96813

**RE: H.B. 1588, Relating to Taxation**

**HEARING DATE:** Thursday, February 26, 2009 at 2:00 p.m.

Aloha Chair Oshiro and Members of the Committee on Finance:

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawai'i Association of REALTORS® ("HAR"), here to testify on behalf of the HAR and its 9,600 members in Hawai'i. HAR opposes H.B. 1588, Relating to Taxation, to the extent that it temporarily imposes a tax credit ceiling on the Low-Income Housing Tax Credit allowable under HRS §235-110.8.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

The Rental Housing Trust Fund Program, coupled with federal and state low income housing tax credits, is the most productive of all government assistance programs. However, there is never enough money in the Rental Housing Trust Fund to satisfy the need for low-income rentals and therefore, the Low-Income Housing Tax Credit allowable under HRS §235-110.8 should not be subject to a tax credit ceiling.

HAR also questions whether H.B. 1583 imposes a substantial and unreasonable impairment of an existing contract with a taxpayer who invested in a qualified low-income building in exchange for Low-Income Housing Tax Credits allowable under HRS §235-110.8, which may be in violation of the Contract Clause (Article I, Section 10, Clause 1) of the U.S. Constitution.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.



**Hawaii Farm Bureau**  
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819

Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272

Fax: (808) 848-1921; e-mail: [info@hfbf.org](mailto:info@hfbf.org)

TESTIMONY

HOUSE COMMITTEE ON FINANCE

RE: HB1588: RELATING TO TAXATION

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our member farm and ranch families and organizations is in **strong opposition to the provision deleting IAL Qualified Agricultural Cost Tax Credits in HB 1588**, reducing tax credits allowable in chapters 235, 239, 241 and 431.

During economic hard times, the fragile tend to be impacted more severely than others in the population. Hawaii's agriculture is in just that category. Astronomical input costs have put our farmers at risk farm ahead of other business categories. While paying higher input costs, they have not been able to pass them on to the consumer, resulting in reduced profitability and in some cases suffering losses. In effect, our farmers and ranchers are imposing a form of tax on themselves by absorbing losses in their operations.

Recognizing the need of long term sustainability for agriculture in Hawaii, we embarked on a path to identify ways to ensure long term agricultural viability. By having viable farms and ranches, the lands would be in agriculture for future generations. The IAL Qualified Agricultural Cost Tax Credit provides for this goal. Unlike material things such as televisions and automobiles, food and fiber is the very basis of human life. As an isolated island state, it makes sense to provide some level of stability for the industry that provides for this very basic need. During difficult economic these incentives become especially important.

We respectfully request that the section associated with the IAL Qualified Agricultural Cost Tax Credit be removed. Thank you.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 26, 2009 7:20 AM  
**To:** FINTestimony  
**Cc:** mcdenism@hotmail.com  
**Subject:** Testimony for HB1588 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1588

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Denis Massey  
Organization: Individual  
Address: 1212 nuuanu Ave Honolulu HI  
Phone: 8086944645  
E-mail: mcdenism@hotmail.com  
Submitted on: 2/26/2009

**Comments:**

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

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# Wealth Managing Partners, Inc.

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

FAX: 586-6001

**Re: HB 1583, 1588, 1589 - Relating to Taxation**

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

**I strongly oppose the portion of HB 1583, 1588, 1589 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Naomi Olson

Naomi Olson  
Agent  
745 Fort Street, Suite 1614  
Honolulu, Hawaii 96813

PHONE (808) 954-7063  
FAX (808) 954-7069  
CELL (808) 635-6724 (Kauai)  
E-MAIL nolson@wm-partners.com



PACIFICAP  
GROUP

PACIFICAP GROUP, LLC  
820 Millham Street, Suite 600  
Honolulu, HI 96813  
Direct: 808.237.5388 Fax: 808.537.2188

February 26, 2009

*Testimony for Hearing before the  
House Committee on Finance  
Thursday, February 26, 2009, 2:00 pm*

*State Capitol, Conference Room 308  
415 South Beretania Street  
Honolulu, Hawaii 96813*

*Re: Testimony in Strong Opposition to HB 1588  
Relating to Taxation*

Chair Oshiro, Vice-Chair Lee, and Committee Members:

Thank you for the opportunity to submit testimony in STRONG OPPOSITION to HB 1588, which retroactively caps the use of tax credits that taxpayers are already entitled to. I respectfully request that you vote against passage of this bill.

I am Jeff Au, Managing Director and General Counsel of PacifiCap, Hawaii's largest locally based venture capital firm.

I strongly oppose this bill because it would effectively retroactively take away the use of the Act 221 High Technology Business Investment Tax Credit (the "Act 221 Investment Credit") for investments already made in past years.

We need to keep in mind that investors have to wait 5 years to receive all of the investment tax credits that they are entitled to for making an Act 221 investment. To have the State cut off the credits in the middle of this 5 year period, for investments made several years ago, would be like cutting off an agreed to installment payment on a car because I want to spend my money on something else, although I'm still driving the car around.

There is little doubt in my mind that if this bill becomes law, Act 221 investors will stop investing, not only now, but forever because they will have lost confidence in the State's willingness to honor its pre-existing commitments. It will undermine the confidence for investing in Hawaii generally and would likely also scare away non-Act 221 investors.

We need to keep in mind that the only thing more difficult than filling a deficit of cash is repairing a deficit of trust that has been violated.

Terminating the Act 221 Investment Credit will cut off the only source of cash that many local technology companies need to operate and survive. It will cause many of them to "starve to death," possibly resulting in job losses of \$100 million per year or more for hundreds of Hawaii workers.

Many young technology companies have little or no revenue while they conduct research to develop new technologies and products that they plan to sell. This process can take several years. During this period, these companies need investors to invest new cash each year to provide the money they need to continue their research and operations. Cutting off this source of capital before research and development is completed, and before companies reach profitability, can cause these companies to run out of money and fail, causing not only job losses, but also losses of all the money previously invested, as well as the loss of any "upside" potential for these companies, their workers, their investors and the State.

In short, this would create a "lose-lose-lose" scenario for all parties involved. It would be analogous to a parent cutting off food and support for a three year old child, before the child was mature enough to earn money on his own to support himself, thus causing the child to starve to death.

Tax Department data shows that in 2007, 177 Act 221 companies paid more than \$228 million in salaries and other job compensation, while 78.5% of them still were not profitable. If just 50% of Act 221 companies fail because of repeal of the Act 221 Investment Credit, more than \$100 million of jobs could be lost.

The retroactive January 1, 2009 effective date of this bill also could trigger numerous lawsuits against the State for violations of federal constitutional law.

Retroactively repealing the right to claim Act 221 Investment Credits **two years** before its original sunset date of December 31, 2010 will pull the financial rug out from under local tech companies and their investors who in good faith took a chance on Hawaii as a place to invest and try to grow their companies. It will irreparably harm Hawaii's reputation as a place to invest in and do business for decades to come.

Many of the kamaaina who returned to Hawaii and convinced their families and themselves that it was worth the risk of coming home to work and trying to contribute to our community will conclude that this was all a very, very big mistake.

Even if this bill does not ultimately become law, I fear the negative impact on Hawaii's reputation if your Committee passes out this bill without amendment. It will send a message to both local and outside investors that they cannot rely upon our State to honor its long-term commitments. It will tell Hawaii's investors, entrepreneurs and workers in high tech and all other industries that our State is willing to play "bait and switch" with their money, their companies, their livelihoods and their careers.

The current credit crisis and financial meltdown around the world demonstrates how critical investor trust and confidence is to continued investment and economic growth. Once undermined, this trust and confidence is extremely difficult to restore and can cause irreparable harm for many years to come.

We are all aware of the serious budgetary problems facing our State. However, we need to make sure that proposed solutions do not make existing problems of job loss and economic stagnation even worse. Starving to death dozens of promising companies with growth potential that currently employ hundreds, if not thousands of employees, is not the way to fix our economy. We need to avoid being "penny wise and pound foolish," and make sure that we do not "jump from the frying pan into the fire."

There are better ways to balance the State budget, such as collecting just a fraction of the \$1 billion of delinquent taxes each year, which totals several billion dollars including past years.

We also must keep in mind that under existing law, Act 221 already has a self-adjusting mechanism with respect to the State budget. As the economy slows, prospective investors make less money and have less money to invest. Their income tax liability also goes down, resulting in less need for and less utilization of tax credits.

The Department of Taxation's comprehensive study of the Act 221 Investment Credit published in September 2008 concluded that the benefits of Act 221 have far exceeded its costs:

- As of the end of 2007, more than \$1.2 billion had been invested in at least 333 Act 221 technology and media companies, which had already spent more than \$1.4 billion in Hawaii.
- These Act 221 companies created more than 4,000 employee and independent contractor jobs, which paid more than \$228 million in salary and other compensation in 2007 alone.
- These Act 221 high tech and media companies earned more than \$228 million in revenues in 2007 alone.
- All of these benefits, already realized long BEFORE most of these Act 221 companies have reached their full potential, have already far exceeded the costs of credits claimed from 1999 through 2006 of less than \$296 million (\$437 million including credits claimed from 1999 through 2007).

Based on DoTax's study, Act 221 is NOT the cause of the State's current budgetary problems. To the contrary, Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. It does not make sense to retroactively repeal the Act 221 Investment Credit at a time when our economy needs it the most.

Young technology companies require several years and multiple rounds of investments to reach their full potential. According to a January 3, 2009 *San Francisco Chronicle* article, venture-backed companies took an average of 8.3 years before going public in 2008. If capital from Act 221 is limited, we will risk prematurely killing many Act 221 companies and losing up to 7 years worth of past investments already made into these companies. To the extent that 78.5% of Act 221 companies in 2007 were not yet profitable and needed additional capital to survive,

Testimony in Strong Opposition to HB 1588  
Relating to Taxation  
House Committee on Economic Revitalization, Business and Military Affairs  
Hearing Date: February 26, 2009  
Page 4

more than a \$100 million of jobs per year could be lost if less than half of the Act 221 companies run out of money and fail.

Thank you very much for allowing me to submit this testimony today.

Respectfully submitted,

Jeffrey K. D. Au  
Managing Director and General Counsel  
PacifiCap Group, LLC

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**new boomer music**

TM

*the record label for the Boomer Generation*

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

(808) 332-7893

**RE: HB 1583; HB 1588 and HB 1589**

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

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

FROM: Jerry Brocklehurst  
President  
New Boomer Music LLC

**RE: Testimony In STRONG OPPOSITION TO HB 1583; HB 1588 and HB 1589**

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

Thank you for the opportunity to testify on these bills. My name is Jerry Brocklehurst, and I oppose HB 1583, HB 1588 and HB 1589.

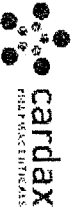
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, 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. 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.

I believe that a better approach is contained in HB 1451, HD1.

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

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

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



Cardax Pharmaceuticals, Inc.  
20151/624 Heping Ave., Suite 418, Maui, HI 96704  
Tel: 808-557-1375 Fax: 808-237-5900  
www.cardaxpharma.com

February 24, 2009

HEB1583 - Relating to Taxation  
HEB1588 - Relating to Taxation  
HEB1589 - Relating to Tax Credits

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

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

FROM: David G. Watanumi  
TITLE: President and CEO  
COMPANY: Cardax Pharmaceuticals, Inc

RE: Testimony in Opposition to HEB1583, HEB1588 and HEB1589

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

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

Thank you for the opportunity to testify on these bills. Cardax Pharmaceuticals, Inc opposes HEB1583, HEB1588 and HEB1589.

The tax credit provisions of Act 221(2)15 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. As noted in the 9/08 DoF tax 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.

Cardax Pharmaceuticals, Inc believes that a better approach is contained in HEB 1451.

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

Sincerely,

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



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HB1583 - Relating to Taxation  
HB1588 - Relating to Taxation  
HB1589 - Relating to Tax Credits

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DATE: February 25, 2009  
TIME: 2:00pm  
PLACE: Conference Room 308

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

FROM: Ricardo S Galindez, Island Film Group

RE: Testimony in Opposition to HB1583, HB1588 and HB1589

Aloha Chair, Vice Chair, and Members of the Committee

Thank you for the opportunity to testify on these bills. Island Film Group opposes HB1583, HB1588 and HB1589.

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. 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.

Island Film Group believes that a better approach is contained in HB 1451.

Island Film Group is a locally owned film and television production company. Since its formation in 2007, Island Film Group has produced a television series, two television movies and the feature film "Princess Ka'iulani," all of which were financed using Act 221/215. In addition to employing hundreds of local film and television professionals and injecting millions of mainland capital into the Hawaii economy, all four of our projects have depicted Hawaii for Hawaii, meaning that millions of people have seen the beauty of Hawaii on television and in the theaters, with millions more to follow. What better way to build our film and television production infrastructure AND support our visitor industry?

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

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Sincerely,

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

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