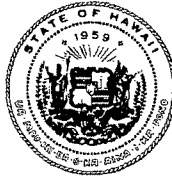


Linda Lingle
GOVERNOR



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, 11:00 a.m.
Room 308, State Capitol

In consideration of
H.B. 1739
RELATING TO TAXATION.

The HHFDC has serious concerns with H.B. 1739 to the extent that it impacts owners of affordable rental housing projects that are allocated State Low-Income Housing Tax Credits pursuant to section 235-110.8, Hawaii Revised Statutes.

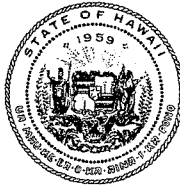
The development of affordable rental housing generally requires the leveraging of various funding sources, including federal and state sources. Currently, five projects totaling 445 units are being financed with Federal HOME Investment Partnership Program grant funds and Federal and State Low-Income Housing Tax Credits.

We also note that under the American Recovery and Reinvestment Act of 2009, the HHFDC will receive Federal HOME funds to provide grants to owners of Low-Income Housing Tax Credit projects that stalled due to the downturn in the financial market. This bill will negatively impact the affordable rental projects that are intended to be assisted by the American Recovery and Reinvestment Act of 2009. Accordingly, we respectfully request that State Low-Income Housing Tax Credits be exempted from this bill.

Thank you for the opportunity to testify.

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 1739
RELATING TO TAXATION**

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 26, 2009

TIME: 11 AM

ROOM: 308

This measure amends Chapter 235 of the Hawaii Revised Statutes to prevent taxpayers from using grants or moneys received from the federal government as the basis for claiming a tax credit.

The Department of Taxation (Department) **offers comments.**

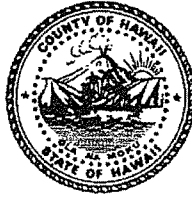
GOOD TAX POLICY—The Department believes this bill represents good general tax policy. A person should not be allowed to "double dip" by being subsidized by the federal government and then leveraging that subsidy for further tax benefits.

TECHNICAL COMMENT—The bill should be modified for clarity. The Department recommends language such as this:

"Notwithstanding any other law to the contrary, no taxpayer shall be eligible to claim any tax credit under this chapter [~~on~~] if grants or moneys received from the federal government were used to pay the costs incurred or investments made with such funds used as the basis of the claim for the tax credit."

REVENUE IMPACT—This measure is anticipated to result in a revenue gain projected at \$20 million from FY2010 to FY2011.

William P. Kenoi
Mayor



Stephen J. Arnett
Housing
Administrator

County of Hawaii
**OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT**
50 Wailuku Drive • Hilo, Hawai'i 96720-2484
V/TT (808) 961-8379 • FAX (808) 961-8685

February 25, 2009

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

Twenty-Fifth Legislature
Regular Session of 2009


SUBJECT: House Bill 1739
Hearing Date: 2/26/09
Time: 11:00 AM
Conference Room: 308

The Office of Housing and Community Development (OHCD) **strongly opposes** House Bill 1739.

The repeal of state Low Income Housing Tax Credits would preclude recipients of resources, such as federal Low Income Housing Tax Credits (LIHTC) and Community Development Block Grants, from receiving state LIHTC. The combination of federal and state LIHTC (and even other sources of funding) is often needed to successfully finance the development of low-income rental housing projects that would otherwise not be financially feasible.

The financing of affordable, low-income rental housing has been severely hampered due to the current credit crisis in the private financing markets. HB 1739 would further challenge the capacity of developers in providing affordable housing during an anticipated time of great need.

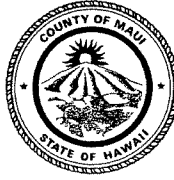
The OHCD respectfully requests the Committee to oppose HB 1739. Thank you for your careful consideration of the negative impacts of this bill.


Stephen J. Arnett
Housing Administrator

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
e-mail:filmmaui@mauicounty.gov

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 11am
State Capitol, Conference Room 308

RE; HB 1739

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 1739 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.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Ineligibility to claim state income tax credits

BILL NUMBER: HB 1739

INTRODUCED BY: Say and Yamashita

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to provide that a taxpayer shall not be eligible to claim any state income tax credit on grants or moneys received from the federal government.

EFFECTIVE DATE: Tax years beginning after December 31, 2008

EFFECTIVE DATE: This measure proposes that a taxpayer receiving any grants or moneys from the federal government shall not be eligible for any state income tax credits. Since there are no qualifying provisions or restrictions, if this measure is enacted, a person receiving social security would not be able to claim the general income tax credit or the food/excise tax credit.

Another example of a taxpayer receiving federal dollars and being qualified for a tax credit is a developer of affordable housing who might be receiving federal stimulus funds but because the project is the construction of affordable housing, the project may qualify for the state's compliment of the low-income housing tax credit and the developer may indeed need those credits to round out the financing of the affordable housing project.

As proposed, it is questionable whether this was the goal of the proposed measure.

Digested 2/25/09



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

The REALTOR® Building
1136 12th 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. 1739, Relating to Taxation

HEARING DATE: Thursday, February 26, 2009 at 11:00 a.m.

Aloha Chair Oshiro and Members of the Committee on Finance:

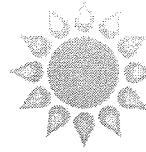
I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawai'i Association of REALTORS® ("HAR"), here to testify on behalf of the HAR and its 9,600 members in Hawai'i. HAR has the following **comments** with respect to H.B. 1739, Relating to Taxation, which prohibits recipients of federal grants or moneys from qualifying for state tax credits.

Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (H.R. 1) allows state housing credit agencies such as the Hawaii Housing Finance and Development Corporation ("HHFDC") to elect to receive a grant for low-income housing projects in lieu of their low-income housing credit allocations for 2009. A state housing credit agency receiving a grant under Section 1602 must use such a grant to make subawards to finance the construction or acquisition and rehabilitation of "qualified low-income buildings" as defined under IRC §42(c)(2) for federal low-income housing tax credit purposes.

HAR questions whether it is the intent of H.B. 1739 to deny a qualified low-income building otherwise qualified for the federal low-income housing tax credit under IRC §42 eligibility for the state low-income housing credit under HRS §235-110.8 if the HHFDC elects to receive a grant under Section 1602 of the American Recovery and Reinvestment Tax Act of 2009 (H.R. 1) in lieu of its low-income housing credit allocation for 2009.

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.



pacific
light & power

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 HB1739□□

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

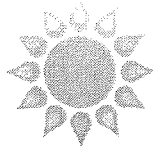
□□ Thank you for the opportunity to testify on this bill. Pacific Light and Power opposes HB1746.

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.

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



pacific
light & power

Sincerely,

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

KOBAYASHI
DEVELOPMENT GROUP LLC

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

HB1739 - Relating to Taxation

DATE: February 26, 2009
TIME: 11:00am
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 Strong Opposition to HB1739

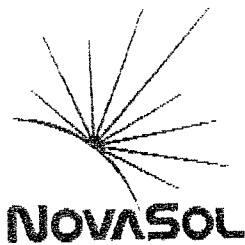
Aloha Chair, Vice Chair, and Members of the Committee,

Thank you for the opportunity to testify on this bill. **Kobayashi Development Group LLC** strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Sincerely,

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



February 25, 2009

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. NovaSol strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,

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

CORPORATE OFFICE

28th Floor
 733 Bishop St.
 Honolulu, Hawaii 96813
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CALIFORNIA OPERATIONS

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 San Diego, California 92128
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FINANCE OFFICE

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 808.680.9601
 808.680.9624 fax



February 25, 2009

TESTIMONY

HOUSE FINANCE COMMITTEE

Chair, Marcus Oshiro
Vice-Chair, Marilyn Lee

DATE: February 26, 2009
TIME: 11:00 am
PLACE: Conference Room 308

RE: H.B. No. 1739: RELATING TO TAXATION

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

Thank you for the opportunity to provide testimony **AGAINST H.B. No. 1739.**

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are generally restricted to research and development activities and may not be used for marketing or other commercialization purposes. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds.

This proposed bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eliminate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

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

Respectfully submitted,

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



HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Pipeline Micro strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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.

Sincerely,

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



Bringing Renewable Energy to Hawaii and Pacific Oceania

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00 am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Pacific Light and Power strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.



pacific
light & power

Bringing Renewable Energy to Hawaii and Pacific Oceania

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

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

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

Sincerely,

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

DATE: February 26, 2009
TIME: 11:00am
PLACE: Conference Room 308

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

RE: Testimony in Strong Opposition to HB1739

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

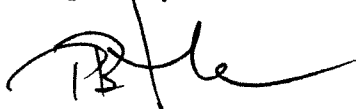
Thank you for the opportunity to testify on this bill. Pacific LightNet strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

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

Respectfully



Pat Bustamante
President



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

February 25, 2009

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 HB1739

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

Thank you for the opportunity to testify in regards to the above-referenced bill. DRC hereby voices its opposition to HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and technology sectors with support coming from a range of sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, the Department of Agriculture, and others. Clearly the recently passed American Recovery and Reinvestment Act is testament to this fact.

Federal funds are, however, restricted to only research and development activities and may not be used for commercialization. We believe that the state receives a greater return on investment when companies are able to accelerate commercialization of their products by augmenting federal research monies with complementary and unrestricted Act 221/215 funds.

The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215.

Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies.



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Honolulu, HI 96814
(808) 949-8316 / (808) 942-4298 FAX
www.decisionresearch.com

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

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

Sincerely,

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

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

Stephen Korow
Vice President
DRC
(808) 949-8316

Robert Whitton
Vice President
DRC
(808) 949-8316

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

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

Cellular Bioengineering, Inc.

Invent. Disrupt. Inspire.

HB1739: Relating to Taxation

Date: February 26, 2009

Time: 11:00 a.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 HB1739

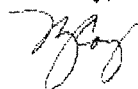
Aloha Chair, Vice Chair and Members of the Committee:

Thank you for the opportunity to testify on this bill. CBI strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act, is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. We strongly oppose this bill.

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



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Archinoetics, LLC STRONGLY opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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 this important bill.

Sincerely,

Traci H. Downs

Traci H. Downs, Ph.D.
President & COO (co-founder)
Archinoetics, LLC
382-0314 (direct)
traci@archinoetics.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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Archinoetics strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

As both a QHTB and recipient of federal contracts, Archinoetics' growth depends on both. We began operations in 2005 and have grown to 30 Hawaii based employees with a payroll of over \$2 million in 2008. While we would continue to operate in Hawaii without this tax incentive, we would be half our size and contribute half as much to the local economy. As a smaller company we would be more subject to the cyclical nature and whims of federal contracting. It would be more difficult to retain our professional staff

because we would have to lay off employees during downtimes. We need this support to continue to grow our 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



HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Hyperspective Studios strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,

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



HB1739-Relating to Taxation

DATE: February 26, 2009

TIME: 11:00 AM

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 HB1739

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

Thank you for the opportunity to testify on these bills. Island Film Group opposes HB1739.

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 HB1451.

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

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

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

Sincerely,□□

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

Personal Testimony Presented before the
House Committee on Finance
Thursday, February 26, 2009, 11:00 a.m.
by
Ching Yuan Hu

HB 1739 - RELATING TO TAXATION

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

My name is Ching Yuan Hu, and I serve as the associate dean and associate director for research with the University of Hawaii at Manoa's College of Tropical Agriculture and Human Resources (CTAHR). I am pleased to provide personal testimony on HB 1739. This testimony does not represent the position of the University of Hawai'i or CTAHR.

I strongly oppose HB1739. Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, I strongly oppose this bill.

Thank you for the opportunity to testify on this bill.



HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 HB1739

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

Thank you for the opportunity to testify on these bills. Claim Check opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

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

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
08-533-1776 Roy@ClaimProfile.com

HB1739 - Relating to Taxation□□

DATE: February 26, 2009

□TIME: 11:00am□

PLACE: Conference Room 308□□

TO: House Committee on Finance□

Representative Marcus R. Oshiro, Chair

□Representative Marilyn B. Lee, Vice Chair□□

FROM: Mike Curtis, Hawaii Entrepreneur and Investor□□

RE: Testimony in Strong Opposition to HB1739

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

Thank you for the opportunity to testify in Strong Opposition to this bill.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and

experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, I strongly oppose this bill.

Thank you for the opportunity to testify. □

□ Sincerely, □

Mike Curtis

808-292-6862

mcurtis@hawaii.rr.com

1829 Bertram Street Honolulu, Hawaii, 96816

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

DATE: February 25, 2009

TO: House Committee on Finance

FROM: Phil Kinnicutt
Kinnicutt Consulting, LLC

VIA FAX #: 808-586-8519

SUBJECT: Strong Opposition to HB 1739

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds.

The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Respectfully,

Phil Kinnicutt

Phil Kinnicutt



February 26, 2009

Honorable Marcus Oshiro, Chair
 And Members of the Finance Committee
 State House of Representatives
 Hawai'i State Capitol
 415 South Beretania Street; Room 306
 Honolulu, Hawai'i 96813

Dear Chair Oshiro and Members:

Subject: House Bill No. 1739 - Related to Taxation

The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing") opposes House Bill No. 1739 as drafted because it will adversely impact the development of affordable rental housing by eliminating the State's Low-Income Housing Tax Credit ("LIHTC") program. This bill may also negatively impact upcoming affordable rental projects that might receive Federal grant assistance from the American Recovery and Reinvestment Act of 2009. Therefore, we respectfully request that State Low-Income Housing Tax Credits be excluded from this bill.

As Hawai'i faces an affordable housing crisis, we have seen our number of homeless growing, while even working families find it necessary to double-up with family or friends. New rental housing production has not kept pace with the loss over the years of affordable housing units through demolition, speculation, and conversion to for-sale units.

As an owner and developer of affordable rental housing, we can attest to the critical need for a permanent and dedicated source of funding to build new rental housing. The equity funding provided by the State's LIHTC program allows developers to leverage other funding programs such as tax-exempt bonds, the Rental Housing Trust Fund, the Dwelling Unit Revolving Fund, HOME program and conventional bank loans to make affordable projects financially feasible. Without the State LIHTC, future construction of affordable rental housing will be even more difficult, and Hawai'i will fall further behind in addressing its shortage of rental housing units for our families.

It will take years to develop the projects to meet all of the need in the state. The State LIHTC program is a critical tool in helping organizations like Mutual Housing address our affordable rental shortage.

Thank you for the opportunity to provide this testimony.

Sincerely,

David M. Nakamura
 Executive Director

CENTRAL OFFICE

Pioneer Plaza
 900 Fort Street Mall, Suite 1690
 Honolulu, Hawai'i 96813

Tel: (808) 550-0804
 Fax: (808) 550-0607
 E-mail: mhah@mutual-housing.org

PROPERTIES

Lihu'e Court Townhomes
 Kekaulike Courtyards
 Palolo Homes

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David M. Nakamura



HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Pukoa Scientific strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, and the Department of Agriculture. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act, is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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 Woodtown Drive
Suite 141
Honolulu, HI 96822

PHONE (808) 457-1569
FAX (808) 237-5959
WEB SITE <http://www.pukoa.com>



CERTIFIED PUBLIC ACCOUNTANTS

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

PLACE: Conference Room 308

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

RE: Testimony in Strong Opposition to HB1739

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

My name is Kent K. Tsukamoto and I am the managing partner of Accuity LLP, a Hawaii based, full service CPA firm with more than 90 employees. Thank you for the opportunity to testify on this bill. Accuity LLP strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,

Kent K. Tsukamoto

Kent K. Tsukamoto

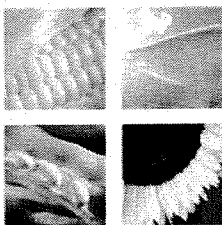
Managing Partner

Accuity LLP

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

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

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



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 1739, Relating to Taxation,
House FIN Committee - Thursday, Feb. 26, 2009
Room 308, 11:00 am – Agenda #2

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Executive Director

Alicia Maluafiti

Position: Oppose

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 are not recipients of federal grants or moneys for research and development. However, we recognize that federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc.

Federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government.

HB 1739 will eliminate the ability for those who are leveraging federal funds to create new business in Hawaii to qualify for the benefits under HRS Chapter 235. The measure also runs counter to the purpose and intent of the Hawaii Legislature's enactment of Act 221/215.

Thank you for the opportunity to testify on this measure.



HB1739: Relating to Taxation

DATE: February 26, 2009
TIME: 11:00am
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 Strong Opposition to HB 1739

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

Thank you for the opportunity to testify on this bill. The Hawaii Science & Technology Council (HISciTech) strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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



Edutainment Resources, Inc.

美國教娛資源有限責任公司

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Edutainment Resources, Inc. strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Edutainment Resources, Inc. integrates digital media in education – specifically developing learning English as a second language (ESL) multimedia materials delivered via iPhone, DVD and Internet platforms to users around the world. We are headquartered in Hawaii and have been able to work with over 50 independent contractors during our peak production. We were the

first company to launch ESL Apps (applications) in December 2008 on iPhone 3G and within weeks our ESL Apps were used by learners from over 30 countries. We are confident this initial strong response from the market will lead to revenue generation that in return will benefit our economy.

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

Thank you for the opportunity to testify.

Sincerely,

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

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

Shinkawa Limited

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

2/25/09

FAX to: 808-586-6001

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00 am

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 HB1739

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

Thank you for the opportunity to testify on these bills. Shinkawa Limited opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,


Paul Shinkawa

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Aloha Island, Inc. strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,

Mark Loughridge

President

Aloha Island, Inc.

808.945.7745

info@alohaislandinc.com

REAL-TIME GENOMICS, LLC

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Real-Time Genomics opposes HB1739.

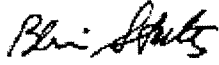
Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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 this important bill.

Sincerely,



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

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 HB1739

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

Thank you for the opportunity to testify on this bill. Island Film Group strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Sincerely,

Roy Tjioe

Principal

Island Film Group

808 536-7955

rtjioe@islandfilmgroup.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Date: Wednesday, February 25, 2009 4:57 PM
To: FINTestimony
Cc: candramaita@yahoo.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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
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.

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. **OmniGreen Renewables LLC** strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sector's with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:22 PM
To: FINTestimony
Cc: rickbrock1@yahoo.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:21 PM
To: FINTestimony
Cc: rickbrock1@yahoo.com
Subject: Testimony for HB1743 on 2/26/2009 3:00:00 PM

Testimony for FIN 2/26/2009 3:00:00 PM HB1743

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:21 PM
To: FINTestimony
Cc: rickbrock1@yahoo.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

Testimony for FIN 2/26/2009 3:00:00 PM HB1746

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:20 PM
To: FINTestimony
Cc: rickbrock1@yahoo.com
Subject: Testimony for HB1583 on 2/26/2009 2:00:00 PM

Testimony for FIN 2/26/2009 2:00:00 PM HB1583

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: Emma Yuenn [nanueiki@gmail.com]
Sent: Wednesday, February 25, 2009 7:07 PM
To: Rep. Marcus Oshiro; Rep. Marilyn Lee; FINTestimony
Subject: Strong opposition to HB 345 -- Delaying Fair Elections Bill

Marcus R. Oshiro
Marilyn B. Lee
Committee on Finance

Emma Yuenn
nanueiki@gmail.com
1350 Ala Moana Blvd Apt 1209
Honolulu, HI 96814

Friday, February 27, 2009 04:00 PM

Strong opposition to HB 345 -- Delaying Fair Elections Bill

I strongly oppose this bill. I grew up on the Big Island and now live in Oahu, I was so proud that the Big Island was willing to be the first island to try publicly funded elections. However, this bill would delay the implementation of publicly funded elections which were supported by a strong majority of Hawaii's residents, and the county council of Hawaii. We must keep the momentum of the newly-passed publicly funded elections bill (aCT 244). Please do not pass HB 345! Mahalo

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

February 26, 2009

Representative Marcus Oshiro, Chairman
House Finance Committee
Hawaii State Capitol, Room 306
Honolulu, HI 96813

Re: HB 1739, Relating to Taxation
General House Revenue Generating Legislation

Dear Representative Oshiro,

We, the undersigned, strongly support in principle the intent of this and other revenue-generating and cost-cutting legislation proposed by the House finance Committee. As providers of human service, we are keenly aware that many in our community are suffering due to the loss of jobs, the mortgage crisis and the general economic downturn which is affecting not only people with limited resources but also those of the middle class.

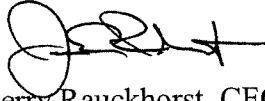
In times of economic downturn, it is common for services and support for the most vulnerable in our communities to be radically reduced or even eliminated from the budget as has occurred with the Healthy Start program, Hawaii's premier and effective child abuse prevention program.

These bills represent an honest effort to not only achieve a balanced budget but to do so in a balanced way. Our Hawaii community and our nation face a daunting challenge of overcoming the most serious economic crisis that most of us have ever seen. It is right and pono that everyone gives a little so that all can survive. Therefore, we support the intent of revenue generating legislation.

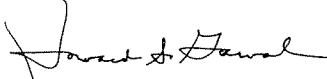
We would like to note that some modifications may be necessary. For example, in regard to income tax adjustments, studies show that it costs at least \$67,000 annually for a family of four to live in Hawaii. (Aloha United Way, 2007) Therefore we suggest that this be taken into consideration in any tax adjustments or other mechanisms resulting in reduced income.

Recognizing that human services must bear its fair share of reductions, we also hope that between the budget balancing efforts and income from the federal economic stimulus package that Healthy Start child abuse prevention services for infants and toddlers will be continued, even if this means at a reduced spending level.

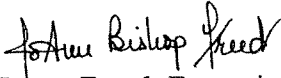
Sincerely,



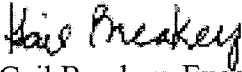
Jerry Rauckhorst, CEO
Catholic Charities Hawaii



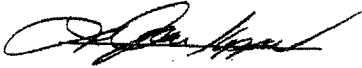
Howard Garval, President & CEO
Child and Family Service



Joann Bishop Freed, Executive Director
Family Support Services of West Hawaii



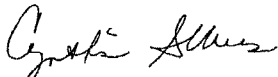
Gail Breakey, Executive Director
Hawaii Family Support Institute



Jani Sheppard, CEO
Maui Family Support Services



Ruthann Quitiquit, President & CEO
Parents and Children Together



Cynthia Albers, Executive Director
YWCA of Hawaii Island

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 8:08 AM
To: FINTestimony
Cc: strsws@mac.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM
Attachments: 221-215 Slideshow.pdf; 221-215 Handouts.pdf

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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

Comments:

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:24 AM
To: FINTestimony
Cc: momalley@goodsill.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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

Comments:
HB1739 - Relating to Taxation

DATE: February 26, 2009
TIME: 11:00am
PLACE: Conference Room 308

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

FROM: Michael J. O'Malley
Partner, Goodsill Anderson Quinn & Stifel LLP

RE: Testimony in Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. I am a tax partner in Goodsill Anderson Quinn & Stifel LLP and am writing as an individual (and not on behalf of my firm) to express my strong opposition to HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and

intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and

may have unintended consequences which negatively impact the growth of Hawaii's tech companies.

Therefore, I strongly oppose this bill.

Sincerely,

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

HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Oceantronics Inc. strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Sincerely,

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

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

President
SEE/RESCUE Corporation

RE: Testimony in Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. SEE/RESCUE Corporation strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

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

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

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

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

Sincerely,

Dr. Robert Yonover
President
SEE/RESCUE Corporation
tel. 808-395-1688
e-mail: SeeRescue@juno.com

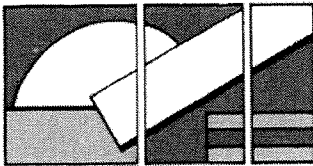
HB1451 HD1 - Relating to Taxation

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

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

FROM: Dr. Robert Yonover

President
SEE/RESCUE Corporation



PACIFIC HOUSING ASSISTANCE CORPORATION

677 ALA MOANA BOULEVARD • SUITE 712 • HONOLULU, HAWAII 96813 • (808) 523-5681

TESTIMONY ON H. B. 1739, RELATING TO TAXATION
Before the House Committee on Finance
February 26, 2009, 11:00 am (Agenda #2); CONFERENCE ROOM 308
Submitted By: Marvin Awaya, Executive Director

The Pacific Housing Assistance Corporation, a Hawaii non-profit corporation, opposes H.B. 1739 as it will have a devastating effect on affordable rental housing developments for seniors and families.

Affordable rental housing in Hawaii is very difficult, but possible to finance because of the private equity invested through the sale of Federal and State Low Income Housing Tax Credits. The difficulty occurs because the mortgage and the equity frequently are insufficient to cover the total cost of development. The City and County of Honolulu has been very supportive of affordable rental housing projects by appropriating Federal-HUD Community Development Block Grants ("CDBG") and HOME Investment Partnership Program ("HOME") funds to fill the "gap" in the financing of our projects. Without this blending and leveraging of various sources of funds, the development of affordable rental housing would be seriously impaired.

We urge that State Low Income Housing Tax Credits be excluded from this bill.



HB1739 - Relating to Taxation

DATE: February 26, 2009

TIME: 11:00am

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 Strong Opposition to HB1739

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

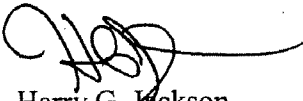
Thank you for the opportunity to testify on this bill. Ocean Engineering and Energy Systems, Inc., strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Our small business company is in the renewable energy sector providing local opportunity to develop and commercialize Ocean Thermal Energy Conversion

technologies for Hawaii and other locations. Since we are in the early start-up phase of establishing our corporate presence and marketing our technology/ability to build these projects that provide electricity, fresh water and seawater air conditioning, Act 221/215 is our life source to provide the funding to keep our company operating! Act 221/215, in its current format, makes investors excited about investing in our technology and it gives them a stronger incentive to make an investment here in Hawaii with our company instead of going somewhere else like Nevada, Texas or North Carolina to invest their dollars.

Sincerely,



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

808-954-6020

hjackson@ocees.com



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

HB1739 - Relating to Taxation

DATE: February 26, 2009
TIME: 11:00am
PLACE: Conference Room 308

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

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

RE: Testimony in Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Natural Power Concepts strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/221/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

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

Sincerely,

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 2:30 PM
To: FINTestimony
Cc: scott@AmericanFilmActor.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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
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.

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 11 am – 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

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 12:21 PM
To: FINTestimony
Cc: jsuapaia@1013integrated.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 11:58 AM
To: FINTestimony
Cc: alohairish@aol.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 8:51 AM
To: FINTestimony
Cc: donbryan@tfp-hi.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Don Bryan
Organization: Tradewinds Forest Products LLC
Address: P O Box 43 O'okala, Hawaii 96774
Phone: 808 962-6803
E-mail: donbryan@tfp-hi.com
Submitted on: 2/25/2009

Comments:

DATE: February 26, 2009
TIME: 11:00am
PLACE: Conference Room 308

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

RE: Testimony in Strong Opposition to HB1739

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

Thank you for the opportunity to testify on this bill. Tradewinds Forest Products strongly opposes HB1739.

Restricting federal funds to be used only for research and development ignores the fact that there are companies like ours that have done their R&D, and now stand ready to build. I believe that the true intent of the stimulus program is to provide actual jobs. More jobs are created by opening a commercial business than by conducting research. This proposed Bill will largely eliminate the benefits created by the Hawaii Legislature in enacting Act 221/215. Therefore, we strongly oppose this bill.

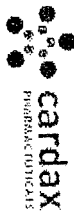
Tradewinds Forest Products is a veneer manufacturing facility and biomass fueled power plant located in O'okala, Hawaii. When fully operational, we will provide approximately 100 much-needed jobs for residents of the Hamakua Coast. The plant is now "shovel ready." The only significant obstacle to moving forward is funding.

Investors find the tax benefits of 221 attractive, especially in these dire economic circumstances. Tinkering with this program jeopardizes investor confidence in Hawaii investments.

Mahalo,

Donald P. Bryan
President & CEO
Tradewinds Forest Products

808 962-6803
donbryan@tfp-hi.com



February 25, 2009
 HB1739 - Relating to Taxation
 DATE: February 26, 2009
 TIME: 11:00am
 PLACE: Conference Room 303

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

FROM: David G. Watanani
 TITLE: President and CEO
 COMPANY: Cardax Pharmaceuticals, Inc.

RE: Testimony in Strong Opposition to HB1739
 Aloha Chair, Vice Chair, and Members of the Committee,

My name is David Watanani, CEO of Cardax Pharmaceuticals, Inc. Cardax is developing a new class of drugs targeting the underlying cause of most chronic diseases, 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 \$25 million in grant funding since 2001.

Thank you for the opportunity to testify on this bill. Cardax Pharmaceuticals, Inc. strongly opposes HB1739.

Federal research and development support plays a critical role in growing Hawaii's science and tech sectors with support coming from a range of Federal sources including the Department of Defense, NIH, NSF, Department of Energy, Homeland Security, Department of Agriculture, etc. Clearly the recently passed "Stimulus" plan, American Recovery and Reinvestment Act is a testament to this. However, Federal funds are restricted to only research and development activities and may not be used for commercialization. Through leveraging of Federal funds the state receives a greater return on investment when companies are able to accelerate commercialization through use of complementary and unrestricted Act 221/215 funds. The language and specific definitions of qualified research in Act 178/212/215 were originally designed and written to be aligned with the industries, activities, and types of research conducted by companies that do research by and through the Federal government. This proposed Bill will eliminate the ability for the largest research and experimentation sector in Hawaii to qualify for the benefits under HRS Chapter 235 and eviscerate the entire purpose and intent of the Hawaii Legislature in enacting Act 221/215. Finally, the language of the bill is vague and confusing and may have unintended consequences which negatively impact the growth of Hawaii's tech companies. Therefore, we strongly oppose this bill.

Sincerely,

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

Cardax Pharmaceuticals, Inc.
 40-151 Kalahele Street, Suite 400, Hilo, HI 96720
 Telephone: (808) 457-1375 Fax: (808) 457-1375
 www.cardaxpharma.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 7:21 AM
To: FINTestimony
Cc: mcdenism@hotmail.com
Subject: Testimony for HB1739 on 2/26/2009 11:00:00 AM

Testimony for FIN 2/26/2009 11:00:00 AM HB1739

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.