

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

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

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**Statement of
THEODORE E. LIU
Director**

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

Thursday, February 26, 2009
3:00 PM
State Capitol, Conference Room 308

in consideration of
HB 1743
RELATING TO TAXATION.

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

The Department of Business, Economic Development, and Tourism (DBEDT) appreciates the intent of this measure, however, due to the downturn of Hawaii's economy, the closing of so many businesses and the loss of jobs, we have serious concerns about the impact of Section 3, which would effectively eliminate the Enterprise Zone (EZ) Partnership Program, created by the legislature under Section 209E, Hawaii Revised Statutes, to stimulate job creation in distressed and rural areas where jobs are most needed. Additionally, DBEDT has serious concerns about the impact of Section 11 which would repeal §235-7.3 royalties derived from patents, copyrights, or trade secrets excluded from gross income; Section 16 which would repeal §235-17 motion picture, digital media, and film production income tax credit; Section 25 which would repeal §235-110.9 high technology business investment tax credit; and Section 20 which would repeal §235-110.3 ethanol facility tax credit.

The Enterprise Zone (EZ) Partnership Program has provided an invaluable tool to the State of Hawaii. Hawaii's EZ program was established by the Legislature in the 1980's to help stimulate certain types of business activity in areas such as biotechnology, agriculture, manufacturing, etc. and encourage employment in the most economically distressed and rural areas of the State. The counties, since 1986, have nominated twenty-two Enterprise Zones. These zones encompass areas that have the highest levels of unemployment and / or lowest median income. Over 300 businesses have enrolled into the EZ program, and 830 new jobs were reported in 2006 alone --- all at a very economical cost. Based on the most recent data from the

Department of Taxation, it costs an estimated \$1,800 to create one job. This is well below the Federal Community Development Block Grant guidelines of \$20,000 per job.

The Enterprise Zone (EZ) Partnership Program is well designed and managed. There are requirements and reports that need to be submitted for approval to receive the benefits of the program, ensuring that the program is doing what it was designed to do -- which is to help the economies of distressed communities by providing incentives for businesses to locate in these areas and create jobs. The anticipated operating budget for FY2010 is \$3,000 plus the salary of one full-time State Coordinator position.

We feel that the Enterprise Zone (EZ) Partnership Program has been an invaluable program to the State, an important economic development tool for the Counties, and a great benefit to the communities who need it most by creating employment opportunities.

We are particularly concerned about the sections that would repeal entirely §235-17 motion picture, digital media and film production income tax credit, known as Act 88; which has generated \$322 million in direct expenditures since its inception, provided jobs, supported the tourism sector, as well as mentorships and education programs throughout the state. In addition, §235-110.9 high technology business investment tax credit, known as Act 221/215; and the royalties tax exemption under §235-7.3, are also integral to the continued success and development of Hawaii's film industry. As we continue our work in a highly competitive climate to attract more production business to Hawaii to stimulate our economy, total repeal of these important tax credits for film send the wrong message to the industry.

The entertainment industry should be viewed as part of the **solution** to the economic challenge we face. Not only does production provide skilled, well-paying jobs, it works to support our visitor industry infrastructure and provides valuable exposure the state might not otherwise be able to afford. Looking to the immediate future, competition has become more fierce than ever. To the extent we can maintain our tax incentives for film, the industry will continue to drive business our way. Keep in mind that the industry is monitoring closely what jurisdictions they can depend upon for stability and certainty in their production planning. Hawaii needs to be careful it does not inadvertently drive production away merely by contemplating changes in current incentive programs.

The repeal of the ethanol facility tax credit, Section 235-110.3, would reduce the likelihood of the construction of local ethanol production facilities. Some may be misled to view the proposed change as a means to remedy the current budget situation. That interpretation would be incorrect. The actual amount of this credit that has been used is \$0, and will continue to be \$0, until fuel production facilities have been built and are in production. Since the ethanol production facilities are required to file notices in advance of facility construction, and again upon commencement of ethanol production, and the tax credit is not available until after the facility has produced at least 75% of its nameplate capacity (i.e. at least 9 months after start of production), there is significant advance notice before any funds are paid out for this incentive. These provisions provide lead time for the State to plan for anticipated expenditures under this program. To eliminate the incentive at this date would put potential projects in jeopardy; signal to those in the investment community a lack of our commitment to the goals of diversification of

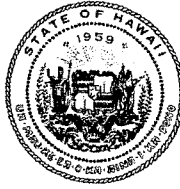
energy supplies and use of renewable fuels; and weaken our progress towards the energy and economic diversification objectives of the State.

The renewable energy technologies income tax credit was evaluated and found to have a positive revenue impact, with the State realizing an internal rate of return on the tax credit (due to increased economic activity) of approximately 18.1%. The installation of renewable energy systems also improves Hawaii's energy security; diversifies our energy mix; and reduces emissions.

Thank you for the opportunity to offer testimony.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

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

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

**HOUSE COMMITTEE ON FINANCE
TESTIMONY REGARDING HB 1743
RELATING TO TAXATION**

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

DATE: FEBRUARY 26, 2009

TIME: 3PM

ROOM: 308

This measure repeals certain income tax credits, exemptions, and deductions. The measure also lowers the income tax rate and expands the brackets.

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

The Department supports the concept of this measure and its purpose of reevaluating Hawaii's tax policy on a global level in need of the current economic conditions and the need to stimulate Hawaii's economy and patch the state's budget shortfall.

From the Department's perspective, this measure is a bold move to try and shift the current tax policy focus away from incentives through income tax credits and exemptions, to a lower tax rate across the board. The Tax Review Commission has made several of the recommendations contained in this measure.

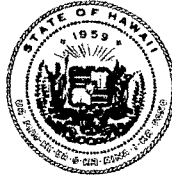
The Department cautions the wholesale repeal of certain credits, deductions, and exemptions because these incentives were important at some point. The Department recommends that the Legislature carefully study the exemptions proposed in this measure.

The Department appreciates that the committee has heard this measure in the interest of balancing the State's budget and stimulating the economy this session. The Department suggests that this measure be kept alive for further discussion. The Department will also make itself available for further discussions on the global tax policy proposed in this bill.

The measure will result in the following revenue impact—

- For the bracket change in income tax, the bracket change is incomplete in the bill. Thus the revenue impact is indeterminate.
- However, there will be a revenue gain of \$55.0 million with the repealing of the tax credits annually from FY 2011 to FY2016; and a revenue gain of \$27,692 for the repealing of the Individual Housing Account Contributions.
- There is unavailable data about the royalties derived from patents, copyrights, or trade secrets; stock options for qualified high technology businesses; exceptional trees deduction; and political contributions deduction. Thus the revenue impact for those is indeterminate.

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, 3:00 p.m.
Room 308, State Capitol

In consideration of
H.B. 1743
RELATING TO TAXATION.

The HHFDC has serious concerns with H.B. 1743 to the extent that it repeals the State Low-Income Housing Tax Credits pursuant to section 235-110.8, Hawaii Revised Statutes. The LIHTC is taken over a 10 year credit period, and, since it is paired with the Federal LIHTC, is heavily regulated by the Internal Revenue Service, to ensure that the projects allocated credits meet requirements. All LIHTC-financed rental units are targeted at low-income seniors and families earning 60 percent or less of the area median income. Without the LIHTCs, it is unlikely that such projects could be developed given the high cost of land and construction.

While we understand that the intent of this bill is to address budgetary constraints, we urge the Committee to delete references to the LIHTC from this bill. However, if it is the Committee's intent to move this bill forward, we respectfully suggest that the bill be amended to exempt existing projects with LIHTCs, by amending section 36 of the bill to read as follows:

SECTION 36. This Act shall:

- (1) Take effect on January 1, 2010, and shall apply to taxable years beginning after December 31, 2009;
- (2) Be repealed on December 31, 2015; provided that any provision repealed by operation of law on or before December 31, 2015 shall not be deemed to be reenacted;
- (3) Not apply to low-income housing tax credits awarded under section 235-110.8, Hawaii Revised Statutes, prior to January 1, 2010; and
- (4) Not apply to low-income housing tax credits awarded under section 241-4.7, Hawaii Revised Statutes, prior to January 1, 2010.

Thank you for the opportunity to testify.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

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

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE
THURSDAY, FEBRUARY 26, 2009
3:00 P.M.
ROOM 308

HOUSE BILL NO. 1743
RELATING TO TAXATION

Chairperson Oshiro and Members of the Committee:

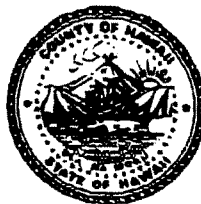
Thank you for the opportunity to testify on House Bill 1743, which proposes to repeal various income tax credits and deductions. While we are sensitive to the economic situation facing the State and recognize the merits of the bill, we are opposed to the repeal of Section 235-110.93, Hawaii Revised Statutes, found in Section 27 of HB 1743.

The repeal of this section would effectively eliminate the most important of all of the incentives created in the 2008 session to start the process to designate and protect important agricultural lands (IAL) as mandated by the State constitution. It has been 30 years since Article XI; section 3 was added to the constitution. During that period, thousands of prime agricultural lands were lost to development. Now, more than ever, in these uncertain times, we need to ensure that the state will have a minimum level of food self-sufficiency which requires the utilization of our most productive lands.

The incentives are working. Within six months of the passage of the incentives, a landowner has initiated the process to designate thousands of acres as IAL. In both the short and long-term, protecting and using our important agricultural lands will contribute to our economic recovery and growth. Using our important agricultural lands

to grow food for local and visitor consumption rather than rely on imports can make a significant impact on our economy. It has been estimated that using our agricultural lands to replace just 10% of the food we import could generate an economy-wide impact of \$188 million in sales, \$47 million in earnings, \$6 million in state tax revenues, and more than 2,300 jobs. Please do not stop 30 years of effort to protect Hawaii's agricultural lands and jeopardize the State's future ability to feed its people.

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

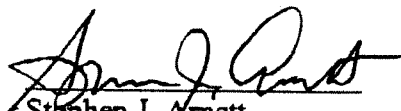
Twenty-Fifth Legislature
Regular Session of 2009

SUBJECT: House Bill 1743
Hearing Date: 2/26/09
Time: 3:00 PM
Conference Room: 308

The Office of Housing and Community Development (OHCD) **opposes** HB 1743, which repeals the Low Income Housing Tax Credit (LIHTC) under HRS §235-110.8 and HRS §241-4.7. This program is critical to the successful development of affordable housing statewide.

All LIHTC-financed rental units are targeted at low-income seniors and families earning 60 percent or less of the area median income. Without the LIHTCs, it is unlikely that such projects could be developed given the high cost of land and construction.

Thank you for your careful consideration of the negative impacts of this bill.


Stephen J. Arnett
Housing Administrator



OFFICE OF ECONOMIC DEVELOPMENT

COUNTY OF MAUI

2200 MAIN STREET, SUITE 305, WAILUKU, MAUI, HAWAII 96793, USA

Telephone: (808) 270-7710 • Facsimile: (808) 270-7995 • Email: economic.development@mauicounty.gov

February 24, 2009

The Honorable Marcus R. Oshiro, Chairman
And Members of the House Committee on Finance
Hawaii State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, HI 96813

RE: H.B. No. 1743 Relating to State Enterprise Zones.

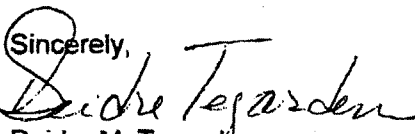
Dear Chairperson Oshiro and Committee Members:

Thank you for the opportunity to submit testimony on H.B. 1743, relating to Income Tax Reform. The County of Maui Economic Development Office supports the intent of H.B. 1743 which reduces the income tax rates for taxpayers in the lower income brackets, however, we are **strongly opposed to Section 3**. We recommend excluding Section 3, which for all practical purposes sunsets the Enterprise Zone (EZ) Partnership Program.

Maui has second largest amount of agricultural lands in terms of acreage, and a strong focus on alternative energy. Since 1997 the County has designated 5 EZs including the islands of Lanai and Molokai. The EZ program has greatly helped our local businesses especially the manufacturers and agricultural farmers and has helped to encourage job creation in the areas that need it the most like Molokai. With the strong push this legislative session to include other types of alternative energy into the EZ program, this program will become ever more critical in attracting alternative energy companies to Maui.

Eliminating the EZ program will greatly impact our ability to help our local businesses and encourage business development during these difficult economic times.

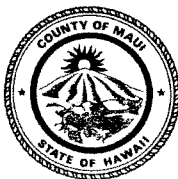
Thank you for your time and consideration.

Sincerely,

Deidre M. Tegarden
Coordinator
Office of Economic Development

CHARMAINE TAVARES
MAYOR

DEIDRE M. TEGARDEN
OED COORDINATOR

BENITA BRAZIER
FILM COMMISSIONER



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Telephone (808) 270-7415
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Office of Economic Development
COUNTY OF MAUI – Kalana O Maui

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

House Committee on Finance

February 26, 2009 3:00pm
State Capitol, Conference Room 308

RE; HB 1743 – SECTION 235-17

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 1743 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, Repeal certain exemptions and exclusions

BILL NUMBER: HB 1743

INTRODUCED BY: Say

BRIEF SUMMARY: Amends HRS section 209E-10 to provide that a qualified business located in an enterprise zone shall be entitled to a state business credit only if it operated as a qualified business prior to July 1, 2009.

Amends HRS section 235-4.5 to repeal the provision allowing any resident beneficiary of a trust with a situs in another state to claim a credit for income taxes paid by the trust to the other state on any income received which is attributable to assets or other intangibles.

Amends HRS section 235-7 to repeal the income tax exclusion for: (1) prepaid legal plans or services; (2) the gain realized by a fee simple owner from the sale of a leased fee interest in units within a condominium project, cooperative project or planned development to the association of apartment owners or residential cooperative association; and deduction for campaign contributions.

Amend HRS section 235-51 to amend the income tax rates which shall take effect for tax years beginning after December 31, 2009. No amounts or rates are provided in the measure.

Repeals the following HRS sections:

Section 235-5.5	Individual housing accounts;
Section 235-7.3	Royalties derived from patents, copyrights, or trade secrets excluded from gross income;
Section 235-9.5	Stock options from qualified high technology businesses excluded from taxation
Section 235-12	Energy conservation; income tax credit;
Section 235-12.5	Renewable energy technologies; income tax credit;
Section 235-15	Tax credits to promote the purchase of child passenger restraint systems;
Section 235-17	Motion picture, digital media, and film production, income tax credit;
Section 235-19	Exceptional trees; tax deduction;
Section 235-55.91	Credit for employment of vocal rehabilitation referrals;
Section 235-110.2	Credit for school repair and maintenance;
Section 235-110.3	Ethanol facility tax credit;
Section 235-110.5	Technology infrastructure renovation tax credit;
Section 235-110.6	Fuel tax credit for commercial fishers;
Section 235-110.7	Capital goods excise tax credit;
Section 235-110.8	Low-income housing tax credit;
Section 235-110.9	High technology business investment tax credit;

- Section 235-110.91 Tax credit for research activities;
- Section 235-110.93 Important agricultural land qualified agricultural cost tax credit;
- Section 241-4.5 Capital good excise tax credit;
- Section 241-4.6 Renewable energy technologies; income tax credit;
- Section 241-4.7 Low-income housing; income tax credit;
- Section 241-4.8 High technology business investment tax credit
- Section 431:7-208 Low-income housing, insurance premium tax credit; and
- Section 431:7-209 High technology business investment tax credit.

This measure shall be repealed on December 31, 2015; provide that any provision repealed by the operation of law on or before December 31, 2015 shall not be reenacted.

EFFECTIVE DATE: January 1, 2010; applicable to tax years beginning after December 31, 2009

STAFF COMMENTS: The proposed measure would temporarily repeal the various tax credits and exclusions until December 31, 2015. This measure is, no doubt, proposed to address concerns about the plethora of targeted business tax credits adopted in recent years. With everything from investments in high technology to ethanol producing plants to tax credits for hotel construction and home renovation and construction, taxpayers have been asked to pay for projects for which there are just promises that jobs will be created or new businesses will be attracted to provide those jobs. At the end of the day, while the beneficiaries laugh all the way to the bank with their profits, the taxpayer is left empty-handed. It should be remembered that giving tax breaks to one select group of taxpayers comes at the expense of all other taxpayers. As such, it is an insult to all other taxpayers that they are not deserving of such tax preferences. Rather than singling out a particular area for tax relief, concurrent efforts must be made to improve Hawaii's business climate to enhance the economic prospects for all businesses.

While there is no doubt that many of the income tax credits deserve to be repealed/suspended, their adoption of this measure may result in some unexpected consequences. The repeal of the capital goods excise tax credit under HRS section 235-110.7 and the fuel tax credit for commercial fishers under HRS section 235-110.6 would result in higher operating costs for businesses that, no doubt, will be passed on to consumers in the form of higher prices of goods. However, in the case of the latter, the credit for fuel taxes paid by commercial fishing boats should be a charge against the transportation fund which benefits from those receipts, not the general fund as is currently the case. In the case of the capital goods excise tax credit, the credit was to offset the cost of the general excise tax imposed on the acquisition of capital goods which are key to the creation of new jobs. On the other hand, other provisions repealed, such as the child passenger restraint tax credit, are justified due to the state's mandatory seat belt law.

Those tax credits of questionable existence are those that were granted as incentives to encourage taxpayers to engage in certain types of behavior. Whether or not these tax credits should be continued is a matter of policy for the legislature to reaffirm. If these tax credits are deemed necessary to maintain a specific type of activity, lawmakers should justify the contribution to the economy the activity makes and acknowledge that such incentives come at the expense of all taxpayers. It should be remembered that good tax policy should not cause taxpayers to act in a certain way or alter their behavior that engenders inefficiencies.

Digested 2/26/09



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

TESTIMONY

HOUSE COMMITTEE ON FINANCE

RE: HB1743: RELATING TO TAXATION

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our member farm and ranch families and organizations is in **strong opposition to the repealing of the IAL provision in HB 1743**, which reduces and modifies various tax rates.

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

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

We respectfully request that **the section referencing the repealing of the IAL Qualified Agricultural Cost Tax Credit** be deleted. Thank you.



new boomer music

TM

the record label for the Boomer Generation

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

(808) 332-7893

RE: HB 1743 and HB 1746

DATE: February 26, 2009
TIME: 3:00 p.m.
PLACE: Conference Room 308

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

FROM: Jerry Brocklehurst
President
New Boomer Music LLC

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Jerry Brocklehurst. I am a songwriter, musician, recording engineer, and record producer.

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these legislation would have a devastating impact upon Hawaii's creative community.

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

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

Furthermore, 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 performing arts and other qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted above, 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. We believe that a better approach is contained in HB 1451 HD1.

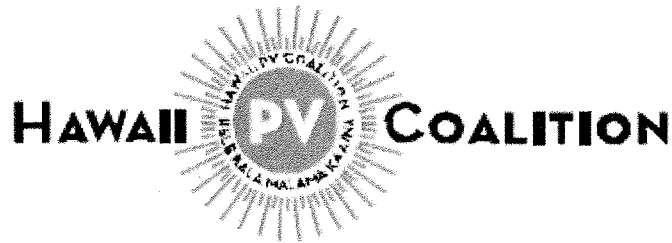
Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film Office).

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Sincerely,

Jerry Brocklehurst
President
New Boomer Music LLC
808-332-7893
newboomer@gmail.com



**Room 308
3:00 P.M**

House Finance Committee

**Marcus Oshiro, Chair
HB 1743**

**Marco
Mangelsdorf
Vice-President**

Testimony in Strong Opposition

There is strong, if not overwhelming, support across the political spectrum for the more rapid development and adoption of renewable energy sources and technologies here in our islands. Who among us would dispute the goal of making Hawai'i greener, cleaner and more energy independent?

One of the indispensable factors which has supported the greater use of renewable energies in the state is the State Renewable Energy Technology Tax Credit (235-12.5). This tax credit has served to make these technologies more available and affordable to tens of thousands of Hawai'i home and business owners and has contributed to providing skilled jobs to our workforce.

Reducing or eliminating this tax credit even for an ostensibly temporary period would have a devastating effect on consumer confidence and the public's ability to purchase renewable energy systems as well cause further job losses in the state in an industry that needs to be nurtured and grown.

Finally, taking away or limiting the benefits of this tax credit *retroactively* would be unfair to those businesses and homeowners who have already purchased and installed these systems.

I respectfully urge you to reject this bill. While all of us in the State need to necessarily tighten our belts in these tough economic times, gutting one of Hawai'i's most important means of making Hawai'i nei more energy independent would be decidedly counterproductive.

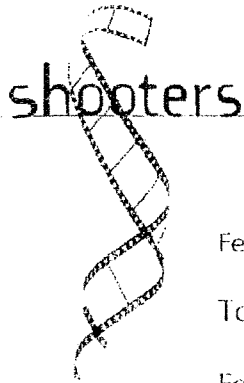
Thank you for your consideration.

The Sun At The Source Of Life
Mary Kawena Pukui

Post Office Box 81501, Haiku HI 96708

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F 808 575 9878

info@hawaiipvcoalition.org
www.hawaiipvcoalition.org



FILM PRODUCTION

February 25, 2009

To: COMMITTEE ON FINANCE

February 26, 2009 – 3:00pm
State Capitol, Conference Room 308

RE: HB 1743 & HB 1746 – TESTIMONY IN STRONG OPPOSITION

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

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of this legislation would have a devastating impact upon Hawaii's creative community.

This bill would have a direct negative impact on my company. I own a local TV production company. We produce mostly TV commercials. I began using the Royalty Exemption of HRS Section 235-7.3 in 2002 which allowed me just enough flexibility to hire one additional full time staff person. Even though we only have a small company of three, the tax incentives allowed me to increase staffing by 50%. I still have a person hired in that position, and in the current economic climate, it's highly questionable whether I'll be able to keep that person on staff. Act 221/215 could make the difference between that person keeping her job or not. I don't believe I'm alone in that situation in Hawaii's Creative business community.

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

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, filmmakers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay

alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

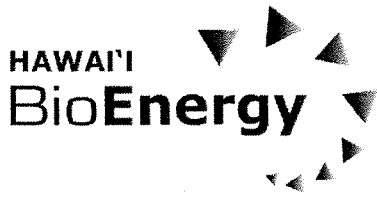
Our economy is at a critical juncture. To cut back on Act 221/215 now would push the industry and it's workforce into limbo and toward an uncertain future. It's the wrong way to go. I believe that a much better approach is contained in HB 1451 HD1.

Sincerely yours,

A handwritten signature in black ink, appearing to read "David Rosen", with a long horizontal flourish extending to the right.

David Rosen

Director, Shooters Film Production
President, Association of Independent Commercial Producers / Hawaii



HB 1743

RELATING TO TAXATION

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

FEBRUARY 26, 2009

Chair Oshiro and Members of the House Finance Committee:

I am Joel Matsunaga, testifying on behalf of Hawai'i BioEnergy on HB 1743, "Relating to Taxation."

SUMMARY

HB 1743 would repeal various incentives for programs that either currently or could significantly benefit the residents of Hawai'i by enabling renewable energy development in the State. Hawai'i BioEnergy ("HBE") opposes the repeal of the Ethanol Facility Tax Credit (Section 235-110.3); the repeal of the Important Agricultural Land Qualified Agricultural Cost Tax Credit (Section 235-110.93); the repeal of the High Technology Business Investment Tax Credit (Section 235-110.9) and its associated Tax Credit for Research Activities (Section 235-110.91); and the repeal of the provision which excludes from gross income Royalties Derived from Patents, Copyrights, or Trade Secrets (Section 235-7.3) for the following reasons:

1. HBE is currently evaluating the feasibility of investing in a sustainable, integrated ethanol production facility in Hawai'i that would utilize 100% locally grown feedstock. Repeal of the Ethanol Facility Tax Credit would either significantly delay or shut down any attempts by HBE to produce ethanol in Hawai'i.

2. HBE is also evaluating various agricultural lands for the sustainable production of biomass, which will be an integral component of a sustainable ethanol project as well as other biomass-to-energy projects under consideration. Repeal of the Important Agricultural Land Qualified Agricultural Cost Tax Credit would either impair or prohibit HBE from investing in prospective agricultural infrastructure upgrades, such as repair to irrigation systems, water wells, agricultural access roads, and agricultural processing facilities and limit needed agricultural investment more broadly.
3. HBE is also moving forward with the development of other renewable energy projects in Hawai'i that could contribute significantly toward addressing the State's energy needs and reducing the State's dependence on imported fuels. Repeal of the High Technology Business Investment Tax Credit and the Associated Tax Credit for Research Activities could jeopardize or delay the projects and their associated environmental, economic, and social benefits to Hawai'i's residents.
4. As part of its efforts to develop a range of renewable energy projects, HBE is working in partnership to develop advanced technologies that could help Hawai'i become a hub for renewable energy innovation. Repeal of the provision which excludes from gross income Royalties Derived from Patents, Copyrights, or Trade Secrets would reduce Hawai'i's attractiveness for renewable technology developers to locate and invest in

Hawai'i, thus impairing the State's potential to become an incubator for and a leader in renewable energy technology development.

RENEWABLE ENERGY PROJECTS IN HAWAI'I

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

One of the biofuel alternatives which HBE is pursuing is the production of jet fuel and other oil derivatives from micro-algae. Preparations have been underway for many months, and facilities to conduct on-site research and development are expected to be in place by this summer. Algae not only offers Hawai'i the benefit of developing a locally produced fuel source, but it also benefits the agriculture industry by providing proteins for animal feed, fertilizers and other locally produced products.

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

**REPEAL OF INCENTIVES WILL JEOPARDIZE
RENEWABLE ENERGY PROJECTS**

Repeal of the Ethanol Facility Tax Credit would likely cause HBE to abandon any consideration of developing the local production of ethanol in Hawai'i. At a minimum, the repeal would significantly delay any plans to proceed with ethanol production in the State. This is because the production of ethanol in Hawai'i would need to compete against ethanol produced and available on the world markets where land, labor and other costs, including adherence to environmental and other regulations, are lower. The current Ethanol Facility Tax Credit helps to offset those cost disparities to the extent that, under the right conditions, HBE would be willing to pursue producing ethanol locally. Furthermore, the credit helps to offset a portion of the risk that first-movers must assume in the establishment of a new industry. Without that credit it would be very difficult, if not impossible, to justify investment in ethanol production facilities in Hawai'i in the near future.

As part of HBE's evaluation of sustainable, integrated ethanol production, the company is assessing various agricultural lands throughout the State in an effort to determine optimal locations for sustainable biomass production. While several land areas are suitable, investments will inevitably be needed to maximize production efficiencies. Repeal of the Important Agricultural Land Qualified Agricultural Cost Tax Credit would either impair or prohibit HBE from investing in prospective agricultural infrastructure upgrades, such as repair to irrigation systems, water wells, agricultural access roads, and agricultural processing facilities. The repeal would challenge HBE's commitment to sustainability by limiting efficiency improvements and would undermine efforts to revitalize the agricultural sector at large.

In addition to ethanol, HBE is also developing other renewable energy sources which will help contribute to a more secure and sustainable energy future for Hawai'i. The Company has expended a considerable amount of its investors' funds to date to conduct the research and development to be able to move projects forward that will benefit Hawai'i. The availability of the High Technology Business Investment Tax Credit has allowed HBE to maximize our investors' funds with the State's incentives. Without the credit and the associated Tax Credit for Research Activities, it is possible that HBE's projects, as well as the benefits they will provide to Hawai'i's residents, will be delayed. Based on an independent analysis commissioned by HBE, a large-scale ethanol facility could provide up to 1,400 new jobs and over \$115 million in added value in the State. Those benefits could be jeopardized should the aforementioned tax credits that help foster renewable energy in Hawai'i be repealed.

Finally, as part of the Company's mission to develop advanced and sustainable, renewable energy for the State of Hawai'i, HBE is working in partnership with a variety of leading technology developers attracted to Hawai'i for its rich resource base and potential for biomass, solar, wind, waste, and other renewable energy technologies. Hawai'i is well positioned to become an incubator for the pilot and demonstration of these advanced technologies, but the repeal of the provision which excludes from gross income Royalties Derived from Patents, Copyrights, or Trade Secrets would limit Hawai'i's attractiveness to renewable energy developers and Hawai'i's potential for becoming a leader in renewable energy innovation.

CONCLUSION

HBE continues to move forward with projects that will help to secure Hawai'i's energy future. As a result of these projects, Hawai'i residents would benefit from:

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

However, the repeal of the Ethanol Facility Tax Credit, Important Agricultural Land Qualified Agricultural Cost Tax Credit, the High Technology Business Investment Tax Credit and its associated Tax Credit for Research Activities, and the repeal of the provision which excludes from gross income Royalties Derived from Patents, Copyrights, or Trade Secrets (Section 235-7.3) will jeopardize those benefits by either significantly delaying or terminating projects under consideration.

Based on the above, Hawai'i BioEnergy respectfully requests your support in opposing the repeal of each of the aforementioned credits.

Thank you for the opportunity to testify.



House of Representatives
The Twenty-Fifth Legislature
Regular Session 2009

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

Thursday, February 26, 2009 -- 3:00 pm
State Capitol, Conference Room 308

RE: HB 1743 - Relating to Taxation

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

The Screen Actors Guild Hawaii Branch strongly opposes HB 1743 that would amend Act 88, referred to in the bill as Section 235-17 (Motion Picture, Digital Media and Film Production Income Tax Credit).

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

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

Thank you for the opportunity to submit testimony.

Glenn Cannon, President
Brenda Ching, Executive Director

SCREEN ACTORS GUILD

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

www.sag.org

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



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

From: Sopogy Inc.

Date: February 25th, 2009

**Subject: Opposition of HB 1743 – Related to Tax Credits
Thursday, February 26, 2009
3:00pm
State Capitol, Conference Room 308**

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

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

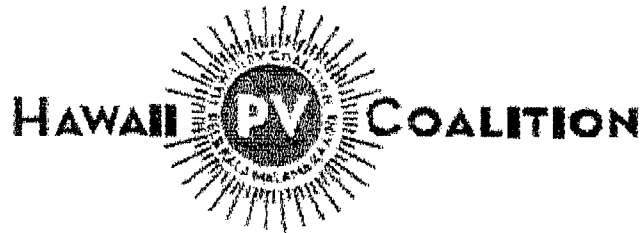
Sopogy strongly opposes HB 1743, which repeals the high technology tax credits. The intent of the tax provisions contained in Act 221/215 is to incentivize research and development, create new intellectual property in the State of Hawaii, attract much needed investment capital for high technology companies, and provide job growth in this sector. It is evident that tax credits foster the continuing development of renewable energy research and development, intellectual property creation, job growth and projects within the State of Hawaii.

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

Thank you for this opportunity to testify.

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





Room 308
3:00 P.M

House Finance Committee

Marcus Oshiro, Chair
HB 1743

Marco
Mangelsdorf
Vice-President

Testimony in Strong Opposition

There is strong, if not overwhelming, support across the political spectrum for the more rapid development and adoption of renewable energy sources and technologies here in our islands. Who among us would dispute the goal of making Hawai'i greener, cleaner and more energy independent?

One of the indispensable factors which has supported the greater use of renewable energies in the state is the State Renewable Energy Technology Tax Credit (235-12.5). This tax credit has served to make these technologies more available and affordable to tens of thousands of Hawai'i home and business owners and has contributed to providing skilled jobs to our workforce.

Reducing or eliminating this tax credit even for an ostensibly temporary period would have a devastating effect on consumer confidence and the public's ability to purchase renewable energy systems as well cause further job losses in the state in an industry that needs to be nurtured and grown.

Finally, taking away or limiting the benefits of this tax credit *retroactively* would be unfair to those businesses and homeowners who have already purchased and installed these systems.

I respectfully urge you to reject this bill. While all of us in the State need to necessarily tighten our belts in these tough economic times, gutting one of Hawai'i's most important means of making Hawai'i nei more energy independent would be decidedly counterproductive.

Thank you for your consideration.

Roland Zeitler, RZ Electric, Inc. PV- Installer and Electrical Contractor.
1135 Makawao Ave. PMB. # 306, Makawao, Hi, 96768

The Sun At The Source Of Life
Mary Kawena Pukui

Post Office Box 81501, Haiku HI 96708

P 808 579 8288
F 808 575 9878

info@hawaiiipvcoalition.org
www.hawaiiipvcoalition.org

TESTIMONY OF KEITH CRONIN
IN REGARD TO H.B. 1743
RELATING TO RENEWABLE ENERGY TECHNOLOGIES INCOME TAX CREDIT
BEFORE THE
HOUSE COMMITTEE ON FINANCE
ON
THURSDAY, FEBRUARY 26, 2009, RM 308, 3PM

Chair Oshiro, and members of the committee. My name is Keith Cronin. I would like to address how the impacts of removing RETITC affects the people of Hawai'i and clarify any misconceptions about the short and long term influence of such a decision will have on energy policy.

It is clear that this past year, we accelerated the adoption of renewable energy technologies in the state to wean ourselves off of imported energy. When we look at exporting 10% of our GDP out of the state, and never to return in the form of imported fuels, clearly we can do more to promote and encourage less behavior like this. As our population became more aware through education and community activities, it is patently clear, they want to maintain the choice on how they make and use electricity. From local awareness to national platforms, there are other viable choices, and renewables in Hawaii are a natural choice that should not be dismissed. Also, what are we saying to the public, who have already procured systems, to not retroactively usurp their credit, after the fact?

Part of the impetus, is to demonstrate leadership, and lead by example in our island state. This is clearly working, yet the consideration for shunting this growth will be devastating. By removing and or reducing this credit, we are sending a clear signal to our constituents, that we don't want to change and we will accept the status quo, further distancing ourselves from our goals outlined by the governor and both parties in this legislative body to seek 70% renewables, by 2030.

As we look to job creation, we can easily see this trend is increasing in the field of renewables, and elsewhere in the construction industry, work is decreasing. We are assisting the state in feeding the tax base, and balancing our energy portfolio through distributed generation. With approximately 144,000 homes on Oahu, there is probably less than 2% that are fitted with solar photovoltaic systems. We know that there is a lot more work to be done. However, without the credit, we will surely fall short of our collective objectives.

Ironically, the federal government has recently extended the tax credit for eight years, as they know that without a road map to reduce our addiction, the private sector will not have a signal to believe this is a viable long term business model, supporting our economy and creating jobs. This is not the intent and goals of this state and our nation, as it leaves us vulnerable to the next swing in energy prices, further impacting our economy, with unintended negative consequences.

Thank you for the opportunity to testify

Regards,

Keith Cronin

**HB 1743
RELATING TO TAXATION
Agenda 6**

**KEN HIRAKI
VICE PRESIDENT – GOVERNMENT & COMMUNITY AFFAIRS
HAWAIIAN TELCOM**

FEBRUARY 26, 2009

Chair Oshiro and Members of the House Finance Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on HB 1743, "Relating to Taxation." Hawaiian Telcom opposes the deletion of a section in this measure.

HB 1743 reduces the income tax rate for the lower brackets and repeals various income tax credits and deductions.

Hawaiian Telcom specifically opposes the repeal of Section 235-110.7, Hawaii Revised Statutes (page 98, lines 13-102), which provides a tax credit for the investment of capital goods. The repeal of this section will remove meaningful financial incentives for our company to invest in new equipment and increase our cost of doing business which eventually will be passed on to local consumers.

If it is the intent of the committee to move this measure, we respectfully ask that the committee delete the specific provision related to Section 235-110.7.

Thank you for the opportunity to testify on this measure.

**HB 1743
RELATING TO TAXATION**

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

FEBRUARY 26, 2009

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

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Hawaiian Commercial & Sugar Company, one of its agricultural companies, on HB 1743, “A BILL FOR AN ACT RELATING TO TAXATION.”

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

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

Thank you for the opportunity to testify.

Wealth Managing Partners, Inc.

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

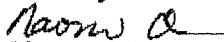
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

I **strongly oppose the portion of HB 1743 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

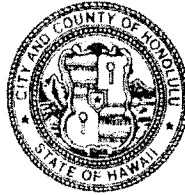

Naomi Olson

Naomi Olson
Agent
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Honolulu, Hawaii 96813

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E-MAIL nolson@wm-partners.com

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



MUFI HANNEMANN
MAYOR

DEBORAH KIM MORIKAWA
ACTING DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

February 25, 2009

The Honorable Marcus Oshiro, Chair
and Members of the House Committee on Finance
State Capitol, Room 306
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: House Bill 1743
Relating to Taxation

The City and County of Honolulu supports the intent of HB 1743, however, due to the downturn of Hawaii's economy, the closing of many businesses and the loss of jobs, we oppose Section 3, which would eliminate the Enterprise Zone (EZ) joint Partnership Program. The EZ program was established by the Legislature in 1986 to help stimulate certain types of business activity such as manufacturing, agriculture, information technology in geographical areas where they are most needed or most appropriate. Specifically, under Section 209E, Hawaii Revised Statutes, the EZ program primary intent is to encourage job creation in distressed and rural areas.

This EZ program has been an invaluable economic development tool for the City and County of Honolulu. Since 1986, the City and County of Honolulu has nominated six Enterprise Zones throughout our island community. These zones encompass areas that have the highest levels of unemployment and/or lowest median income. Currently, there are over 300 businesses (approximately 132 on O'ahu) in the EZ's program statewide, and over 900 jobs were created. The cost to create one job in Hawaii, according the State Department of Taxation, is estimated to be \$1,800, which is economical in comparison to the national H.U.D. guideline of \$20,000 per job.

The Enterprise Zone (EZ) Partnership Program is well designed and managed. There are qualification and reporting requirement that need to be submitted for approval in order to receive program benefits, ensuring that the program is doing what it was designed to do -- which is to provide incentives for businesses to locate in county designated areas and create jobs for our local economy. Currently, the City and County of Honolulu has a full-time staff dedicated to supporting the EZ Partnership Program for our county.

We feel that the Enterprise Zone (EZ) Partnership Program has been an invaluable program to the City and County of Honolulu and a great benefit to our communities who need it the most by creating employment opportunities.

Thank you for the opportunity to offer testimony.

Sincerely,


Deborah Kim Morikawa
Acting Director

DKM:dw
HB 1743

TESTIMONY OF WILLIAM G. MEYER, III

**HB1743
HB1746**

HEARING DATE/TIME: February 26, 2009
 3:00 p.m. in Conference Room 308

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

RE: Testimony in STRONG OPPOSITION to HB1743 and HB1746

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

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

Thank you for the opportunity to testify on these bills. I strongly oppose both HB1743 and HB1746.

1. HB1743 seeks to repeal 3 important pieces of existing legislation that have helped to sustain and build Hawaii's entertainment industry. Specifically, HB1743 would repeal Act 221/215 in its entirety thereby eliminating the availability of investment tax credits that have stimulated investment in local companies that produce performing arts products. An effective economic stimulus like Act 221/215 is needed now more than ever. According to data published by the Department of Taxation in 2008, Act 221/215 has resulted in more than \$1.2 billion invested in more than 333 Hawaii companies which have already spent more than \$1.4 billion in Hawaii and have paid more than \$228 million in salaries and job compensation in 2007 alone at a cost to the state of less than \$450 million between 1999 and 2007.

Furthermore, 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 the current sunset date would erode if not destroy investor confidence, would dry up investments, and, I believe, would lead to the demise of a number of performing arts and other qualified high tech businesses.

HB 1743 also seeks to repeal Act 88 which provides a 15 - 20% production tax credit for the production, in Hawaii, of motion pictures, television programs, digital media products and music videos. According to data compiled by the Hawaii Film Office, since the passage of Act 221/215 and Act 88, annual production expenditures in the State of Hawaii for these activities have more than doubled. In addition, although Hawaii has not seen fit to commission a study on the subject, a recent study prepared by Ernst and Young on behalf of the New Mexico State Film Office dated January 2009 concluded that for every \$1 the state "spent" on production tax credits the government (state and local taxing authorities) collected \$1.5 in tax revenues - a \$0.50 net gain! Is there a better

Testimony of William G. Meyer, III
Re: HB1743 and HB1746
Hearing Date/Time: February 26, 2009 at 3:00 p.m.
Room 308
Page 2

investment the state could make? I don't think so. I have attached hereto a copy of the New Mexico Study for your review and consideration.

Finally, rounding out the triple death to the entertainment industry, HB1743 also seeks to repeal the income tax exclusion currently available (pursuant to HRS 235-7.3) to local recording artists, writers, actors, cinematographers, producers, directors, engineers and other creative individuals who contribute copyrightable expression to performing arts products.

As you should know, Hawaii's struggling creative community was thrown a life line by the 2000 Legislature in the form of Act 297 and by the 2001 Legislature in the form of Act 221 which collectively made this all important income tax exclusion available to locally based creative individuals. HB1743 would cut this life line. More than any other group, the repeal of HRS §235-7.3 would be detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

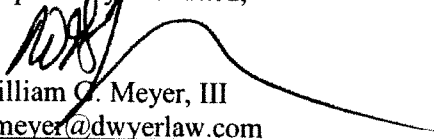
I cannot over-emphasize the devastating impact HB1743 would have on all sectors of Hawaii's creative community. It would wipe out the gains the industry has made over the last decade and turn the clock back 10 years in connection with efforts to build a vibrant and robust entertainment industry that showcases our host culture and promotes Hawaii's tourism industry.

2. **HB 1746** seeks to suspend all of the benefits available under Act 88 and Act 221/215 (see discussion above). While HB1746 does not specifically suspend or repeal the income tax exclusion under HRS 235-7.3, this legislation is nevertheless extremely detrimental to the local entertainment industry, including the music industry, inasmuch as it would likely cause a steep decline in the production of motion pictures, television programs, digital media projects and music videos in Hawaii which, in turn, would diminish opportunities for local artists to place their music in these products.

I respectfully and strongly oppose both of these bills.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Respectfully submitted,

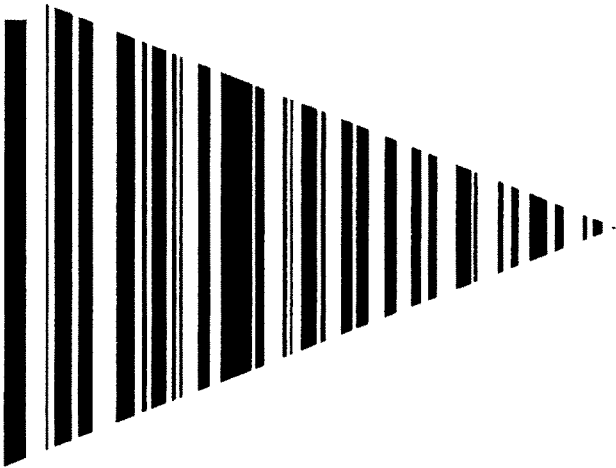


William G. Meyer, III
wmeyer@dwyerlaw.com
Telephone: 534-4412

Economic and Fiscal Impacts of the New Mexico Film Production Tax Credit

Prepared for the New Mexico State Film Office
and State Investment Council

January 2009



Executive Summary

New Mexico has provided tax incentives to film productions since the film production tax credit was adopted in 2002. The program has attracted more than 115 major film productions to New Mexico since its adoption in 2002, including 22 films that were assisted through the State Investment Council's loan participation program. In 2007, 30 films were produced in New Mexico generating \$253 million of spending benefiting the New Mexico economy and generating higher state and local tax collections. This study presents the estimated economic and fiscal impact of the film production tax credit program.

- The benefits of New Mexico's film production tax credit program extend beyond the direct and indirect economic impacts of film production activities qualifying for tax credits. In addition to the film spending, New Mexico's economy also benefits from capital investment to support the film industry's growth in the state and additional film-related tourism.
- Film production activities in New Mexico created 2,220 direct jobs in 2007. This employment impact includes approximately 1,670 below the line employees earning \$49,500 annually and 550 actors, directors, and producers working in New Mexico. These 2,220 direct jobs created 1,609 additional jobs in other industries, resulting in a total employment impact of 3,829 jobs.
- Film-related capital expenditures and projected film tourism spending attributable to 2007 productions generated an estimated 3,769 direct jobs and 1,612 indirect jobs, resulting in 5,380 total jobs attributable to capital expenditures and film tourism.
- Combining the 2,220 direct jobs from film productions with the 3,769 jobs from capital expenditures and film tourism results in 5,989 total direct jobs attributable to the film production tax credit. These direct jobs create a total of 3,221 indirect jobs, resulting in a total employment impact of nearly 9,210 jobs.
- The economic activity created by the film production tax credit program also results in higher state and local tax collections. State tax collections resulting from film production activities in 2007 totaled \$22.6 million. Additional state tax impacts from capital expenditures in 2007 and film tourism during 2008-2011 are estimated to total \$21.5 million in 2007 dollars, resulting in a total state tax impact of \$44.1 million.
- Film production expenditures in 2007 qualified for \$49.4 million of state film production tax credits to be paid in 2008. Expressed in 2007 dollars, these film credits total \$47.1 million. Based on the 2007 value of present and future year tax receipts and the 2007 value of state film production tax credits, the program earns \$0.94 in additional tax revenue for each \$1.00 that is paid out in incentives. Local governments in New Mexico earn \$0.56 for each dollar of state credits, resulting in combined state and local tax collections of \$1.50 for each \$1.00 of state credits.

Introduction

New Mexico has provided tax incentives to film productions since the film production tax credit was adopted in 2002. The program has attracted more than 115 major film productions to New Mexico since its adoption in 2002, including 22 films that were assisted through the State Investment Council's loan participation program. In 2007, 30 films were produced in New Mexico generating \$25 million of spending benefiting the New Mexico economy and generating higher state and local tax collections. This study presents the estimated economic and fiscal impact of the film production tax credit program.

The benefits of New Mexico's film production tax credit program extend beyond the direct and indirect economic impacts of film production activities qualifying for tax credits. In addition to the film spending, New Mexico's economy also benefits from capital investment to support the film industry's growth in the state and additional film-related tourism.

Description of the Film Production Tax Rebate Program

The New Mexico film production tax rebate program was adopted in 2002 at a rate of 15% of production expenses incurred during the production and post-production phases of each film produced in the state. In 2005 and 2006, the rate was increased twice bringing the rate to 25% in 2006.

For qualified productions, spending that qualifies for the tax rebate includes payments to employees who are New Mexico residents, payments to non-resident actors who provide their services through a personal service corporation (subject to a \$20 million dollar cap on qualifying actor compensation), and all other direct production and post-production expenditures subject to New Mexico taxes. Payments to employees and contractors who are taxed as non-residents and certain fringe benefits are excluded from spending that qualifies for the current 25% film production tax rebate.

Growth of the Film Tax Credit and the New Mexico Film Industry

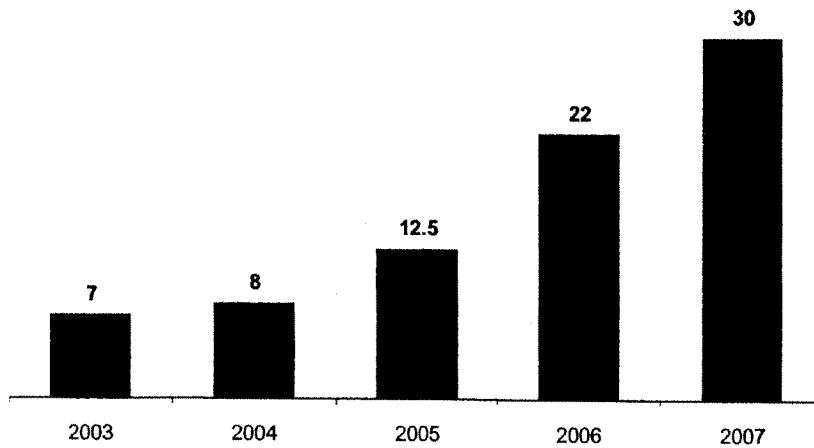
The New Mexico film production tax credit program has been successful in attracting an increasing number of films each year as shown in Figure 1. In 2007, 30 film projects qualifying for the credit were shot in New Mexico, a 36% increase from the 22 films that were shot in 2006 and more than four times the number that were shot in 2003. Of the 30 films shot in 2007 were award-winning and award-nominated films "No Country for Old Men", "3:10 to Yuma," and "Wild Hogs."

As shown in Figure 2, film spending in New Mexico has also increased significantly over the five year period, 2003-2007. In 2003, film productions in New Mexico had qualifying expenditures of \$23 million and estimated total expenditures (including expenditures on labor and other expenses that do not qualify for the credit) of \$29 million. By 2007, qualified spending grew to

\$198 million while total spending was an estimated \$253 million.¹ The total budget for films produced in New Mexico in 2007 was \$575 million, meaning that 44% of these films' expenditures occurred in New Mexico. Only New Mexico expenditures are included in the analysis.

The information in Figures 1 and 2 shows that each time the rate of the film production tax credit has been increased, both the number of films qualifying for the film tax credit and total spending have increased significantly. In terms of total spending, when the credit rate was increased from 15% to 20% in 2005, total estimated spending rose from \$24 million to \$144 million. In the following year, when the rate was increased to 25%, total film spending increased to an estimated \$223 million, a 55% increase from the prior year.

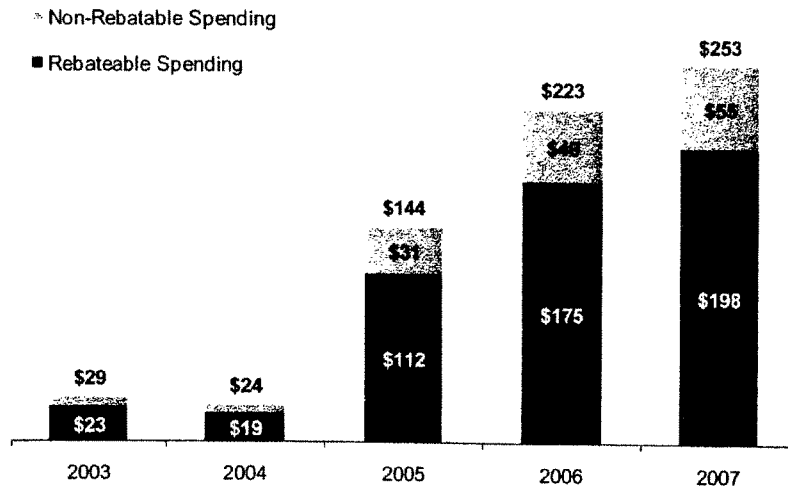
Figure 1: Number of Films Participating in the Credit Program, 2003-2007



Note: films that spanned two years are indicated as being half in the first year, half in the second year

¹ Note that the amount of qualified spending in any year does not equal the amount of spending receiving a rebate during the same calendar year due to the delay from the time a film applies for a rebate and begins production in New Mexico and the date on which the State incurs the expenditure cost for the rebate. This delay averages 15 months, meaning that most films shot in New Mexico during one year will not incur any cost to the state until the following year.

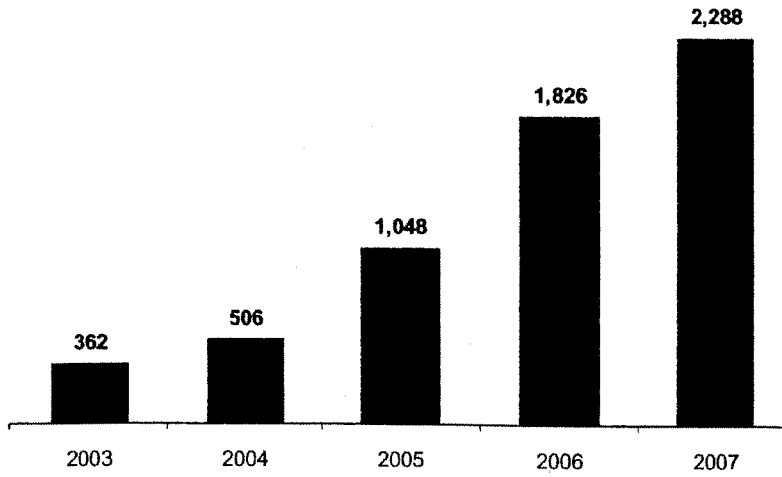
Figure 2: Annual Film Production Spending by Film Productions Participating in the Film Production tax Credit Program, 2003-2007



Employment in the film production industry has also increased significantly since the inception of the film production tax credit program. The U.S. Bureau of Labor Statistics (BLS) publishes an estimate of the employment in the New Mexico film and video production industry based on the number of employees and wages covered by the unemployment insurance program. While data published by BLS does not fully capture the contribution of film production activities on the New Mexico labor force, it provides a useful starting point from which to evaluate the total employment contribution of film and video productions in New Mexico.² As shown in Figure 3, employment in the New Mexico film and video production industry has increased by almost 2,000 people since 2003.

² While full and part-time employees are covered by the unemployment insurance program and therefore included in the BLS estimates, contract employees (for which unemployment insurance contributions are not required) are not included in the BLS estimates. Because film productions employ many actors, producers, directors, and employees who may work for production companies or personal service companies located in other states, the Bureau of Labor Statistics employment estimates understate the total size of the labor force involved in New Mexico film productions.

Figure 3: Employment in New Mexico Film Production Businesses*



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
*Data for NAICS 51211: Film and Video Production Industries

Economic Impact of the Film Production Tax Credit Program

This section presents estimates of the impact of the film production tax credit program on New Mexico's economy and briefly describes the methodology used to estimate the impacts. The analysis is designed to answer the following question: What is the economic impact of film productions participating in the film production tax credit program in 2007?

The tax credit program impacts the New Mexico economy through three channels: 1) increased film production activity, 2) increased investment in New Mexico film studios and equipment, and 3) spending by tourists who visit New Mexico or extend their trip to the state to see film-related attractions. Each of the three channels of economic impact result in direct, indirect, and induced economic impacts. These separate effects are estimated as described in the sections below, but can be generally characterized as follows:

- **Direct impacts:** The direct impact is the employment, income, or sales associated with the activity being modeled. These direct impacts include the spending by New Mexico film productions, studios investing in New Mexico, and tourists during their stay in New Mexico.
- **Indirect impact:** The direct impacts described above result in purchases of goods and services from other New Mexico firms (suppliers), which create multiplier effects as they are repeated throughout the state economy. The indirect impacts result from expenditures related to tangible property purchases as well as contract labor, business services, and other services provided by New Mexico firms.
- **Induced impact:** The wages paid to employees of film productions and firms that are affected by film-related capital investment and tourism result in substantial induced consumer spending. This spending generates additional economic activity as New Mexico's retailers and service providers expand to meet the additional demand for goods and services. To simplify the presentation of results, the indirect and induced impacts are combined and described as indirect effects.

Data Used in the Analysis

Ernst & Young worked with the New Mexico State Film Office to compile film spending and survey information that was used to estimate the impacts presented in this study. The data was obtained from three primary sources: 1) a survey of film industry employees and businesses related to the film industry, 2) budget information submitted by film productions during their application to the State Investment Council for participation loans, and 3) qualifying expenditures by all film productions participating in the film tax credit program as indicated on their application to the State Film Office.

- **Survey:** A survey of New Mexico film industry employees and businesses was conducted in the fall of 2008. The survey data was the primary source of wage information for below-the-line employees and capital expenditure (construction and equipment spending) data.
- **Loan Program Data:** Total qualified and non-qualified film production spending for 21 films that received New Mexico State Investment Council loans was compiled by the State Film

Office. Information provided in the spending data includes the amount of total qualified New Mexico spending, qualified and non-qualified below-the-line labor spending, aggregate expenditures on actors', directors', and producers' salaries, and the number of principal actors, directors, and producers for each film.

- *Film Production Tax Credit Application Data:* Total film budgets and total New Mexico spending qualifying for the film tax credit was supplied for each year.

Economic Impact of Increased New Mexico Film Production Activity

The film production tax credit generated an estimated \$253 million of total spending by 30 New Mexico film productions in 2007. Examining total expenditures for 21 films that supplied complete budget information to the State Film Office and the State Investment Council reveals that 21% of film production expenditures in New Mexico do not qualify for the tax credit. In other words, productions incur an average of \$0.28 of expenses that do not qualify for the film tax credit for each dollar of expenses qualifying for the credit. Based on this average ratio of qualified to total spending, films that spent a total of \$198 million on labor, goods, and services that qualified for the film tax credit in 2007 also spent an estimated \$55 million on labor and other expenditures during their New Mexico production periods that did not qualify for the tax credit. The composition of expenditures is shown in Table 1. Although the \$55.2 million of expenditures does not qualify for the film tax credit, they generate economic activity and tax revenue for state and local governments in New Mexico.

**Table 1
Qualified and Non-Qualified New Mexico Film
Production Spending in 2007**

Qualified Spending	\$197.7
Non-Qualified Spending:	
Non-qualified below-the-line spending	\$20.3
Director and producer compensation	\$34.9
Total New Mexico Spending	\$252.8

Source: EY estimates based on State Investment Council loan program data

The film spending and survey data provided by the State Film Office was used to calibrate a model of the New Mexico economy supplied by Minnesota IMPLAN Group. These data show the average earnings of below-the-line employees (stage crew) to be \$49,500 while actors, directors, producers and other employees and contractors working on film productions earn significantly more, bringing the total average compensation to \$82,400 and output (production spending) per worker to be nearly \$114,000. This implies that 72% of the cost of production for New Mexico films was labor cost. Based on total labor compensation of \$168 million in 2007 and an average wage of \$82,400, films produced in New Mexico employed an estimated 2,220 people in 2007.

The economic model of the State of New Mexico was adjusted to reflect the average compensation and output of workers described above. The adjusted model was then used to estimate the total personal income, including employee compensation, proprietor's earnings, and other property-type income (payments to capital). Based on the film spending data supplied by the State Film Office and the adjusted state economic model, the direct personal income impact of film productions in New Mexico during 2007 was nearly \$203 million.

The direct impacts of New Mexico film productions, shown in Table 2, were used as inputs to the adjusted state economic model. As shown in Table 2, the IMPLAN model estimates that direct film production expenditures of \$253 million created an additional \$166 million in indirect economic output, resulting in an estimated total of \$418 million of economic output attributable to film production activities in 2007.³

Direct employment of 2,220 workers by film productions in New Mexico indirectly created an estimated 1,609 additional employees in other sectors of the economy, totaling more than 3,800 total employees in 2007. Based on the estimated indirect output and employment from New Mexico film productions, an estimated \$85 million of indirect personal income was created from film production activities in 2007; total direct and indirect income was \$288 million.

Table 2
Economic Impact of Film Production Activities in 2007

Film Production Activities	Direct	Indirect	Total
Output (\$mil)	\$252.8	\$165.5	\$418.3
Income (\$mil)	\$202.9	\$85.0	\$287.9
Employment	2,220	1,609	3,829

Impact of Film-Related Capital Expenditures in 2007

Capital expenditures related to the expansion of film industry infrastructure in New Mexico totaled \$115 million in 2007. Of this amount, \$103 million was spent on construction while the remaining \$12 million was spent on equipment purchases. The capital expenditure estimate is based on survey responses by New Mexico businesses that indicated they had expanded their businesses due to the increase in New Mexico film production activity assumed to result from the continued support of the film tax credit program.⁴ The \$100 million Albuquerque Studios accounts for more than 85% of total capital expenditures in 2007.

As shown in the first column of Table 3, the construction and equipment expenditures described above generated \$42 million of direct personal income and 930 direct jobs in 2007. Including

³ The ratio of the total impact to the direct impact is referred to as the economic multiplier. For output, the multiplier is 1.65. In other words, one direct job in the film production industry creates 0.65 additional jobs (indirect and induced) for a total of 1.65 new jobs.

⁴ The survey was conducted by the State Film Office in the fall of 2008.

indirect and induced economic impacts, the total economic impact of capital expenditures in 2007 was an estimated \$188 million of economic output, \$76 million of personal income, and 1,553 jobs.

Table 3
Impact of Capital Investments in Studios and Equipment

Capital Investment Impacts	Direct	Indirect	Total
Output (\$Millions)	\$115.1	\$73.3	\$188.3
Income (\$Millions)	\$41.8	\$33.8	\$75.6
Employment	930	623	1,553

The Impact of Film Tourism Spending in New Mexico

Tourism bureaus in other states and countries have reported increases in tourism after the release of a film or television series that was filmed in their jurisdiction. A study recently completed for the New Mexico Tourism Department presents the results of a survey of New Mexico tourists conducted in November 2008 that shows films and television shows shot in New Mexico have a significant impact on tourism in the state.⁵ The survey indicates that total trips to New Mexico by tourists increased by 4.3% due to visitors' familiarity with films produced in New Mexico and that the length of the average tourist's stay in New Mexico increased by 1.2% due to interest in seeing locations where movies were filmed or other film-related attractions. Combining the effects of the increased number of tourists and the increased length of visits to New Mexico, film-related tourism accounted for an estimated 5.5% of total New Mexico tourism expenditures in 2008.

Because film tourism in 2008 was the result of films that were shot in New Mexico every year prior to 2008, the impact of 2008 film tourism cannot be attributed entirely to films that were produced in New Mexico during a single year. To account for the delay between the time a film is produced and the impact of that film on film tourism, the survey provides information about which films tourists recalled seeing. The responses show that 84% of survey respondents had seen films that were released in 2007 or 2008. Films produced in New Mexico during 2007 and 2008 include "No Country for Old Men," "Indiana Jones and the Kingdom of the Crystal Skull," "3:10 to Yuma," and "Wild Hogs." The other 16% of respondents indicated that they had seen films that were produced prior to 2007.

Based on the delay between the year in which films are produced in New Mexico and subsequently generate tourism, the analysis assumes that film production expenditures in 2007 first generate tourism spending in 2008. In 2009, films produced in 2007 are assumed to have less of an impact on tourism, 75% of their first-year impact. In 2010, films produced in 2007 are assumed to have only 50% of their first-year impact and by 2011, those films are assumed to have only 25% of their first year impact. The estimates also assume that after four years, films have no impact on film tourism.

Table 4 shows the estimated impact of films produced in 2007 on tourism expenditures in 2008-2011. Line A shows the annual spending on film productions based on Figure 2, assuming that the 2007 level of activity continues in 2008-2011. The annual amounts on Line A are added to prior years to calculate cumulative spending shown in Line B. Line C shows the cumulative impact of film spending, adjusted to remove a portion of spending from prior years following the same "decay" pattern described in the previous paragraph. This provides an annual estimate of the film spending that is influencing tourism through 2011. Line D shows the expected pattern for the influence or impact of 2007 film production activities on movie tourism in future years. Line E presents the percentage of total cumulative film production expenditures that is assumed to have an impact on film tourism spending in each future year (calculated as Line D divided by Line C). This percentage is multiplied by Line F, the estimated film tourism expenditures each

⁵ Southwest Planning & Marketing and CRC & Associates, "The Impact of Film Tourism on the State of New Mexico," December 2008.

year, 5.5% of total New Mexico tourism spending (held constant at the 2007 level). Line G presents the impact of 2007 productions on film tourism spending in each year. The amounts shown on line G are then discounted to 2007 at 5%. The sum of the discounted 2008-2011 incremental tourism spending estimates shown on Line G equals the value of the estimated film-related tourism spending impacts of the 2007 film activities in New Mexico.⁶

Table 4
Estimation of the Impact of Film Tourism from 2007 Film Productions (\$mil)

Year of Film Production/ Year of Tourism Spending	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
A. NM Film Production Activity (Qualified and Non-Qualified) – 2009 and 2010 estimated	\$29	\$24	\$144	\$223	\$253	\$252	\$252	\$252
B. Cumulative Total NM Film Production Activity	\$29	\$53	\$197	\$420	\$673	\$924	\$1,176	\$1,428
C. Cumulative Total NM Film Production Activity Assuming Greater Impact from Recent Films**	\$29	\$46	\$176	\$350	\$498	\$589	\$622	\$629
D. 2007 Spending Affecting Film Tourism**					\$253	\$190	\$126	\$63
E. % of Film Tourism Spending in Year Resulting from 2007 Film Productions (line D divided by line C)					51%	32%	20%	10%
F. Total Annual Film Tourism Spending Attributable to Recent Films (assumed to remain constant from 2008 level)					\$161	\$161	\$161	\$161
G. Film Tourism Spending Impact from 2007 Productions*** (line E times line F)					\$82	\$52	\$33	\$16

*Assuming 1-year lag between film production and film release.

**Assuming 100% of spending for films produced in the prior year affects tourism, 75% of spending for films produced two years prior, 50% of spending for films produced 3 years prior, and 25% of spending for films produced 4 years prior.

***Annual impacts are discounted at 5% to estimate the total 2007 film activity impacts on future tourism spending. Discounted tourism expenditure is equivalent to \$165.9 million of 2007 tourism expenditures.

Table 5 presents the estimated direct and indirect impacts of film tourism based on the estimated \$166 million in film tourism expenditures resulting from 2007 production expenditures. These tourism expenditures are estimated to generate \$69.7 million in personal income and

⁶ A key parameter used in determining the impact of film production activity in 2007 on film related tourism expenditures in later years is the ratio of film tourism spending during the current year to the value of film production activity that occurred in the four prior years, adjusted to more heavily discount spending that occurred in the earliest years. Going forward, the ratio of additional film related tourism expenditures to film production expenditures could decrease due to increasing production expenditures or decreasing film-related tourism expenditures. If there is no growth in total tourism spending or change in the percentage of tourism spending attributable to film tourism, as the stock of film production expenditures increases in future years, the ratio of film tourism to film production expenditures will decrease. The 2008 ratio of film-related tourism expenditures (\$161 million) to cumulative adjusted film production spending (\$498 million) was 32%.

2,839 jobs. Including the direct and indirect film tourism impacts, the total personal income impact of film tourism is \$124 million and 3,827 jobs.

**Table 5
Economic Impact of Film Tourism**

Film Tourism Spending	Direct	Indirect	Total
Output (\$mil)	\$165.9	\$119.2	\$285.2
Income (\$mil)	\$69.7	\$54.3	\$124.0
Employment	2,839	989	3,827

Total Economic Impact of the Film Production Tax Credit Program

As shown in the sections above, the film production tax credit program generates additional jobs, income, and economic output in three areas: film production spending, capital investments related to the film industry, and film tourism spending. Table 6 below shows the total impact of the film production tax credit program incorporating these three impacts.

**Table 6
Total Impact of the Film Production Tax Credit Program**

Total Impact	Direct	Indirect	Total
Output (\$mil)	\$533.8	\$358.1	\$891.8
Income (\$mil)	\$314.4	\$173.1	\$487.5
Employment	5,989	3,221	9,209

Fiscal Impacts of the Film Production Tax Credit Program

The economic activity created by film production spending, capital investment activities, and film tourism generates significant state and local tax revenues. Except where noted, the New Mexico state and local tax impacts were estimated based on the historical ratio of tax collections to personal income.

Fiscal Impact of Film Production Activities

The fiscal impact of film production activity was estimated based on the estimated economic impact (measured by personal income) of film production activity and the ratios of tax collections to personal income. Gross receipts and individual income taxes were estimated directly from film production spending and income paid to employees of the film productions.

The direct state individual income tax impact was estimated assuming that the personal income of below-the-line employees would be taxed at the average ratio of individual income tax collections to New Mexico personal income. Based on the average earnings of above-the-line employees, a marginal rate of 4.3% was applied to 75% of personal income assumed to be subject to tax.

The direct state gross receipts tax (GRT) impact was estimated assuming that qualified New Mexico film production expenditures on purchased goods and services (including payments to actors through a super loan-out arrangement) would be subject to the 5% state tax rate. The impacts further assume that the film production spending would not occur in a tax increment district.

As shown in Table 7 below, the estimated direct state tax impact of film productions in 2007 was \$16.4 million. Indirect taxes impacts account for an additional \$6.1 million of estimated state tax collections, resulting in \$22.6 million of total state tax impacts. At the local level, an estimated \$6.8 million of direct local tax collections and an estimated \$2.8 million of indirect tax collections were generated by film production activities, resulting in a total local tax impact of \$9.6 million. Total state and local taxes increased by \$32.2 million.

Table 7
Estimated Fiscal Impact of Film Production Activities, 2007 (\$mil)

State	Direct	Indirect	Total
Gross Receipts	\$6.8	\$2.5	\$9.3
Individual Income	5.4	1.8	7.2
Corporate Income	1.2	0.5	1.7
Other	3.1	1.3	4.3
Total State Taxes	\$16.4	\$6.1	\$22.6
Local	Direct	Indirect	Total
Property	\$3.1	\$1.3	\$4.5
Gross Receipts	2.8	1.2	4.0
Other	0.8	0.3	1.2
Total Local Taxes	\$6.8	\$2.8	\$9.6
State and Local Taxes	\$23.2	\$9.0	\$32.2

Fiscal Impact of Capital Expenditures

Capital expenditures generated an estimated \$3.2 million of direct state taxes and \$2.4 million of indirect state taxes. Capital expenditures were assumed to be subject to the state gross receipts tax at 5% and a local tax rate of 1.875%. However, all of the capital expenditures are assumed to occur in the Mesa del Sol Tax Increment Development District that diverts 75% of the incremental tax revenue generated by projects within its boundaries to local districts. The estimated gross receipts tax impact of the capital expenditures have been adjusted to remove 75% of the gross receipts impact and reallocate that amount to local districts. All other direct tax and all indirect tax impacts were estimated based on the estimated incremental personal income impacts and the historical ratio of tax collections to personal income.

As shown in Table 8, the capital expenditures are estimated to generate an additional \$5.9 million of direct and \$1.1 million of indirect local taxes. Capital expenditures generate \$12.7 million of additional state and local taxes.

**Table 8
Fiscal Impact of Capital Expenditures (\$mil)**

State	Direct	Indirect	Total
Gross Receipts	1.4	1.0	2.5
Individual Income	0.9	0.7	1.6
Corporate Income	0.3	0.2	0.5
Other	0.6	0.5	1.1
Total	\$3.2	\$2.4	\$5.6
Local	Direct	Indirect	Total
Property	\$0.6	\$0.5	\$1.2
Gross Receipts	5.1	0.5	5.6
Other	0.2	0.1	0.3
Total	\$5.9	\$1.1	\$7.0
State and Local	\$9.1	\$3.6	\$12.7

Fiscal Impact of Film Tourism

As shown in Table 9, film tourism generated an estimated \$12.0 million of direct state taxes and \$3.9 million of indirect state taxes, resulting in \$15.9 million of total additional state tax collections. Film tourism also generated an estimated \$7.0 million of direct local taxes and \$2.8 million of indirect local taxes. Combined state and local taxes increase by \$25.7 million.

Table 9
Fiscal Impact of Film Tourism (\$mil)

State	Direct	Indirect	Total
Gross Receipts	\$9.0	\$1.6	\$10.7
Individual Income	1.5	1.1	2.6
Corporate Income	0.4	0.3	0.7
Other	1.0	0.8	1.9
Total State Taxes	\$12.0	\$3.9	\$15.9
Local	Direct	Indirect	Total
Property	\$3.1	\$1.3	\$4.5
Gross Receipts	3.0	1.2	4.0
Other	0.8	0.3	1.4
Total Local Taxes	\$7.0	\$2.8	\$9.8
State and Local Taxes	\$18.9	\$6.7	\$25.7

New Mexico Public Return on Film Production Tax Credit Program

For the State of New Mexico, the public's return on investment in the film production tax credit program can be measured by the revenue received through higher state taxes per dollar of state expenditure on film tax credits. Additional taxes generated by the film tax credit occur in 2007 due to film productions and capital expenditures by film studios. The present discounted value of additional state taxes generated by higher film-related tourism spending in the 2008-2011 period is also included in the revenue impacts.

Table 10 presents the rate of return calculations if the present value of the future taxes related to tourism are added to the revenue generated by 2007 film productions and capital investment occurring in 2007. It should be noted that the estimates of the future tourism-related tax revenues are based upon information from a single survey and incorporate projected film tourism activity through 2011. For this reason, this component may be less reliable than the impact estimates for the film production and construction impacts.

Table 10
2007 State Return on Investment in Film Production Tax Credits Program,
including Film Production, Capital Investment and Tourism Activities

A. State fiscal impact from film production, capital investment, and tourism (\$mil)	\$44.1
B. Discounted 2008 value of state film tax credits accrued to 2007 (\$mil)	\$47.1
C. State return on investment from 2007 and future tax revenues attributable to 2007 film productions (line A divided by line B)	0.94
D. State and local fiscal impact from film production, capital, investment and tourism (\$mil)	\$70.5
E. State and local return on investment from 2007 and future tax revenues attributable to 2007 film productions (line D divided by B)	1.50

As shown on line A of Table 10, additional state taxes from the three components is estimated to be \$44.1 million. Given the \$47.1 million cost of the credit in 2007 shown on line B, the state earns \$0.94 for each \$1.00 of credits accrued during 2007. Taking into account the tax impact of film tourism generated in 2008-2011, local governments earn \$0.56 for each \$1.00 of film tax credits. These additional local tax impacts bring the combined state and local return on investment to \$1.50 (line E) for each \$1.00 of state film tax credits.

2/25/09



Fax: 586.6001

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

Act 88 generates a great amount of interest for filming in Hawaii and keeps Hawaii competitive when compared with other location sites.

Just this week I discussed the benefits of Act 88 in regard to these potential projects -

A television commercial for a client in Denmark, interested in filming on a Neighbor Island and looking for a way to make Hawaii competitive with other US locations. Estimated budget: \$250,000.

A television commercial for a local client who chooses to increase their budget to meet the minimum spend to apply for Act 88 and roll the return into the next advertising campaign and the next. Estimated budget: \$235,000

An independent film to be produced in September 2009 by the producer of MOULIN ROUGE! and ROMEO+JULIET. Estimated budget: \$8,000,000

The benefits of Act 88 are clear:

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

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

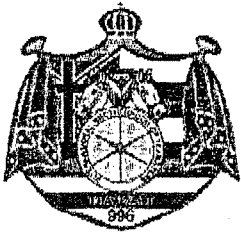
Thank you for the opportunity to provide these comments.

Alpha.



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

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



HAWAII TEAMSTERS AND ALLIED WORKERS, LOCAL 996

Affiliated with the International Brotherhood of Teamsters

1817 Hart Street
Honolulu, Hawaii 96819-3205

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

HOUSE COMMITTEE on FINANCE

Hearing Date:

Thursday, February 26, 2009 at 3:00 p.m.
State Capitol – Conference Room 308

February 25, 2009

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

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

RE: TESTIMONY OPPOSING a PORTION of HB1743 (RELATING TO TAXATION)

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

The Hawaii Teamsters and Allied Workers Union, Local 996, strongly opposes the portion of HB 1743 which applies to Section 235-17. This is the basic refundable tax credit known as Act 88. We ask that you remove Section 235-17 from the measure as Act 88 has proven to be a revenue neutral and fiscally responsible credit. This is so significant in these times of economic scrutiny. Since its enactment eighteen (18) months ago, Act 88 has generated more than \$300 million dollars in direct expenditures into our state's economy at no cost to the state. This tax credit is based on a percentage of actual spending; in other words, if a company doesn't spend money here, it won't be eligible for a rebate. In addition, Act 88 generates hundreds of direct film industry jobs, supports our local merchants and vendors (clothing stores, food markets, entertainment, etc.), our visitor industry (airlines, hotels, restaurants, car rentals, etc.) and our communities (donations to public schools, charitable organizations, etc.)

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

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

Sincerely,

Jeanne C. Ishikawa
Business Representative, Hawaii Teamsters Local 996

creative **GYR** media

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

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308
FAX: 586-6001

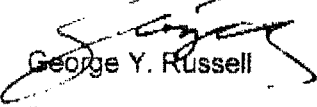
Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- I've heard on several occasions that some Japanese producers skipped over other states' and competing exotic locations due to our refundable tax credits.
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending by the industry is broad-based and creates business opportunities to hundreds of vendors throughout the state
- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

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



George Y. Russell

02/25/09

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

February 25, 2009

TO: (808) 586-6001

Testimony for Hearing before the House Committee on Finance
Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
Thursday, February 26, 2009, 3:00pm
State Capitol, Conference Room 308

RE: Testimony in Opposition to HB1743

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

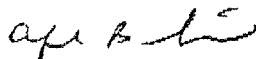
Thank you for the opportunity to testify on this bill. I oppose those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

I believe that a better approach is contained in HB 1451 HD1.

Thank you for the opportunity to testify.

Sincerely,



Alfred B. Fernandes, CPA



LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS
Since 1937

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

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

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

FROM: Donovan K. Ahuna
Business Agent
IATSE Local 665

RE: Testimony in Strong Opposition of:
HB1743 - Relating to Taxation


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

Aloha, We are the Membership of the International Alliance of Theatrical Stage Employees Local 665, better known as the IA or IATSE, with over 300 Signatures from members as well as other Labor Unions, Private and Public, Vendors and Businesses that are currently working on projects. (see attachment) strongly oppose to HB1743.

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

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

Thank you for the opportunity to provide these comments.

Mahalo,

Donovan K. Ahuna
Business Agent
IATSE Local 665

PRINT NAME:	SIGNATURE:	DEPARTMENT:
GUY BELEGAUD	Guy Belegaude	665
Milo Tierceall	Milo Tierceall	665
William Preston	William Preston	665
Jason Skaggs	Jason Skaggs	665
Cary Beall	Cary Beall	665
Andrew Calva Jr.	Andrew Calva Jr.	665
Andrew Yangkee	Andrew Yangkee	996
Chris L. Bore	Chris L. Bore	665
Warren Roberts	Warren Roberts	665
Freddy Calura	Freddy Calura	996
MIGUEL PAATHA	Miguel Paatha	996
CHRIS BARNES	Chris Barnes	'LOST'
Jim Van Houten	Jim Van Houten	Lost
Salvador Anaya	Salvador Anaya	LOST
Steve Badillo	Steve Badillo	LOST
Michael Crowe	Michael Crowe	LOST
Mel Kinnin	Mel Kinnin	LOST/665
Edward Tunney	Edward Tunney	LLT/665
ALYCE FAHSHOLTZ	Alyce Fahsholtz	665
Michael Hira	Michael Hira	996
SCOTT LIEB	Scott Lieb	665
Sami Tialiso	Sami Tialiso	PRIVATE SECURITY
Christopher Engichy	Christopher Engichy	PRIVATE SECURITY
JOLIE-LYN SWANK	Jolie-Lyn Swank	LOST
WALTER GOUVEIA JR	Walter Gouveia Jr	PRIVATE SECURITY
WALTER K. WONG	Walter K. Wong	LOST
BERNIE TOI LAM HO	Bernie Toi Lam Ho	LOST
FRANK S. LAUREN	Frank S. Lauren	665
JOHN E RINGGOLD JR	John E Ringgold Jr	665
Keala Nakawaha	Keala Nakawaha	Rightwings 665
Karin Kersting	Karin Kersting	Receives 665
John A. Nittipati Day	John A. Nittipati Day	Rightwings 665
Alfonso Jan	Alfonso Jan	Labor
FRANK N. DALI	Frank N. Dali	665
Ronald Wong	Ronald Wong	665
DERECK KAPKO	Dereck Kapko	665
Vicki Jan	Vicki Jan	996

	PRINT NAME:	SIGNATURE:	DEPARTMENT:
	ANE TRINETZKI	<i>[Signature]</i>	GRIPS IA
	Donnie Freitas	<i>[Signature]</i>	Greens IA
	ALVIN AKU	<i>[Signature]</i>	Greens IA
Mar	"Aina" Riboca	<i>[Signature]</i>	GRIPS IA
	DAVID CAMUBRA	<i>[Signature]</i>	PROPERTY IA
	Paul Santos	<i>[Signature]</i>	Electric IA
	Mike Sui	<i>[Signature]</i>	FX IA
	Charita Bonilla	<i>[Signature]</i>	Makeup IA
	Susani Zaguiere	<i>[Signature]</i>	Wardrobe IA
	ARON E. MULLSAP	<i>[Signature]</i>	Wardrobe IA
	Sole Chetney	<i>[Signature]</i>	GRIPS IA
	Mark Kalanahel	<i>[Signature]</i>	Set Lighting IA
	FRANK WENDEL	<i>[Signature]</i>	Extra
	EDWARD VAUGHN	<i>[Signature]</i>	ACTOR/STUD
	Jonathan Shirley	<i>[Signature]</i>	Extra
	Jeff Hummer	<i>[Signature]</i>	EXTRA
	KURT VIMAFRANCA	<i>[Signature]</i>	LOST GRIPZ IA
	Chris Punt	<i>[Signature]</i>	LOST GRIPZ IA
	KIM STOWELL	<i>[Signature]</i>	LOST/ACTOR
	JASON MANUEL	<i>[Signature]</i>	LOST/OPK
	Brian Matsumura	<i>[Signature]</i>	CAMERA 600
	Kevin Craven	<i>[Signature]</i>	Extra
	Stan Cooper	<i>[Signature]</i>	EXTRA
	STEPHEN BACQUET	<i>[Signature]</i>	Set Lighting IA
	Kanao Dablin	<i>[Signature]</i>	Set Dressing IA
	Jon Mumper	<i>[Signature]</i>	Sound IA
	Andrew Childers	<i>[Signature]</i>	Set P.A. DGA
	John M. H. Lee	<i>[Signature]</i>	Set Lighting IA
	Roger Thompson	<i>[Signature]</i>	Set Lighting IA
	Akoni Kaano'i	<i>[Signature]</i>	Set Lighting IA
	RACER MOODY	<i>[Signature]</i>	Stand-In IA
	Keola Sui	<i>[Signature]</i>	Transportation
	DIANE FRAUENHAZ	<i>[Signature]</i>	SCRIPT SUPERVISOR
	Lance Hookano	<i>[Signature]</i>	Grip IA
	W. Jennings Fowler	<i>[Signature]</i>	PROPERTY IA
	Brad Berrylin	<i>[Signature]</i>	Actor
	Carla Bowen	<i>[Signature]</i>	PRODUCTION DGA
	FRANCIS CHAN	<i>[Signature]</i>	Actor
	Anne Hess	<i>[Signature]</i>	COSTUMES IA
	Jon T. Dahl	<i>[Signature]</i>	Transport

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Keoua Kaula		Transportation
Niko Carter		Security
Earl Mitchell		Security
Bob Johnson		Elec.
Bruce Vollett		GRIP
Hanny Ladan		Production Mgr AD
DANA K SATO		Art
MARTIN L GREGUSAWA		F/OT
Melody N. Low		GRIP
Alleen Joy Levy		GRIP
Tomoko Stagg		Coordinator
Erin Uyeno		Coordinator
Fran Mariz		Medic
Pice Ceum		Lighting
Scott Lisator		GRIP
Don Tomach		Lighting
JASON FRAYIS		ELECTRIC
Brandon Page		Coordinator
Reid Smith		GRIP
JAMES C LEVY		GRIP
ISAIA ROBINS		GREENS
Ladan Lan		art dept
KAHUAKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruit		PROPS
Reuben Iao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		PROP
LEE KANEAKUA		GRIP
PUNA TITCOMB		CS
Talissa Niko		LABORER
BRIAN COSTA		PROPS
John Kuvogold		MEDIC

PRINT NAME:	SIGNATURE:	DEPARTMENT:	
Michael A Broady	<i>Michael A Broady</i>	Set Medic	IA
JAMES THURSTON	<i>James Thurston</i>	Yes Grip	IA
Colin Jones	<i>Colin Jones</i>	Set	IA
Sonja Masinovsky	<i>Sonja Masinovsky</i>	PRODUCTION	DGA
Jim Kalan Jr	<i>Jim Kalan Jr</i>	PRODUCTION	IA
Steve Quach	<i>Steve Quach</i>	LABOPS	IA
ROBERT WYKAMP	<i>Robert Wykamp</i>	STAND IN	
KEITH FRANK	<i>Keith Frank</i>	laborer	IA
KEONI WIKANEIMA	<i>Keoni Wikaneima</i>	DRIVER	
Robert Anderson	<i>Robert Anderson</i>	Sound Mixer	IA
Tony Nagy	<i>Tony Nagy</i>	Camera	600
TORRY TUKUAKI	<i>Torry Tukuaki</i>	CAMERA	600
GLENN GRIMES	<i>Glenn Grimes</i>	GRIP	IA
MIKE SCHWAKE	<i>Mike Schwake</i>	GRIP	IA
JENN SARDINAKU	<i>Jenn Sardinaku</i>	LOCATIONS	
Charles Kramer	<i>Charles Kramer</i>	ELECTRIC	IA
ELIZABETH MAGGINI-MACKAY	<i>Elizabeth Maggini-Mackay</i>	COSTUME	IA
Joey Vidal	<i>Joey Vidal</i>	BAR	
MATHIAS WESSINGER	<i>Mathias Wessinger</i>		IA
LANCE TRUZZA	<i>Lance Truza</i>	DRIVER	
JACK BRANDER	<i>Jack Brander</i>	Production Director	
John Getfells	<i>John Getfells</i>	TRUCKS	
NAGAMANI KAIS	<i>Nagamani Kais</i>	A.D.	DGA
A. HOVSE	<i>A. Hovse</i>	PLAGIA OR GOK	IA
JORGE GARCIA	<i>Jorge Garcia</i>	ACTOR	
SHANDLE MERSEBURGH	<i>Shandle Merseburgh</i>	SECURITY	
IAN TRAVERS	<i>Ian Travers</i>	LOCATIONS	
Gregory Dai Jr.	<i>Gregory Dai Jr.</i>	CAMERA	
GERGE NOFIELD	<i>Gerge Nofield</i>	CAMERA	IA
STAN SANDAL	<i>Stan Sandal</i>	ELECTRICIAN	
Peter Wallin	<i>Peter Wallin</i>	Transportation	
Thornton Lukela	<i>Thornton Lukela</i>	Accounting	
Ken Winger	<i>Ken Winger</i>	Lawst.	
FRANK SLAUGHTER	<i>Frank Slaughter</i>	665	
Marles Kaahala	<i>Marles Kaahala</i>	665	
WILLIAM RISSO	<i>William Risso</i>	665	
LYLE GIBBS	<i>Lyle Gibbs</i>	CONTS.	
SINATOR JENNERS	<i>Sinator Jenners</i>	661	
MALY RASMUSSEN	<i>Maly Rasmussen</i>	LOCAL 44	
FRANCO KALINA	<i>Franco Kalina</i>	Driver	

PRINT NAME:	SIGNATURE:	DEPARTMENT:
HENRY FORDHAM	[Signature]	IATSE 665
NATHANIEL E. DEARMORE	[Signature]	IATSE 665 / TEAMSTER 996
DANNE ANUNA	[Signature]	IATSE 665
Michael R. Kawai	[Signature]	IATSE 665
Cory L. Bathke	[Signature]	IATSE 665
Drew Desjarlais	[Signature]	IATSE 665
ALLEN MOZO	[Signature]	IATSE 665, 600, SAG
Danvell Tachibana	[Signature]	IATSE 665
Francis "Sonny" Julian	[Signature]	IATSE 665 / medic
Rahman Woolson	[Signature]	IATSE 665
Drew Desjarlais	[Signature]	IATSE 665, IBEW 1260
CHARS WICKINS	[Signature]	IATSE 665, IBEW 1260
CHARLEY KAEQ	[Signature]	IATSE 665
CHRIS PUNES	[Signature]	OP/AN/E
Zachary Kim	[Signature]	665
Mike Weisbrock	[Signature]	66.5 / 600
KALIKO PALMIRA	[Signature]	665
DANIEL ROSNER	[Signature]	(GRU) 665
Tiffany Cheney	[Signature]	Set PA - DGA
LUKAS / SENO	[Signature]	IATSE 665
Sanya Balmores	[Signature]	SAG Actor
MEZ ANITE	[Signature]	MODEL
Kelsey Campbell	[Signature]	Model
Nalani Ravelo	[Signature]	Model
Kiya Lee	[Signature]	Model/Act
Tani Fujimoto	[Signature]	actress/model
Caoulo Kato	[Signature]	66.5 / wardrobe
Kristy Romero	[Signature]	MODEL
Kelly Chinone	[Signature]	Performer
Sarah Indye	[Signature]	model
Meredith Greenas	[Signature]	model
ASHLEY VORSTAD BUSHY	[Signature]	model
Sophia On	[Signature]	Actress
Alanna Yoshitaka	[Signature]	model
CHELSEA RODRIGUES	[Signature]	Model
Mokihana Aki	[Signature]	model
Aotila Tanaka	[Signature]	Model
Eri Aihara	[Signature]	model
Sayaka Ogura	[Signature]	model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

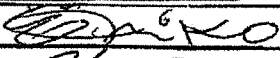
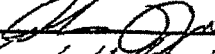
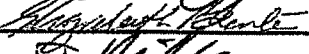
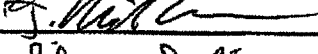
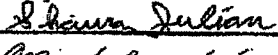
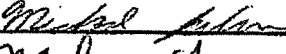
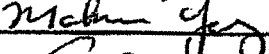

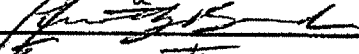
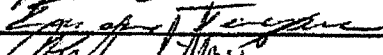

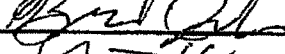
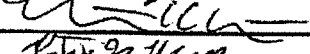
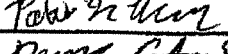

Chantelle Sawa	Chantelle Sawa	Model
Jennifer Kennedy	Jennifer Kennedy	Model
Jennifer Kennedy	Jennifer Kennedy	Talent
Cristina de la Riosa	Cristina de la Riosa	Talent/Model
RICHARD DRAKE	Richard Drake	PROP MASTER
Samuel DARCHUCK	Samuel Darchuck	ART DEPT
KELLY WESTMILLER	Kelly Westmiller	ART DEPT
YSEVOLOD ULITSKY	Ysevolod Ulitsky	PRODUCTION
Shoto Kubo	Shoto Kubo	PRODUCTION
Wesley Marner	Wesley Marner	PRODUCTION
SHANNON A. GAGAN	Shannon A. Gagan	PRODUCTION
ADAMIA J. COLBERT	Adamia J. Colbert	1065/Hair
JOH. SHIMABUKU	John Shimabuku	Cosmetologist
Shane Kohler	Shane Kohler	Hair
KAMARU YAMA	Kamaru Yama	SOUND
Brian Pace	Brian Pace	996
GERYAN BROWN	Geryan Brown	SPECIAL EFFECT
ARCHE PETERA	Arche Petera	SPECIAL EFFECTS
Shane White	Shane White	SPECIAL EFFECTS
CHARLES KAYMON	Charles Kaymon	EFF
Fern A. Abuna	Fern A. Abuna	EFF
JIM GRIFF	Jim Griff	ELEC.
Gene Lynn	Gene Lynn	GRIP
Kui Seaman	Kui Seaman	GRIP
Edward Kanan	Edward Kanan	GRIP
DAN GARAB	Dan Garab	SOUND/VIDEO
WILL E. KILLEN	Will E. Killen	MALLET
Timothy Chinn	Timothy Chinn	PROPS
Gregory Poi Jr	Gregory Poi Jr	Electric
STACY NEWHOUSE	Stacy Newhouse	STAGE SOUND
John Kendrick	John Kendrick	Prod/Stage Sound/Elec
JOEL CARMICHAEL	Joel Carmichael	MALLET/PROPS/STAGE
RON EVANS	Ron Evans	ELEC.
John Q. Adams	John Q. Adams	PRODUCTION GRIP
DAVID WALLACE	David Wallace	Set medic/Marine
Curtis Winsenter	Curtis Winsenter	GRIP/STAGE ELEC
Chuck Butler	Chuck Butler	Stage/Prod
HARRY SAWYER	Harry Sawyer	Stage/Prod

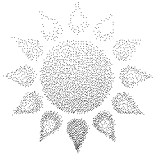
PRINT NAME:	SIGNATURE:	DEPARTMENT:
James Kim Hooge		Film + Stage
Robert Wilson		Trade Show
Darren Rodriguez		Trade Show
EVERETT GALISA		FILM
LARRY SMITH		FILM
Kay Carter	KAY CARTER	FILM/STAGE
Ben Shafar	Ben Shafar	Film/Stage
Terri L. Laigo	Terri L. LAIGO	Film/STAGE
MATTHEW K. LYONS	Matthe K. Lyons	STAGE/SOCIETY
ALEMA RYDER		STAGE
Melvin Pang	Melvin Pang	Film/stage
Patrick W.K. Chai		STAGE / (K.G.)
PATRICK LUM		AUDIO
Burkina Kosta		Stagehand
Edward Kosh		Card Stagehand
Kim Shipton		CARP. Stagehand
Sandy Sandelin		Stagehand
Mark Atterka	MARK ATTERKA	PROPS
Charles Roberts		Audio
James Takahashi	James Takahashi	Grip, Construction
AL OMO		STAGE
Jim Murphy	Jim Murphy	STAGE
Joseph R. Dalton III		
"CAROL CASEY" CAMERON	Carol Casey Cameron	Stage/Film
EASTER K LOGAN		STUD
JUDITH MATSUMOTO	Judith Matsumoto	WARDROBE
Doug Kissel		Trade Show
RICHARD F. HOOPER		Conductor Keys
PAUL KAHN CHUCK II	Paul Kahn Chuck II	FIL. / CONST.
Jonathan Frazee		STAGE / FILM
RONALD EVANS		STAGE / FILM
Wke Thompson		STAGE / FILM
JENI LISS		STAGE / FILM
Emily Kamm		STAGE
JOHN M. REYNOLDS	JOHN M. REYNOLDS	STAGE / FILM
Alexandre Aranda		GLS STAFF

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME	SIGNATURE	DEPARTMENT
EKEPATI DIKO		DRIVER
Andrew Parryke		DRIVER
ELIZABETH BARTON		SCRIPT SUPERVISOR
J. Nick Porreca		Accounting
Shawn Julian		labor
Michael Julian		labor
Makani Bung		stage
Sean Brizin		Lifeguard
Timothy Brande		Lifeguard
EUGENE TEJERICO		Lifeguard
Noah Williams		Security
Brian Julian		labor
Kainoa Reaple		LABOR
Hatnick Miller		labor
DUNCAN COSTA BRUM		labor



pacific
light & power

Bringing Renewable Energy to Hawaii and Pacific Oceania

HB1743 - Relating to Taxation

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

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Pacific Light and Power opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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 HD1.

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



pacific
light & power

Bringing Renewable Energy to Hawaii and Pacific Oceania

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.

Thank you for the opportunity to testify.

Sincerely,

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

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



HB1743 - Relating to Taxation
DATE: February 26, 2009
TIME: 3:00pm
PLACE: Conference Room 308

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

FROM: Joe Breman
President, Owner
International Underwater Explorations (IUE), LLC

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. IUE, LLC opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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, will lead to the demise of my business. IUE is looking to investors to commit close to 1 million dollars in funding for this business venture which is poised to become a very successful high tech venture for Ocean Science in Hawaii. Part of what makes investing in the company attractive is our QHTB status. 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.

IUE, LLC believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

Sincerely,
Joe Breman
President, IUE, LLC
808.214.2326

Wealth Managing Partners, Inc.

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 3pm

State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

I **strongly oppose the portion of HB 1743 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Naomi Olson

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

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

OPPOSITION TESTIMONY
For HB 1743 & 1746
February 26, 2009

To: The State of Hawai'i House Members, Councilmen & women

From: Ka`uhaneokekai Lee
On behalf of the family of the late Kui-o-ka-lani Lee
(808) 728-5663
leeohanahawaii@gmail.com

Re: HB 1743 and 1746
Oposition Testimony

Aloha mai kakou! Aloha House Members, Councilmen and women, Servants and Supporters of our Hawaiian Island Communities, aka The State of Hawai'i.

O Ka`uhaneokekaikuiokalani Lee ko`u inoa. My name is Ka`uhaneokekai Lee.

I am here on behalf of our `Ohana, our family...family of the late Kui-o-ka-lani Lee, Kui Lee was a Hawaiian songwriter, music recording artist, dancer, and cho-re-o-grapher who was determined to promote, share, perpetuate and preserve Hawaiian culture and life through his music, songs, and cultural dances globally amongst other well known Hawaiian Music Artist and Dancers from Hawai'i nei.

Our Hawaiian and Local Music Artist, Dancers, Entertainers, Actors, Producers, Directors and others in the Hawai'i music and film industry, have not only made great music hits, provided cultural entertainment, presented spectacular shows, documented stories about our ways of life and living, photographed and filmed our scared sites, volcanoes, captured the beauty of our Hawaiian Islands, and created life moments and memories for family, friends, communities and visitors. Our Music Artist, Entertainers, and film industry have paved the way for future generations that has kept and continue to keep Hawai'i on the map as one of the world's attractive destinations culturally, spiritually, economically and socially.

It is our understanding that HB 1743 would have devastating impact on all sectors of our creative community. It would wipe out the gains the industry has made over the last decade and turn the clock back 10 years in connection with efforts to build a vibrant and robust entertainment Industry that showcases our host culture and promotes Hawaii's tourism industry.

It is hard enough for music artist/entertainers to make a living off of their hard work as well as to track, follow and claim their rights to their own music, collect their royalties and other earned compensation. These earnings are depended on for the family's living expenses, education fees, and healthcare cost.

Opposition Testimony
To SOH Re: HB 1743 & 1746
February 26, 2009
Page 2 of 2

Passing HB 1743 and HB 1746 would add a tremendous amount of burden, struggles to the current challenges and disaster of the ailing economy we are already faced. Tapping into the entertainment, music and film/media industry, people's hard earned work and pay to support the state's own financial deficit is not only unfair, but will only create or add to already existing problems in our own community and the world such as the highest rates of unemployment, middle class people now homeless in tents, robbery/theft crimes as well as increased violence, and family suicides.

There is too much to contend with in these hard economic times. The world financial crisis is affecting everyone. And we cannot continue to strip our people, businesses and other means of financial survival. Therefore, PLEASE DO NOT PASS HB 1743 and HB 1746, as we cannot afford to take anything more from anyone, or create bills or laws that will only sink the ships in the music, entertainment and film industry/businesses. We need to stay afloat and get through these tough economic times.

We STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these Legislation would have a devastating impact upon Hawaii's creative Community and our future.

Mahalo ke Akua, na `Aumakua, na Kupuna...Mahalo nui loa, Thank you very much.

Ka`uhaneokekai Lee
The family of the late Kui Lee



My God ... It's Roland Cazimero LLC

PO BOX 274

Kaneohe, Hawaii 96744-0274

Malamapono1994@gmail.com

DATE: February 26, 2009
TIME: 3:00 p.m.
PLACE: Conference Room 308

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

From: Roland Cazimero
Musician/Entertainer/Owner
My God ... It's Roland Cazimero LLC / The Brothers Cazimero Inc

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Roland Cazimero. I am a songwriter, musician, producer, entertainer, engineer, etc.

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these legislation would have a devastating impact upon Hawaii's creative community. It would personally kill my spirit of creativity and the joy of creating. Without the drive to produce new music, it would also affect the economics of self preservation and indirectly affect what I can bring to the state of Hawaii in revenue.

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

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

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

that a better approach is contained in HB 1451 HD1.

Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film Office).

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Sincerely,

Roland Cazimero
Owner/Musician/Composer/Entertainer
My God ... It's Roland Cazimero / The Brothers Cazimero
808-753-9517
Malamapono1994@gmail.com



My God ... It's Roland Cazimero LLC

PO BOX 274

Kaneohe, Hawaii 96744-0274

Malamapono1994@gmail.com

DATE: February 26, 2009
TIME: 3:00 p.m.
PLACE: Conference Room 308

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

From: Lauwa`e Cazimero
Co-owner/Coordinator
My God ... It's Roland Cazimero LLC

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Lauwa`e Cazimero. I am an entertainer / coordinator / agent, etc

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these legislation would have a devastating impact upon Hawaii's creative community. It would personally kill my spirit of creativity and the joy of creating. Without the drive to produce new music, it would also affect the economics of self preservation and indirectly affect what I can bring to the state of Hawaii in revenue.

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

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

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

that a better approach is contained in HB 1451 HD1.

Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film Office).

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Sincerely,

Mrs. Lauwa`e Cazimero
Co-owner/Coordinator/Producer
My God ... It's Roland Cazimero
808-549-6671
malamapono1994@gmail.com



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

RE: Testimony in Opposition to HB1743 Relating To Taxation.

HEARING: Thursday, February 26, 2009, 3:00pm

Mr. Chairman and members of the Committee:

We oppose HB1743 as it relates to the Hawai'i Renewable Energy Tax Credit (HIRETC) contained in HRS 235-12.5, and welcome this to opportunity submit testimony in opposition to it as it affects the HIRETC; we take no position on the bill as it relates to other tax credits.

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

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

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

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

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

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

February 25, 2009

Page 2

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

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



HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: James P. Karins
President and CEO
Pukoa Scientific

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Pukoa Scientific opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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

Pukoa Scientific believes that a better approach is contained in HB 1451 HD1.

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



2620 Woodlawn Drive
Suite 141
Honolulu, HI 96822

PHONE (808) 457-1160
FAX (808) 237-5959
WEB SITE <http://www.pukoa.com>

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

**Testimony on Section House Bill 1743, Section 235-17
Scheduled for hearing February 26, 2009 at 3:00 pm**

Dear Mr. Chair,

I wish to register my opposition to the portion of HB 1743 that applies to Section 235-17. This basic tax credit is also known as Act 88. This tax credit is instrumental in insuring that Hawaii is able to compete with other states and entities that actively seek film projects. To remove this tax credit will severely impact not only the Hawaii Film Industry but Hawaii itself.

I realize that in such demanding and challenging times it is important to seek all avenues of revenue and the removal of tax incentives is an appealing avenue to travel. Yet the solution to the challenges of our times requires not the easy or appealing answer but answers based on the courage to know and apply the facts so that we may overcome the difficulties of the moment and move to better future for all our people.

With this in mind I believe that is important that realize the following facts.

Removal of Act 88 will have the following negative impacts:

- It will lessen greatly spending by the film industry in Hawaii.
- It will remove much needed business from many small local businesses
- It will remove hundreds of direct industry jobs both in-front off and behind the cameras.
- It will remove much needed support of the visitor industry. Removal of this tax credit will directly impact hotels, airlines, rental cars, dry cleaners and restaurants.
- Hawaii will lose millions of dollars in free world-wide advertising. Remember Hawaii did not begin its economic growth until Hawaii Five-O brought it weekly national and international attention.

As you consider the removing of Act 88 do not forget that:

- That \$ 300 million has spent in Hawaii because of this act.

- It is not a drain on the general fund - it is revenue neutral
- It is based on the percentage that is actually spent by a production company - if no money is spent not rebate is given.
- That in these demanding times the jobs and benefits of film and commercials are highly sought by other states. As you make your decision you should be aware that:
 - **California**, in a fiscal crisis much more severe than ours, has finally approved a production incentives program that features:
 - Studio film projects shooting for less than \$ 75 million can apply for a tax credit amounting to 20 % of "qualifying production expenses".
 - Independent film productions of \$1 million- \$ 10 million and all TV series **relocating** to California will qualify for a 25 % tax credit.
 - **Texas** has two measures before its legislature to loosen requirements for productions to qualify for the Texas Moving Image Industry Incentive program.
 - **Louisiana and New Mexico** currently offer 25 % film incentives to film makers. This resulted in New Mexico generating \$ 242 million and \$ 350 million for Louisiana.

Hawaii does not compete in a vacuum. If Act 88 is removed other states will gladly and quickly step in.

I agree in such times as we face a serious review of all options is needed. However, I think the facts are clear, Hawaii benefits both in the short and long term from Act 88.

Based on these facts I strongly urge that you eliminate Section 235-17 from the measure under consideration.

Respectfully Yours,

Dennis Chun
Actor

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

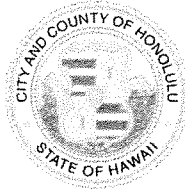
HONOLULU FILM OFFICE

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

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

EMAIL: info@filmhonolulu.com • WEB: <http://www.filmhonolulu.com>

MUFI HANNEMANN
MAYOR



WALEA CONSTANTINAU
FILM COMMISSIONER

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

HOUSE COMMITTEE ON FINANCE

February 26, 2009 – 3:00 pm
State Capitol, Conference Room 308

RE: 1743 - Relating to Taxation

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

I strongly oppose a portion of HB 1743 that seeks to alter Section 235-17 as it would adversely affect the basic refundable 15-20% film tax credit known as Act 88.

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

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

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

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



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Archinoetics, LLC opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Archinoetics, LLC believes that a better approach is contained in HB 1451 HD1.

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 ½ of

our employees are kamaaina who left Hawaii and never dreamed that they would be able to work in their profession and raise their children back here at home. Act 221 has made a profound impact on life for all of us here on the islands and I desperately implore you to keep it alive.

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

Sincerely,

Traci H. Downs

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



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

HB1743 - Relating to Taxation

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

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

FROM: Larry Lieberman, CEO
Natural Power Concepts

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Natural Power Concepts opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Natural Power Concepts believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

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

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Pacific LightNet opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Pacific LightNet believes that a better approach is contained in HB 1451 HD1.

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

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

DataHouse



HB1743 - Relating to Taxation

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

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. DATAHOUSE CONSULTING, INC. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.



DataHouse Consulting, Inc. believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in cursive script, reading "Lyanne M. Kimura". The signature is fluid and elegant, with a large initial "L" and "K".

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



HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Norman Wayne Karo
CEO
Pipeline Micro

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Pipeline Micro opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Pipeline Micro believes that a better approach is contained in HB 1451 HD1.

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.

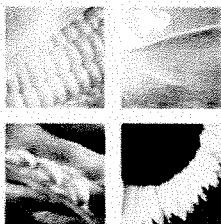
Pipeline Micro grew from 5 to 13 employees in 2008, and will grow to over 20 employees in 2009. We hire University of Hawaii graduates and are bringing world

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



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 1743, Relating to Taxation,
House FIN Committee - Thursday, Feb. 26, 2009
Room 308, 3:00 pm – Agenda #6

**HCIA 2008-2009
Board of Directors**

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Adolph Helm

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Jill Suga

Past President
Sarah Styron

Executive Director
Alicia Maluafiti

Position: Opposition to reduction, suspension prior to 2010 for Act 221/215

Chair Oshiro, and Members of the House FIN Committee:

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

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

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

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

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

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



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 Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. **IUE, 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. 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.

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

Thank you for the opportunity to testify.

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

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Oceantronics Inc. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Oceantronics Inc. believes that a better approach is contained in HB 1451 HD1.

Thank you for the opportunity to testify.

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



HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Todd J. Robertson
President/CEO
Hyperspective Studios

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Hyperspective Studios opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Hyperspective Studios believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

Sincerely,

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

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Roy Tjioe, Principal, Island Film Group

RE: Testimony in Opposition to HB1743

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

Island Film Group opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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

Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTBs spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTBs will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It is 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.

Island Film Group believes that a better approach is contained in HB 1451 HD1.

Thank you for the opportunity to testify.

Sincerely,

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

REAL-TIME GENOMICS, LLC

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Blair Stultz
President
Real-Time Genomics, LLC

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on these bills. Real-Time Genomics opposes HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

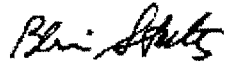
Real-Time Genomics believes that a better approach is contained in HB 1451 HD1.

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

REAL-TIME GENOMICS, LLC

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

Sincerely,

A handwritten signature in black ink, appearing to read "Blair Stultz". The signature is written in a cursive style with some loops and flourishes.

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



700 Bishop Street, Suite 2000 Honolulu, HI 96813

February 25, 2009

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

FROM: Joe Cooper, CFO
Archinoetics LLC

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Archinoetics opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Archinoetics believes that a better approach is contained in HB 1451 HD1.

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

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

Sincerely,

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

02/20/2009 10:12 000000121

Kay Lorraine, 1st Assistant Director
Director's Guild of America
7098 Hawaii Kai Drive, Unit 32
Honolulu, HI 96825

HOUSE COMMITTEE ON FINANCE
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

Hearing Date: February 26, 2009
State Capitol, Conference Room 308

Re: Opposition to HB 1743 - Relating to Taxation

Dear Committee Members:

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure.

As a former film producer who has shot all over the country, I am well aware of the different types of state tax credits available to producers. I assure you, tax credits have a serious impact on a producer's decision on where to base the production.

Pretending that Act 88 costs taxpayers money is a gross misunderstanding of the basic situation. Without competitive tax breaks available, the filming will simply take place elsewhere. Act 88 generates revenue because if the filming goes to another state, there will be NO REVENUE to tax.

Film people are a unique lot:

- They hire hundreds of local people and create jobs wherever they go
- They also bring people with them - people who stay in hotels, eat out, rent cars, and buy stuff
- These same people dump a whole bunch of money into the local economy while generally not draining our social services.
 - Mostly, they don't put their kids in our schools
 - They don't spend prolonged periods in our jails
 - They don't go on unemployment
 - They don't apply for subsidized housing
- They just come into a community, create jobs, contribute to the economy and then leave the place in as good or better shape than it was before they arrived.

And as if that isn't enough, they take beautiful images of Hawaii and plaster them all over television and movie houses, providing free exposure for the state - a service that HVCB is currently paying for!

I respectfully request that you eliminate Section 235-17 from the measure and I thank you for the opportunity to provide these comments.



February 25, 2009

TESTIMONY

HOUSE FINANCE COMMITTEE

Chair, Marcus Oshiro
Vice-Chair, Marilyn Lee

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

RE: H.B. No. 1743: RELATING TO TAXATION

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

Thank you for the opportunity to provide testimony **AGAINST H.B. No. 1743.**

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.

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,

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

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



February 25, 2009

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Rick Holasek, President and CEO, NovaSol

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. NovaSol opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

NovaSol believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

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
 808.441.3600
 808.441.3601 fax

CALIFORNIA OPERATIONS

15150 Avenue of Science
 San Diego, California 92128
 358.376.0185
 858.376.0190 fax

FINANCE OFFICE

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

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



Housing Hawaii

Advocating Creating Maintaining Affordable Housing

Board of Directors

President

Kevin Carney, EAH
Housing

Vice-President

Rene Berthiaume,
TransPacific Housing
Development
Corporation

Secretary – Denise

Boswell, Rural
Community
Assistance
Corporation

Treasurer - Chuck

Wathen, Wathen and
Associates, Ltd.

Director - Kyle

Chock, The Pacific
Resource Partnership

Director - Ralph

Mesick, Bank of
Hawaii

Director - Laree

Purdy, Abigail
Affordable Housing
and Facilitated Home
Ownership

Director – Gregg

Robertson, Robertson
& Company, LLC

Director – Brian

Takahashi, Architects
Hawaii

Director – Kirk

Caldwell, City and
County of Honolulu

Director – Kamaile

Sombelon, Lokahi
Pacific

February 26, 2009

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

Dear Chair Oshiro and Members:

RE: HB 1743, RELATING TO TAXATION

I am Nani Medeiros, Executive Director of Housing Hawaii, testifying on House Bill 1743, Relating to Taxation. This bill repeals the Low Income Housing Tax Credit (LIHTC) provisions. This program is critical to the successful development of affordable housing statewide.

Housing Hawaii opposes this bill.

All LIHTC-financed rental units are targeted at low-income seniors and families earning 60 percent or less of the area median income. You will be hurting our most vulnerable kupuna by passing this bill. Without LIHTCs, it is unlikely that these rental units could be developed given the high cost of land and construction.

Thank you for the opportunity to testify.

Nani Medeiros
Executive Director

Executive Director
Nani Medeiros

Housing Hawaii, 841 Bishop Street, Suite 2208, Honolulu, HI 96813

Phone: 808-469-7774

Email: housinghawaii@hawaii.rr.com

www.housinghawaii.org

HAWAII FILM & ENTERTAINMENT BOARD

*Brenda Ching, Chair
Screen Actors Guild*

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I.A.T.S.E., Local 665*

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H.I.F.A.*

*John Mason
Big Island Film Office*

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

*Art Umezu
Kauai Film Commission*

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

HOUSE COMMITTEE ON FINANCE

February 26, 2009 – 3:00 pm
State Capitol, Conference Room 308

RE: 1743 - Relating to Taxation

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

The Hawaii Film and Entertainment Board, whose members include all of Hawaii's film unions, film commissions and leading industry associations, thank the legislature for its strong support of Hawaii's film industry but **oppose the portion of HB 1743** that would make changes to Act 88, referenced as Section 235-17.

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

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

In addition, Act 88:

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

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

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

Sincerely,
Brenda Ching
Chair

Attachments: Act 88 Petition; 2007 Act 88 ROI spreadsheet

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

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

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

Total figures

Black = net gain to state

(Red) = net loss to state

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



1600 Kaplalani Boulevard, Suite 900
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(808) 949.8316 / (808) 942.4298 FAX
www.decisionresearch.com

February 25, 2009

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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 those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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

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

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

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

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



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

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

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

Sincerely,

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

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

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Vice President
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johnagsalud@decisionresearch.com

President

SEE/RESCUE Corporation

RE: Testimony In Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. SEE/RESCUE Corporation opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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.

SEE/RESCUE Corporation believes that a better approach is contained in HB 1451 HD1.

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.

Thank you for the opportunity to testify.

Sincerely,
Dr. Robert Yonover
President
SEE/RESCUE Corporation
tel. 808-398-1688
e-mail: SeeRescue@juno.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: Dr. Robert Yonover



The REALTOR® Building
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February 25, 2009

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

RE: H.B. 1743, Relating to Taxation

HEARING DATE: Thursday, February 26, 2009 at 3:00 p.m.

Aloha Chair Oshiro and Members of the Committee on Finance:

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawaii Association of REALTORS® ("HAR"), here to testify on behalf of the HAR and its 9,600 members in Hawaii. HAR **opposes** H.B. 1743, Relating to Taxation, to the extent that it repeals the Low-Income Housing Tax Credit allowable under HRS §§ 235-110.8 and 241-4.7 from January 1, 2010, through December 31, 2015.

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

The Rental Housing Trust Fund Program, coupled with federal and state low income housing tax credits, is the most productive of all government assistance programs. However, there is never enough money in the Rental Housing Trust Fund to satisfy the need for low-income rentals, and the Low-Income Housing Tax Credits allowable under HRS §§ 235-110.8 and 241-4.7 should not be repealed from January 1, 2010, through December 31, 2015.

HAR believes that if Sections 24 and 30 of H.B. 1743 are passed in their current form, the repeal of HRS §§ 235-110.8 and 241-4.7 will not allow: (a) current investors the use of the full amount of their credits if their 10-year recovery period under HRS §235-110.8(c) and IRC §42(b) extends beyond December 31, 2009; and (b) the State to recapture the credit under HRS §235-110.8(d)(4) and IRC §42(j) after December 31, 2008 and before January 1, 2016.

HAR also questions whether H.B. 1743 imposes a substantial and unreasonable impairment of an existing contract with a taxpayer who invested in a qualified low-income building in exchange for Low-Income Housing Tax Credits allowable under HRS §§ 235-110.8 and 241-4.7, in violation of the Contract Clause (Article I, Section 10, Clause 1) of the U.S. Constitution.



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1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

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

For the reasons set forth above, HAR respectfully requests that if Sections 24 and 30 of H.B. 1743 are passed in their current form, Subsection (2) of Section 36 of H.B. 1743 be amended to read as follows:

- (2) Be repealed on December 31, 2015; provided that any provision repealed by operation of law on or before December 31, 2015 shall not be deemed to be reenacted; and provided further that sections 24 and 30 shall not apply to low-income housing tax credits awarded under sections 235-110.8 and 241-4.7, Hawaii Revised Statutes, prior to January 1, 2010.

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.



HB1743-Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

TO: House Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

FROM: Ricardo S Galindez, Island Film Group

RE: Testimony in Opposition to HB1743

Aloha Chair, Vice Chair, and Members of the Committee

Thank you for the opportunity to testify on these bills. Island Film Group opposes HB1743.

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



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

HB1743 - Relating to Taxation

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

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. **Kobayashi Development Group LLC** opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

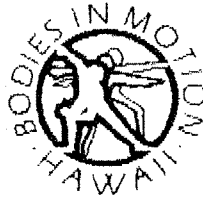
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Kobayashi Development Group LLC believes that a better approach is contained in HB 1451 HD1.

Thank you for the opportunity to testify.

Sincerely,

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



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

FROM: Gilad Janklowicz
President of Gilad Productions

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Gilad Janklowicz I am an actor/director/producer

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these legislation would have a devastating impact upon Hawaii's creative community. I have produced my Fitness shows in Hawaii for years and have been able to generate investments in independent TV projects all because of the act 221, in those projects we have spent well over 1 million dollars in the state.

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

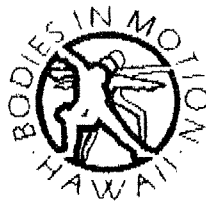
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence and would dry up future investments.

Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See the 2009 Ernst and Young Study prepared for the New Mexico State Film Office).

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing

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arts industry.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Sincerely



Gilad Jankowicz

President

Gilad Productions

1833 Kalakaua Ave. Suite 904

Honolulu HI 96815

808-947-4911

Gilad@hawaii.rr.com

GILAD PRODUCTIONS, LTD.

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February 26, 2009

House

Room 308

Committee on Finance

2:00 P.M

HB1743

Testimony in Opposition

Chair Oshiro and Members of the Committees:

R&R Solar Supply makes the following comments regarding this measure:

R&R Solar Supply strongly opposes the provisions of HB1743 eliminating the Renewable Energy Technologies Income Tax Credit (RETITC). Elimination of this credit would cripple the solar industry just as it has started to accelerate and become a meaningful contributor to both the state's economy and labor market.

Unlike with most other tax credits granted by the State of Hawaii, the Energy Efficiency Task Force of 2002, commissioned by this legislature included a peer reviewed impact study for the fiscal impacts of income tax credits for solar hot water heating systems.

R&R Services, Inc. 922 Austin Lane Bldg D Honolulu, HI 96817
Phone: (808) 842-0011 Fax: (808) 847-4938

This study clearly shows the undisputed positive fiscal impact of every solar system incentivized by the state.


The number of systems purchased is in direct relation to the existence and size of incentives provided.

In 2008, the approximate size of the Hawaii's combined solar photovoltaic (PV) and solar hot water (SHW) markets was \$175 million, accounting for just over 2,000 local jobs. These jobs are principally in the construction sector, which is otherwise hurting. They are also well paying jobs. In the current economic climate, these employees will almost certainly end up unemployed if the solar industry collapses.

Please also note that installing solar systems puts money back in the state's economy. Homeowners that install solar systems have more disposable income. Businesses that install solar systems have more money to invest in the local economy. Meanwhile, producing power from an indigenous resource avoids sending billions of dollars abroad to pay for oil. Reducing Hawaii's dependence on imported oil enhances our state's energy security.

Finally, in considering the wisdom of eliminating the RETITC please note that the federal government has recently extended its tax credit for 8 years in recognition of the need to nurture the solar industry through its start up phase so that it can become a key driver of the global green economy. Without a matching commitment from the state, the solar industry in Hawaii will become a small, idiosyncratic curiosity rather than the growth engine it is poised to be.

Rolf Christ
President
R&R Solar Supply

A handwritten signature in black ink, appearing to read 'Rolf Christ', with a horizontal line extending to the right from the bottom of the signature.



Turtle Bay Resort
true hawai'i

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 3pm

State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Robert Boyle

Mahalo,

Robert Boyle

Vice President & General Manager



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

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

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Cellular Bioengineering, Inc.

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HB1743: Relating to Taxation

Date: February 26, 2009

Time: 3:00 p.m.

Place: Conference Room 308

To: House Committee on Finance

The Honorable Marcus R. Oshiro, Chair

The Honorable Marilyn B. Lee, Vice Chair

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

Re: Testimony in Opposition to HB1743

Aloha Chair, Vice Chair and Members of the Committee:

Thank you for the opportunity to testify on this bill. CBI opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until December 31, 2010 and investments were made on that statutory commitment. Any reduction or suspension of the credit or the carryover provisions prior to December 31, 2010 would erode, if not destroy, investor confidence; would dry up investments; and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the September 2008 DoTax study, these QHTBs spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4,000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTBs will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

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

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

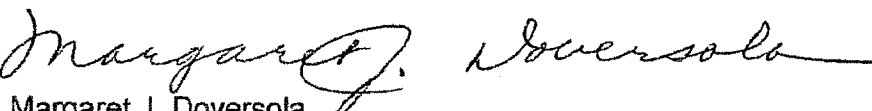
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.


Margaret J. Doversola
Hawaii Casting Director

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

House Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

FROM: Robert King

Testimony in Opposition to HB1743

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

Pacific Biodiesel opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. 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 Biodiesel believes that a better approach is contained in HB 1451 HD

Thank you for the opportunity to testify.

Sincerely,

Robert King, President

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



February 25, 2009

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

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

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

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

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

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

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

Sincerely,

Ben London
Executive Director
The Recording Academy, PNW Chapter
206.834.1000
BenL@Grammy.com



February 25, 2009

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Sincerely,

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

Peter J. Mago - Owner



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

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

FROM: Charles M. Brotman
Title: owner
Companies: Charles Michael Brotman Music, LLC; MIX808

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Charles Michael Brotman Music LLC and MIX808 oppose those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Charles Michael Brotman Music LLC and MIX808 believes that a better approach is contained in HB 1451 HD1.

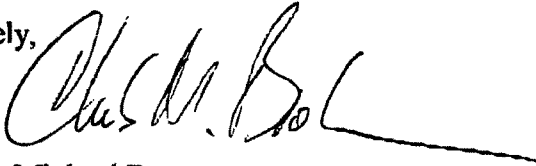
I would like to provide you with testimony concerning the beneficial impact of Act 221 on two Hawaii businesses: Charles Michael Brotman Music LLC, and MIX808. First, a bit of background: I am composer, producer, performer, recording studio owner, record company owner, and have been in the music business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

distributed in Hawaii, on the mainland, in Japan, and on most digital download websites such as iTunes.

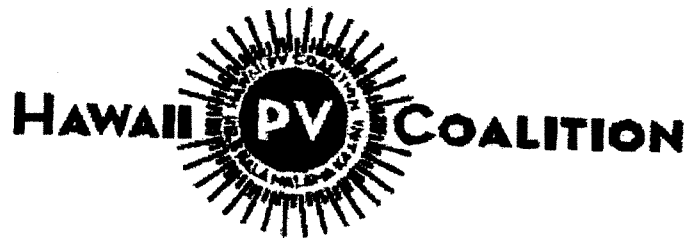
I do music production at my Big Island Recording studio (www.lavatracks.com) under my company, Charles Michael Brotman Music LLC, and a company we have just started, MIX808 (www.mix808.com), was formed to create recording projects that will result in recording careers for local artists. In the case of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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Charles M. Brotman", with a long horizontal line extending to the right.

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



House Finance Committee

Room 308
3:00 P.M

Marcus Oshiro, Chair
HB 1743

Marco
Mangelsdorf
Vice-President

Testimony in Strong Opposition

There is strong, if not overwhelming, support across the political spectrum for the more rapid development and adoption of renewable energy sources and technologies here in our islands. Who among us would dispute the goal of making Hawai'i greener, cleaner and more energy independent?

One of the indispensable factors which has supported the greater use of renewable energies in the state is the State Renewable Energy Technology Tax Credit (235-12.5). This tax credit has served to make these technologies more available and affordable to tens of thousands of Hawai'i home and business owners and has contributed to providing skilled jobs to our workforce.

Reducing or eliminating this tax credit even for an ostensibly temporary period would have a devastating effect on consumer confidence and the public's ability to purchase renewable energy systems as well cause further job losses in the state in an industry that needs to be nurtured and grown.

Finally, taking away or limiting the benefits of this tax credit *retroactively* would be unfair to those businesses and homeowners who have already purchased and installed these systems.

I respectfully urge you to reject this bill. While all of us in the State need to necessarily tighten our belts in these tough economic times, gutting one of Hawai'i's most important means of making Hawai'i nei more energy independent would be decidedly counterproductive.

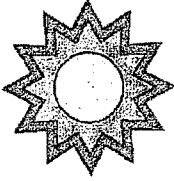
Thank you for your consideration.

The Sun At The Source Of Life
Mary Kawena Pukui

Post Office Box 81501, Haiku HI 96708

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F 808 575 9878

info@hawaiipvcoalition.org
www.hawaiipvcoalition.org



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TESTIMONY OF INTER-ISLAND SOLAR SUPPLY
IN REGARD TO H.B. 1743, RELATING TO TAX CREDITS
BEFORE THE HOUSE COMMITTEE ON FINANCE
ON
THURSDAY, FEBRUARY 26, 2009

Chair Oshiro, Vice-Chair Lee and members of the committee, my name is Cully Judd and I represent Inter-Island Solar Supply, a wholesale distributor of renewable energy systems and components established in 1975, and presently doing business on Oahu, Maui, and the Big Island.

Inter-Island strongly opposes HB 1743, in particular its application to Hawaii Revised Statutes §235-12.5, the renewable energy technologies income tax credit.

HRS 235-12.5 has helped made Hawaii the national leader in the installation of solar water heating systems. In 2008 over 8,300 were installed in Hawaii. This statute also provides a critical incentive and buying signal for ratepayers and businesses seeking to purchase photovoltaic solar electric systems in order to minimize their electric bills.

The rapid deployment of all market ready solar energy systems remains a central State of Hawaii energy policy goal. Support for renewables is an essential tenet of the much publicized State of Hawaii Clean Energy Initiative (HCEI). Simply put, Hawaii will not make significant progress in reducing its dependence on volatile, expensive, and polluting fossil fuels without consistent legislative and regulatory support. Renewables are Hawaii's energy future. The elimination or abridgement of the renewable energy tax credits will be an immediate disaster for the HCEI, electric utility renewable generation and demand-side management programs, ratepayers seeking relief from high energy prices, and the general economy (the renewable energy industry remains one of the few economic sectors experiencing job growth and expansion in Hawaii).

Independent analysis has shown that HRS 235-12.5 provides **positive fiscal and economic benefits** to the State of Hawaii.¹ The elimination or abridgement of this statute will have an immediate adverse impact on general fund revenues, job growth, capital formation and business expansion. This is a recipe for disaster and one the State of Hawaii can ill afford now or in the future.

I urge this committee to defer this bill. Thank you for the opportunity to testify.

¹ Report of the Energy-Efficiency Policy Task Force, January 2002, DBEDT. It is important to note that the positive fiscal and economic benefits of these credits to the State of Hawaii were calculated using baseline crude oil prices under \$30/bbl.



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. 1743 - Related to Taxation

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

BOARD OFFICERS

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President

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Vice-President

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Richard S. Koenig
Oswald Stender

EXECUTIVE DIRECTOR

David M. Nakamura

The Mutual Housing Association of Hawai'i, Inc. ("Mutual Housing")
opposes House Bill No. 1743 which repeals the State Low Income
Housing Tax Credit ("LIHTC") under HRS §235-110.8 and HRS §241-4.7.

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

P1

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

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

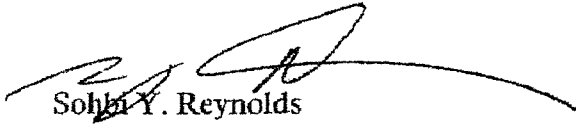
I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

P2.



Sohbi Y. Reynolds



WOODBURY
GREEN BUILDING
CONSULTATION



Re: HB1743

Testimony in Strong Opposition

Honorable Chair Oshiro,

I respectfully urge you to reject this bill. While all of us in the State need to necessarily tighten our belts in these tough economic times, gutting one of Hawai'i's most important means of making Hawai'i more energy independent and attracting green business would be decidedly counterproductive.

Such efforts would be counter to those sought by The Department of Economic Development and Tourism. This bill would challenge the goals that the State has made to adopt the 2006 International energy conservation code IECC, and would fundamentally cripple the efforts of Hawaii's 2020 energy independence initiative.

Such efforts would affect my business directly and rob me of my livelihood, resulting in a loss of tax revenue for the state that is far greater than the tax credit itself.

There is strong, if not overwhelming, support across the political spectrum for the more rapid development and adoption of renewable energy sources and technologies here in our islands. Who among us would dispute the goal of making Hawai'i greener, cleaner and more energy independent?

One of the indispensable factors which has supported the greater use of renewable energies in the state is the State Renewable Energy Technology Tax Credit (235-12.5). This tax credit has served to make these technologies more available and affordable to tens of thousands of Hawai'i home and business owners and has contributed to providing skilled jobs to our workforce.

Reducing or eliminating this tax credit even for an ostensibly temporary period would have a devastating effect on consumer confidence and the public's ability to purchase renewable energy systems as well cause further job losses in the state in an industry that needs to be nurtured and grown.

Finally, taking away or limiting the benefits of this tax credit *retroactively* would be unfair to those businesses and homeowners who have already purchased and installed these systems, many of whom are my clients. The effect could be economically crippling to them, and would most certainly mortally wound our credibility in the industry of alternative energy.

Mahalo for your consideration.

Alex Woodbury

MAKANA MUSIC LLC

758 Kapahulu Ave * A 406 * Honolulu, HI 96816
makanalive@gmail.com * 808.265.1301

RE: HB 1743 and HB 1746

DATE: February 26, 2009

TIME: 3:00 p.m.

PLACE: Conference Room 308

TO: Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

FROM: Makana

Owner

Makana Music, LLC

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Makana. I am a Hawaii based songwriter, musician, performer, and producer.

I STRONGLY OPPOSE HB 1743 and HB 1746.

In the panic of facing major government funding deficits, it is convenient to view the arts sector as nonessential to the welfare of the State's economy.

It is not.

Through legislation like Acts 88, 221 & 215 the State of Hawaii gained revenue streams that would likely have not existed otherwise. Over \$1.4 billion was spent through QHTB's in Hawaii between 2002 & 2007. Viewing these capital movements as losses rather than gains is a miscalculation that will cost both the State of Hawaii and the entertainment community dearly.

Let us not commit the error of enacting indiscriminate stopgaps in the process of addressing the concerns of State revenue. If the issue of abuse (of 221/ 215) is the driving concern, implement stricter regulation and impose rigorous penalties for such, but do not erase the value of these effective incentives. Please consider the broad economic benefits of an attractive and nurturing arts habitat, one that will continue to provide jobs, heavy spending, and encourage not only visiting businesses to acquire tax burdens here, but also offer incentive to Hawaii-based artists, film makers and other intellectual property dealers to take the courageous

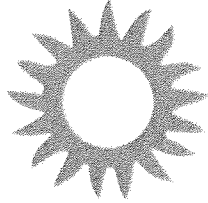
leap of faith needed to produce art. This is no request for charity; it is a call to review the broad gains of such legislation, which has now become an obvious target by its own seemingly exclusive nature, and due to the unlawful exploitation by a few. Let us see how the benefits outweigh the drawbacks, and how such drawbacks can be confronted without throwing the proverbial baby out with the bathwater.

Our island society benefits by engendering a climate of prosperity through both the success of those in the entertainment/ arts industry, and the growth of an entertainment market based in Hawaii that is essential to our worldwide reputation as a destination and cultural mecca. Now, more than ever, Hawaii needs other streams of income than tourism. By KILLING HB 1743 and HB 1746 you will take the necessary action toward sustaining the steady growth of the entertainment industry in Hawaii, thereby investing in the diversification of Hawaii's economic future.

Mahalo for your consideration.

Makana
Performing Artist, Owner
Makana Music LLC
808.265.1301
makanalive@gmail.com

TESTIMONY SUBMITTED BY



**ISLAND PACIFIC
ENERGY**

Joseph Saturnia

President

Island Pacific Energy LLC

(808) 377-4570

joseph.saturnia@islandpacificenergy.com

www.islandpacificenergy.com

Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

HB 1743

RELATING TO TAXATION

February 26, 2009 3:00pm

State Capitol

House Conference Room 308

415 South Beretania Street

Honolulu, HI 96813

Opposition to HB 1743 – RELATING TO TAXATION

Executive Summary

My name is Joseph Saturnia and I am President of Island Pacific Energy, a local renewable energy finance company. I am testifying in opposition to HB 1743 - RELATING TO TAXATION. I oppose this bill because the current renewable energy tax credits are the only state incentive to encourage the development of solar energy systems. Without this incentive, there will be little if any new development of solar energy in the State of Hawaii.

Hawaii State Tax Credit Incentives

Nearly all solar energy projects rely on government incentives to be financially viable. Effective economic incentives are required to encourage meaningful deployment of solar energy. Without government incentives, it is nearly impossible to financially justify installing a solar energy system. Since solar energy projects rely so heavily on government incentives, reducing or eliminating these incentives makes installing new solar energy systems financially impossible.

To date, all significant solar energy projects in the State of Hawaii have relied on the Renewable Energy Technology Tax Credit. Without this tax credit, assuredly none of these projects would exist. If the tax credit is repealed, it is unlikely that any meaningful progress will be made towards the State's renewable energy goals for solar power.

Retroactive Repeal is Unfair

It is unfair to retroactively suspend the Renewable Energy Technology Tax Credit to January 1, 2009. Many homeowners and businesses have placed trust in the legislature and have either begun the process or completed the installation of a solar power system. The justification for installing their systems was due in part to the assistance the state promised (under law) to provide to them. It is unfair to retroactively eliminate the Renewable Energy Technology Tax Credit and place a significant financial burden on those homeowners and organizations who are doing their part to help create a more sustainable Hawaii.

Conclusion

The Renewable Energy Technology Tax Credit is vital to encouraging the development of solar energy systems and to meeting the State's renewable energy goals. I urge the committee to oppose HB 1743 and continue to provide Hawaii with the only incentive that encourages development of solar energy systems.

Joseph Saturnia
President

Island Pacific Energy LLC

(808) 377-4570

joseph.saturnia@islandpacifenergy.com

www.islandpacifenergy.com

About Island Pacific Energy

Island Pacific Energy is the largest developer/operator of photovoltaic solar energy facilities in the State of Hawaii. Island Pacific Energy's innovative SimpleSolar™ program makes renewable energy systems affordable to Hawaiian consumers, businesses, government, and not-for-profit organizations. Island Pacific Energy's photovoltaic solar power system installed at Punahou School is the largest system of any private school in the nation.

RE: HB 1743 and HB 1746

DATE: February 26, 2009

TIME: 3:00 p.m.

PLACE: Conference Room 308

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

FROM: Kenneth Makuakane
Record Producer/ Engineer
Makuakane Music Corporation

RE: Testimony In STRONG OPPOSITION TO HB 1743 and HB 1746

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

My name is Kenneth Makuakane. I am a record producer, recording engineer, songwriter, arranger, author, artist, promoter and a musician. I am on the board of the Hawaii Academy of Recording Arts (HARA) and have co-chaired the last two Na Hoku Hanohano awards shows held at the Hawaii Convention Center. I am also a board member of the Boys & Girls Club of Hawaii Windward clubhouse where there is a strong push to further the development of computer technology and music programs for our student members. In conjunction with the Apple Computer Educational branch, I teach iLife and more specifically the Garage Band music software capabilities to the Department of Education teachers and students statewide, because music universally opens doors into the hearts and minds of the student, allowing dissemination of state sponsored curriculum to

I STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these legislation would have a devastating impact upon Hawaii's creative community. [Add here how these bills would impact you directly].

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

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

Furthermore, 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 performing arts and other qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted above, 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. We believe that a better approach is contained in HB 1451 HD1.

Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film Office).

More than any other group, the repeal of HRS Section 235-7.3 would be most detrimental to our local songwriters, recording artists, film makers, story tellers, cultural practitioners and other creative individuals who are struggling just to stay alive. Repeal of this law would have a disproportionately negative impact upon native Hawaiians due to the large number of native Hawaiians who work in the performing arts industry.

Please do not throw your creative community under the bus in a misguided attempt to save the State money. Your creative community not only enhances the quality of life for all residents in the State of Hawaii, it enriches the tourist experience which is so vital to our local economy.

Sincerely,

Kenneth Makuakane
Record Producer
Makuakane Music
808-330-7041
kmakuakane@mac.com



HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Ocean Engineering and Energy Systems, Inc., opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

Ocean Engineering and Energy Systems, Inc., believes that a better approach is contained in HB 1451 HD1.

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

Thank you again for the opportunity to testify.

Sincerely,

Harry G. Jackson

President & CEO
Ocean Engineering and Energy Systems, Inc.

808-954-6020

hjackson@ocees.com

Cellular Bioengineering, Inc.

Invent. Disrupt. Inspire.

HB1746: Relating to Taxation

Date: February 26, 2009

Time: 3:00 p.m.

Place: Conference Room 308

To: House Committee on Finance

The Honorable Marcus R. Oshiro, Chair

The Honorable Marilyn B. Lee, Vice Chair

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

Re: Testimony in Opposition to HB1743

Aloha Chair, Vice Chair and Members of the Committee:

Thank you for the opportunity to testify on this bill. CBI opposes HB1746.

The tax credit provisions of Act 221/215 were to be in effect until December 31, 2010 and investments were made on that statutory commitment. Any reduction or suspension of the credit or the carryover provisions prior to December 31, 2010 would erode, if not destroy, investor confidence; would dry up investments; and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the September 2008 DoTax study, these QHTBs spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4,000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTBs will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

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

Sincerely,



1946 Young Street, Suite 288 · Honolulu, Hawaii 96826

Ph: 808.949.2208 · Fax: 808.949.2209

www.cellularbioengineering.com

Private Security Inc.

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

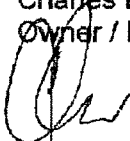
I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

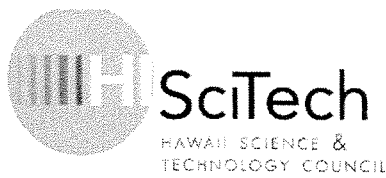
- Act 88 is NOT a drain on the general fund - it is revenue neutral
- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
- Spending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

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

Thank you for the opportunity to provide these comments.

Sincerely,
Charles Long
Owner / President





HB1743: Relating to Taxation

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

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

FROM: Lisa Gibson
President
Hawaii Science & Technology Council

RE: Testimony In Opposition to HB1743

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) opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

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

Sincerely,

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

HB1743 - Relating to Taxation

DATE: February 25, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Superb Development & Service Corp. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215, especially the proposed repeal of HRS 235-7.3 & 235-9.3.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

SD&SC has started business in Hawaii just in February of 2009, and a significant reason behind our costly and time-consuming move from Vancouver, BC, Canada to Honolulu, Hawaii was precisely HRS 235-7.3 & 235-9.3, that are applicable to us as an advanced software developer & researcher. We started the moving to Hawaii process more than a year ago - in January of 2008. Now as we are finally here, after a lengthy and costly move process, we feel very much let down by the state legislature, in making this 180 degree turn and proposing to remove these key tax laws, that are vital in keeping businesses such as us here in Hawaii, where the cost of doing business is very high due to the numerous Hawaii-specific employer-unfriendly laws. We are adding 2-4 new advanced software developer jobs per month, and expect to grow many fold this year, creating 10 or more well-paid local developer jobs (and another 10+ new advanced systems administration and such jobs via our affiliates). However, the proposed removal of HRS 235-7.3 & 235-9.3 would greatly erode our confidence in Hawaii and may prompt us to move back to the mainland, the cost of doing business in Hawaii being unbearably high, with the only real incentive for us to be here being removed.

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

Sincerely,

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 2:37 PM
To: FINTestimony
Cc: margaretdoversola@gmail.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: Margaret J. Doversola
Organization: Individual
Address: 676 Aipo Street Honolulu, HI 96825
Phone: 808/396-0818
E-mail: margaretdoversola@gmail.com
Submitted on: 2/24/2009

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

RE: HB 1743 - Relating to Taxation

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

I am a working member of the film business here in Hawaii and strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic tax credit also known as Act 88 and ask that you remove its reference from the measure since it is a fiscally responsible credit that is part of the solution and not part of the problem for several reasons.

Act 88 is not a drain on the general fund, it is revenue neutral.

This measure has generated many millions of direct expenditures into the local economy at no cost to the State.

It created hundreds of jobs like mine (I am a working Casting Director and have been since Magnum, P.I.) as well as creating a great array of business opportunities to hundreds of vendors throughout the state, and greatly supporting the visitor industry through hotel, airlines, rental cars, restaurants etc, etc.

The amount of free advertising movies/tv filmed in Hawaii create for this state is simply inestimable. People still come here because of "Hawaii Five-0"! Right now with our economy in a shambles we seriously need a new show featuring Hawaii to bring our visitors back to our shores. Having been in the industry for over 30 years, beginning with "Hawaii Five-0" I know first-hand just how many visitors come to watch us film and even become involved as workers, extras, vendors etc. By eliminating the aid provided to film-makers we may not see the work we all need, not to mention the publicity it provides the Islands and right now the thought of not working at all, is very sobering to all of us involved in the film/tv industry.

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

Thank you for the allowing me to provide these comments.

Sincerely,

Margaret J. Doversola
Casting Director

HB1743 - Relating to Taxation

DATE: February 25, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

RE: Testimony in Opposition to HB1743

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 opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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.

Accuity LLP believes that a better approach is contained in HB 1451.

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

Thank you for the opportunity to testify.

Sincerely,

Kent K. Tsukamoto

Kent K. Tsukamoto

Managing Partner

Accuity LLP

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

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

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I **strongly oppose the portion of HB 1743 that applies to Section 235-17**, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Sincerely,
Marilyn Mick
Honolulu

Hawaii Film Authority, Inc.

Stephanie Spangler
4599 Waikui Street
Hono, HI 96821
808-373-2710

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

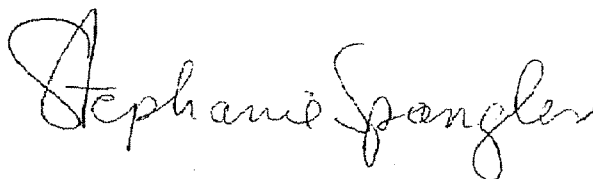
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Stephanie Spangler



HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

Thank you for the opportunity to provide these comments.

Kenneth A. Kauter
Producer
Creative Services Assoc
Box 458, Kailua, Hi.
96734

HB1743 - Relating to Taxation

DATE: February 25, 2009
TIME: 3:00pm
PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Superb Development & Service Corp. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215, especially the proposed repeal of HRS 235-7.3 & 235-9.5.


The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

SD&SC has started business in Hawaii just in February of 2009, and a significant reason behind our costly and time-consuming move from Vancouver, BC, Canada to Honolulu, Hawaii was precisely HRS 235-7.3 & 235-9.5, that are applicable to us as an advanced software developer & researcher. We started the moving to Hawaii process more than a year ago - in January of 2008. Now as we are finally here, after a lengthy and costly move process, we feel very much let down by the state legislature, in making this 180 degree turn and proposing to remove these key tax laws, that are vital in keeping businesses such as us here in Hawaii, where the cost of doing business is very high due to the numerous Hawaii-specific employer-unfriendly laws. We are adding 2-4 new advanced software developer jobs per month, and expect to grow many fold this year, creating 10 or more well-paid local developer jobs (and another 10+ new advanced systems administration and such jobs via our affiliates). However, the proposed removal of HRS 235-7.3 & 235-9.5 would greatly erode our confidence in Hawaii and may prompt us to move back to the mainland, the cost of doing business in Hawaii being unbearably high, with the only real incentive for us to be here being removed.

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

Sincerely,


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

Personal Testimony Presented before the
House Committee on Finance
Thursday, February 26, 2009, 3:00 p.m.
by
Ching Yuan Hu

HB 1743 - 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 1743. This testimony does not represent the position of the University of Hawai'i or CTAHR.

I oppose those parts of HB1743 which repeal tax provisions contained in Act 221/215. The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

I believe that a better approach is contained in HB 1451.

Thank you for the opportunity to testify on this bill.

Millenium Films

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

February 25, 2009

Re: HB 1743 - Relating to Taxation

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

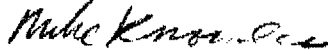
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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

Sincerely



Mike Knowles
Director of Photography

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: GB Hajim
Managing Director
Island Planet One Productions

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Island Planet One Productions opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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

Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

You need to come to the local high schools here and take a look into the eyes of these kids and their parents. Most of the jobs are in the waning tourism industry. The unemployment rate is around 7% here and growing - Where is their hope for a better life? Where are their options?

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

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

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

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

Almost all my employees and interns have stories like this.

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

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

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

That is what this is all about.

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

Sincerely,

GB Hajim

Director

Island Planet One Productions, LLC

(a Hawaii State Qualified High Technology Business)

PO Box 430 Papaikou Hawaii 96781

cell (808) 960-7619 studio (808) 963-5482

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

Thank you for the opportunity to provide these comments.

Katherine A. James CUSTOMER
1103 Lunaha St.
Kailua, HI 96734



Edutainment Resources, Inc.

美國教娛資源有限責任公司

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Edutainment Resources, Inc. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

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 4,000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Edutainment Resources, Inc. believes that a better approach is contained in HB 1451 HD1.

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



Pacific Aquaculture and Biotechnology LLC

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

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

DATE: February 25, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Joseph Tabrah
President
Pacific Aquaculture and Biotechnology LLC

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Pacific Aquaculture and Biotechnology LLC opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

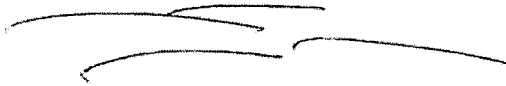
Pacific Aquaculture and Biotechnology LLC believes that a better approach is contained in HB 1451.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Tabrah', with a horizontal line underneath.

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

Via Fax: 586-6001

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 3pm

State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

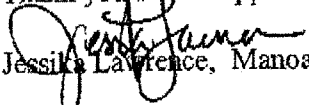
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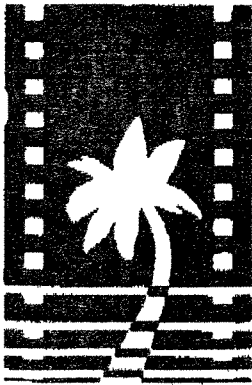
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- It creates hundreds of direct industry jobs and indirect supporting industry jobs
- It supports visitor industry infrastructure - hotels, airlines, rental cars, retail stores, restaurants, local business owners and more!
- **It provides for millions of dollars of free advertising, which we need more than ever to remain competitive with the sliding value of the dollar internationally. We are a visitor based economy and we need the exposure to keep Hawaii EMPLOYED.**

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

Thank you for the opportunity to provide these comments.


Jessica Lawrence, Manoa.



REEL SERVICES/HAWAII, INC.

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

#106-226

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

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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Thank you for the opportunity to provide these comments.

Gene Larkin
CASTING DIRECTOR



HB1743 - Relating to Taxation

DATE: February 25, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1743

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

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

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

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

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

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

Sincerely,



Danny Rosner

President

Hawaii Media, Inc.

(808) 484-5706

Email: danny@hawaiimedia.com

Shinkawa Limited

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

2/25/09

FAX to: 808-586-6001

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Paul Shinkawa, Vice President

RE: Testimony in Opposition to HB1743

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

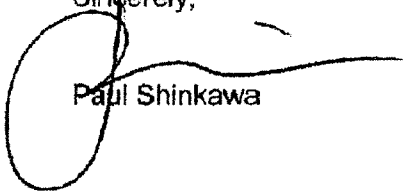
Thank you for the opportunity to testify on these bills. Shinkawa Limited opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Shinkawa Limited believes that a better approach is contained in HB 1451 HD1.

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

Sincerely,



Paul Shinkawa

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

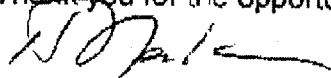
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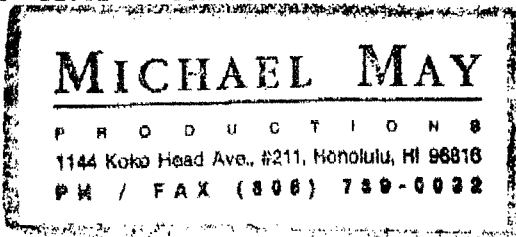
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- The measure has generated over \$300 million in direct expenditures into the local economy at no cost to the state
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- It creates hundreds of direct industry jobs and indirect supporting industry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

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

Thank you for the opportunity to provide these comments.


LeRoy Jenkins

Producer



HOUSE COMMITTEE ON FINANCE
 February 26, 2009 - 3pm
 State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It's based on a percentage of actual spend - if a company doesn't spend the money, they don't get a rebate
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Thank you for the opportunity to provide these comments.

Michael M. May
 PRODUCER, MEDIA

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Mark Loughridge, President, Aloha Island Inc.

RE: Testimony in Opposition to HB1743

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

Thank you for the opportunity to testify on this bill. Aloha Island, Inc. opposes those parts of HB1743 which repeal tax provisions contained in Act 221/215.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

Aloha Island Inc. believes that a better approach is contained in HB 1451 HD1.

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

Thank you for the opportunity to testify.

Sincerely,

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



integrated branding + production

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1743 - Relating to Taxation

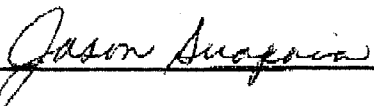
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
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Thank you for the opportunity to provide these comments.



President

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

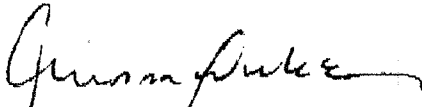
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- It provides for millions of dollars of free advertising

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Thank you for the opportunity to provide these comments.

Sincerely,



Elissa Dulce, local actress

Re: FIN Committee, HB1743 & HB1589 Room 308 3PM
via fax 808 586-6001

02/26/09

Testimony in Strong Opposition

Honorable Chair Oshiro,

I respectfully urge you to reject these bills. While all of us in the State need to necessarily tighten our belts in these tough economic times, gutting one of Hawai'i's most important means of making Hawai'i more energy independent and attracting green business would be decidedly counterproductive.

Such efforts would be counter to those sought by The Department of Economic Development and Tourism. This bill would challenge the goals that the State has made to further energy independence and would be counter to its efforts to support the 2006 International energy conservation code IECC. Such efforts would fundamentally cripple the efforts of Hawai'i's 2020 energy independence initiative.

Such efforts would affect my business directly and rob many of their livelihoods, resulting in a loss of tax revenue for the state. There is strong, if not overwhelming, support across the political spectrum for the more rapid development and adoption of renewable energy sources and technologies here in our islands. Who among us would dispute the goal of making Hawai'i greener, cleaner and more energy independent?

One of the indispensable factors which has supported the greater use of renewable energies in the state is the State Renewable Energy Technology Tax Credit (235-12.5). This tax credit has served to make these technologies more available and affordable to tens of thousands of Hawai'i home and business owners and has contributed to providing skilled jobs to our workforce.

Reducing or eliminating this tax credit even for an ostensibly temporary period would have a devastating effect on consumer confidence and the public's ability to purchase renewable energy systems as well cause further job losses in the state in an industry that needs to be nurtured and grown.

Finally, taking away or limiting the benefits of this tax credit *retroactively* would be unfair to those businesses and homeowners who have already purchased and installed these systems. The effect could be economically crippling to them, and would most certainly mortally wound our credibility in the industry of alternative energy.

Our family just invested \$14,000 in a photovoltaic system this month, and if the tax credit is lost, it will cause us great financial hardship. Please do not eliminate the tax credit.

Mahalo for your consideration.

Robert M. (Bob) Hunter, Ph.D., P.E.
65-1116 Hokuula Rd.
P.O. Box 2709
Kamuela, HI 96743
tel 808-885-4194
cel 406-581-2234
fax 866-740-4144 toll free
robert.m.hunter@hawaiiantel.net
www.webpatent.com

HAWAII STATE HOUSE OF REPRESENTATIVES
REGULAR SESSION OF 2009

COMMITTEE ON FINANCE

February 26, 2009
3:00 PM, Conference Room 308

HB1743 & HB 1746 – (Both measures entitled) RELATING TO TAXATION

Chair Rep. Marcus Oshiro, V. C. Rep. Marilyn B. Lee and Committee Members:

Good Afternoon. My name is Dante Carpenter, Director of Public Affairs for Carbon Diversion, Inc. (CDI). CDI strongly opposes those parts of HB1743 and all of HB 1746 which repeal or thwart the provisions of Act 221/215. It is simply the wrong strategy at a time when Hawaii needs an economic stimulus, not the equivalent of “a poke in the eye with a sharp stick!”

Please let the original enabling legislation with its sunset in December 2010 stay its course, at the very least. Do not let short-term thinking compromise long-term objectives. The State of Hawaii cannot afford to stop Act 221/215 just when it's starting to pay off. These Tax incentives provided both responsive and responsible legislation in 2001 and 2003, respectively. And, they were created for Hawaii to expand business opportunities in activities other than Tourism (at all time low) and Military (beyond Hawaii control) and local and state government (?).

Carbon Diversion Inc. is a local Hawaiian company which has developed a hybrid gasification carbonization process which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. This results in lessened dependency on fossil fuels, landfills and can indirectly provide lower priced electrical energy to the grid.

Any reduction or suspension of the credit or carryover provisions prior to end-date 2010 would be detrimental to investor confidence in Hawaii! Further, it would undermine and lead to the demise of a number of qualified high tech businesses (QHTB's). It's obvious you (legislators) collectively will negate any “good intentions” of ACT 221/215 Incentives – which will include millions of dollars in investments and hundreds of jobs created to-date. Moreover, you'll help stymie future growth potential at a time when Hawaii can least afford it!

Hawaii's future depends upon economic diversification rooted in the seeds planted with the help of Acts 221/215. The cost is small indeed, when compared to the ultimate benefit. Let the entrepreneurs do their thing, and everyone will benefit.

We strongly urge you to file these bills!

Thank you very much

OPPOSITION TESTIMONY
For HB 1743 & 1746
February 26, 2009

To: The State of Hawai'i House of Representatives
Chair Marcus Oshiro
Vice-Chair Chris Lee and Members of the Committee

From: Ka`uhaneokekai Lee
On behalf of the family of the late Kui-o-ka-lani Lee
(808) 728-5663
leeohanahawaii@gmail.com

Re: HB 1743 and 1746
Opposition Testimony

Aloha mai kakou! Aloha House Members, Councilmen and women, Servants and Supporters of our Hawaiian Island Communities, aka The State of Hawai'i.

O Ka`uhaneokekaikuiokalani Lee ko`u inoa. My name is Ka`uhaneokekai Lee.

I am here on behalf of our `Ohana, our family of the late Kui-o-ka-lani Lee. Kui Lee was a Hawaiian songwriter, music recording artist, entertainer, dancer, and cho-re-o-grapher who was determined to promote, share, perpetuate and preserve Hawaiian culture and life through his music, songs, and cultural dances globally amongst other well known Hawaiian Music Artist and Dancers from Hawai'i nei-Polynesia.

Our Hawaiian and Local Music Artist, Dancers, Entertainers, Actors, Producers, Directors and others in the Hawai'i music and film industry, have not only made great music hits, provided cultural entertainment, presented spectacular shows, documented stories about our ways of life and living, photographed and filmed our sacred sites, volcanoes, captured the beauty of our Hawaiian Islands, and created life moments and memories for family, friends, communities and visitors. Our Music Artist, Entertainers, and film makers have paved the way for future generations to be in this special field of work and has kept and continue to keep Hawai'i on the map as one of the world's attractive destinations culturally, spiritually, economically and socially.

It is our understanding that HB 1743 would have devastating impact on all sectors of our creative community. It would wipe out the gains the industry has made over the last decade and turn the clock back 10 years in connection with efforts to build a vibrant and robust entertainment Industry that showcases our host culture and promotes Hawaii's tourism industry.

It is hard enough for our music artist/entertainers to make a living off of their hard yet gifted work as well as to track, follow and claim their rights to their own music, protect piracy, collect their royalties and other earned compensation due to them. These earnings are depended on for their family's living needs/expenses, education fees, and healthcare cost.

Passing HB 1743 and HB 1746 would add a tremendous amount of burden, struggles to the current challenges and disaster of the ailing economy we are already faced. Tapping into the entertainment, music and film/media industry, people's hard earned work and pay to support the state's own financial deficit is not only unfair, but will only create or add to already existing problems in our own community and the world such as the highest rates of unemployment, middle class people now homeless in tents, foreclosures, closing of businesses, robbery/theft crimes as well as increased violence, dysfunctional stressful families, and suicides.

There is too much to contend with in these hard economic times. The world financial crisis is affecting everyone. And we cannot continue to strip our people, businesses and other means of financial needs and survival.

Therefore, PLEASE DO NOT PASS HB 1743 and HB 1746, as we cannot afford to take anything anymore from anyone, or create bills or laws that will only sink our ships in Hawai'i's music, entertainment and film industry/businesses. We need to stay afloat and get through these tough economic times.

We STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these Legislation would have a devastating impact upon Hawaii's creative Community and our future. And we humbly ask your support for the sustainability of Hawai'i's music, entertainers, and film/media industry.

Mahalo ke Akua, na `Aumakua, na Kupuna...Mahalo nui loa, Thank you very much for your time and consideration of this very important matter.

Ka`uhane`okekai Lee
The family of the late Kui Lee

leeohanahawaii@gmail.com
(808) 728-5663
P.O. Box 6085
Kane`ohe, Hawai`i 96744

PACIFICAP
GROUP

PACIFICAP GROUP, LLC
820 Nimitz Street, Suite 600
Honolulu, HI 96813
Direct: 808.257.5388 Fax: 808.537.2188

February 26, 2009

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

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

*Re: Testimony in Opposition to HB 1743
Relating to Taxation*

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

Thank you for the opportunity to submit testimony in OPPOSITION to HB 1743 to the extent that it would repeal the Act 221 high technology tax credits. I respectfully request that you vote against passage of this bill.

I am Jeff Au, Managing Director and General Counsel of PacifiCap, Hawaii's largest locally based venture capital firm.

I strongly oppose this bill because it would effectively take away the use of the Act 221 High Technology Business Investment Tax Credit (the "Act 221 Investment Credit"), possibly including credits for investments already made in past years.

We need to keep in mind that investors have to wait 5 years to receive all of the investment tax credits that they are entitled to for making an Act 221 investment. To have the State cut off the credits in the middle of this 5 year period, for investments made several years ago, would be like cutting off an agreed to installment payment on a car because I want to spend my money on something else, although I'm still driving the car around.

While I support the intent of this bill to lower tax rates for low income taxpayers, we need to keep in mind that Act 221 is not the cause of the current budget deficit. We need to keep in mind that even with Act 221 in past years, the State had surpluses of up to \$700 million. This year, I understand that currently, the biggest drop in tax revenues is from General Excise Taxes, to which Act 221 does not even apply.

Terminating the Act 221 Investment Credit will cut off the only source of cash that many local technology companies need to operate and survive. It will cause many of them to "starve to death," possibly resulting in job losses of \$100 million per year or more for hundreds of Hawaii workers.

Many young technology companies have little or no revenue while they conduct research to develop new technologies and products that they plan to sell. This process can take several years. During this period, these companies need investors to invest new cash each year to provide the money they need to continue their research and operations. Cutting off this source of capital before research and development is completed, and before companies reach profitability, can cause these companies to run out of money and fail, causing not only job losses, but also losses of all the money previously invested, as well as the loss of any "upside" potential for these companies, their workers, their investors and the State.

In short, this would create a "lose-lose-lose" scenario for all parties involved. It would be analogous to a parent cutting off food and support for a three year old child, before the child was mature enough to earn money on his own to support himself, thus causing the child to starve to death.

Tax Department data shows that in 2007, 177 Act 221 companies paid more than \$228 million in salaries and other job compensation, while 78.5% of them still were not profitable. If just 50% of Act 221 companies fail because of repeal of the Act 221 Investment Credit, more than \$100 million of jobs could be lost.

If this bill is interpreted to retroactively deny credits for investments made in past years, it could trigger numerous lawsuits against the State for violations of federal constitutional law.

Repealing the right to utilize Act 221 Investment Credits a year before its original sunset date of December 31, 2010 will pull the financial rug out from under local tech companies and their investors who in good faith took a chance on Hawaii as a place to invest and try to grow their companies. It will irreparably harm Hawaii's reputation as a place to invest in and do business for decades to come.

Many of the kamaaina who returned to Hawaii and convinced their families and themselves that it was worth the risk of coming home to work and trying to contribute to our community will conclude that this was all a very, very big mistake.

Even if this bill does not ultimately become law, I fear the negative impact on Hawaii's reputation if your Committee passes out this bill without amendment. It will send a message to both local and outside investors that they cannot rely upon our State to honor its long-term commitments. It will tell Hawaii's investors, entrepreneurs and workers in high tech and all other industries that our State is willing to play "bait and switch" with their money, their companies, their livelihoods and their careers.

The current credit crisis and financial meltdown around the world demonstrates how critical investor trust and confidence is to continued investment and economic growth. Once undermined, this trust and confidence is extremely difficult to restore and can cause irreparable harm for many years to come.

We are all aware of the serious budgetary problems facing our State. However, we need to make sure that proposed solutions do not make existing problems of job loss and economic stagnation even worse. Starving to death dozens of promising companies with growth potential that currently employ hundreds, if not thousands of employees, is not the way to fix our economy. We need to avoid being "penny wise and pound foolish," and make sure that we do not "jump from the frying pan into the fire."

There are better ways to balance the State budget, such as collecting just a fraction of the \$1 billion of delinquent taxes each year, which totals several billion dollars including past years.

We also must keep in mind that under existing law, Act 221 already has a self-adjusting mechanism with respect to the State budget. As the economy slows, prospective investors make less money and have less money to invest. Their income tax liability also goes down, resulting in less need for and less utilization of tax credits.

The Department of Taxation's comprehensive study of the Act 221 Investment Credit published in September 2008 concluded that the benefits of Act 221 have far exceeded its costs:

- As of the end of 2007, more than \$1.2 billion had been invested in at least 333 Act 221 technology and media companies, which had already spent more than \$1.4 billion in Hawaii.
- These Act 221 companies created more than 4,000 employee and independent contractor jobs, which paid more than \$228 million in salary and other compensation in 2007 alone.
- These Act 221 high tech and media companies earned more than \$228 million in revenues in 2007 alone.
- All of these benefits, already realized long BEFORE most of these Act 221 companies have reached their full potential, have already far exceeded the costs of credits claimed from 1999 through 2006 of less than \$296 million (\$437 million including credits claimed from 1999 through 2007).

Based on DoTax's study, Act 221 is NOT the cause of the State's current budgetary problems. To the contrary, Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. It does not make sense to retroactively repeal the Act 221 Investment Credit at a time when our economy needs it the most.

Young technology companies require several years and multiple rounds of investments to reach their full potential. According to a January 3, 2009 *San Francisco Chronicle* article, venture-backed companies took an average of 8.3 years before going public in 2008. If capital from Act 221 is limited, we will risk prematurely killing many Act 221 companies and losing up to 7 years worth of past investments already made into these companies. To the extent that 78.5% of Act 221 companies in 2007 were not yet profitable and needed additional capital to survive,

Testimony in Strong Opposition to HB 1743
Relating to Taxation
House Committee on Economic Revitalization, Business and Military Affairs
Hearing Date: February 26, 2009
Page 4

more than a \$100 million of jobs per year could be lost if less than half of the Act 221 companies run out of money and fail.

Thank you very much for allowing me to submit this testimony today.

Respectfully submitted,

Jeffrey K. D. Au
Managing Director and General Counsel
PacifiCap Group, LLC

022609JAUFINOPPOSITIONTOHB1743.022609Draft#1

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 1:40 PM
To: FINTestimony
Cc: mnitehawk@gmail.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: Mark Nitta
Organization: Individual
Address: 94610 Lumiaina Honolulu
Phone: 6760742
E-mail: mnitehawk@gmail.com
Submitted on: 2/26/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

- Act 88 is NOT a drain on the general fund - it is revenue neutral
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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 1:41 PM
To: FINTestimony
Cc: lisahiguchi@gmail.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: Lisa Higuchi
Organization: Individual
Address: 46-366 Holokaa Place Kaneohe HI
Phone: 2253369
E-mail: lisahiguchi@gmail.com
Submitted on: 2/26/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

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Thank you for the opportunity to provide these comments.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 9:34 PM
To: FINTestimony
Cc: mauibb2002@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: Deborah Manzano
Organization: Individual
Address: 11 Waihili Place Kihei HI
Phone: 808-875-4774
E-mail: mauibb2002@yahoo.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 7:29 AM
To: FINTestimony
Cc: jsmithipa@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: Jesse Smith
Organization: Individual
Address: 1691B Kamamalu Ave Honolulu, HI
Phone: (808)551-1909
E-mail: jsmithipa@yahoo.com
Submitted on: 2/25/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

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***Moreover, many states and countries that Hawaii competes with for production offer even more generous tax credits. Even California is now offering tax credits to stem the tide of "runaway production" and bring the productions that are now fueling our film economy back to Hollywood. Without Act 88 Hawaii's film industry will collapse forcing our local talent and crew out of work and dependent on the state for subsistence. This is not a viable option in these tough economic times where wellpaying jobs like the ones created by Act 88 are nonexistent. You are our elected officials. Please continue to be a part of the solution and do what it takes to keep this important industry thriving in our islands.

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

Thank you for the opportunity to provide these comments.

Aloha,
Jesse Smith (SAG)

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 8:07 AM
To: FINTestimony
Cc: strsws@mac.com
Subject: Testimony for HB1743 on 2/26/2009 3:00:00 PM
Attachments: 221-215 Slideshow.pdf; 221-215 Handouts.pdf

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

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
It: Wednesday, February 25, 2009 4:57 PM
To: FINTestimony
Cc: candramaita@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: 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.

FINTestimony

From: mailinglist@capitol.hawaii.gov
It: Wednesday, February 25, 2009 5:08 PM
Subject: FINTestimony
Cc: bhoffman@hawaii.rr.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: Blossom L. Hoffman
Organization: Individual
Address: 3278 Olu Street Honolulu, HI 96816
Phone: (808)734-8703
E-mail: bhoffman@hawaii.rr.com
Submitted on: 2/25/2009

Comments:

HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 7:30 AM
To: FINTestimony
Cc: jsmithipa@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: Jesse Smith
Organization: Individual
Address: 1691B Kamamalu Ave Honolulu, HI
Phone: (808)551-1909
E-mail: jsmithipa@yahoo.com
Submitted on: 2/25/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

***Moreover, many states and countries that Hawaii competes with for production offer even more generous tax credits. Even California is now offering tax credits to stem the tide of "runaway production" and bring the productions that are now fueling our film economy back to Hollywood. Without Act 88 Hawaii's film industry will collapse forcing our local talent and crew out of work and dependent on the state for subsistence. This is not a viable option in these tough economic times where wellpaying jobs like the ones created by Act 88 are nonexistent. You are our elected officials. Please continue to be a part of the solution and do what it takes to keep this important industry thriving in our islands.

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

Thank you for the opportunity to provide these comments

Aloha,
Jesse Smith (SAG)

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 7:27 PM
To: FINTestimony
Cc: milfilm@maui.net
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: Mike Knowles
Organization: Millenium Films
Address: P.O. Box 183 Kihei, HI
Phone: 808-874-0995
E-mail: milfilm@maui.net
Submitted on: 2/24/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

February 26, 2009

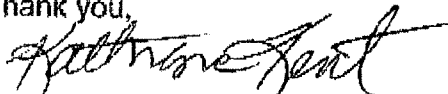
To: Marcus Oshiro
Finance Committee Chair

From: Kathryn Kent / Hawaiian Solar & Plumbing - ProVison Technologies
Career solar thermal and solar electric sales since 1998 on Big Island

Re: HB1746, HB1743 & HB1589 Room 308

I am writing to state my strong opposition to these bills. It is absolutely essential for people to have incentives to bring solar technology into their lives and homes. People in Hawaii are basically conservative by nature and reluctant to change, unless compelled irresistibly to do so. After 10+ years as a somewhat tortured sales person in the solar energy field, I beseech you to please continue these State Tax Credits for solar energy. My livelihood depends on it! The business of solar must have these incentives to continue the growth in Hawaii that is sprouting forth. Many people are depending on your long term vision to embrace the solar resource we have here, and reject these proposed bills.

Thank you,



Kathryne Kent 808-938-9655

P.O. Box 375 Honaunau, HI 96726

kk4solar@lava.net www.solahart.com www.provisontechnologies.com

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 7:21 AM
To: FINTestimony
Cc: mcdenism@hotmail.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: 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.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 1:02 PM
To: FINTestimony
Cc: BA@iatse665.org
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: Yes
Submitted by: Donovan K. Ahuna
Organization: IATSE Local 665
Address: 875 Waimanu Street - #610 Honolulu, HI. 96813
Phone: (808)596-0227
E-mail: BA@iatse665.org
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 2:30 PM
To: FINTestimony
Cc: scott@AmericanFilmActor.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: 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.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 11:58 AM
To: FINTestimony
Cc: alohairish@aol.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: 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 12:20 PM
To: FINTestimony
Cc: jsuapaia@1013integrated.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: 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: Thursday, February 26, 2009 1:40 PM
To: FINTestimony
Cc: mnitehawk@gmail.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: Mark Nitta
Organization: Individual
Address: 94610 Lumiaina Honolulu
Phone: 6760742
E-mail: mnitehawk@gmail.com
Submitted on: 2/26/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 1:41 PM
To: FINTestimony
Cc: lisahiguchi@gmail.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: Lisa Higuchi
Organization: Individual
Address: 46-366 Holokaa Place Kaneohe HI
Phone: 2253369
E-mail: lisahiguchi@gmail.com
Submitted on: 2/26/2009

Comments:
HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

Re: HB 1743 - Relating to Taxation

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

I strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 12:21 PM
To: FINTestimony
Cc: dpkjh@hotmail.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: Patricia Hastie
Organization: Individual
Address:
Phone:
E-mail: dpkjh@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.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 9:52 AM
To: FINTestimony
Cc: naomee3@hotmail.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: support
Testifier will be present: No
Submitted by: Naomi Olson
Organization: Individual
Address: 745 Fort Street, 1614 Honolulu, HI
Phone: 808-954-7063
E-mail: naomee3@hotmail.com
Submitted on: 2/26/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: 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 5:49 PM
To: FINTestimony
Cc: lou@maui.net
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: Louis Di Liberto
Organization: Individual
Address: 574 Papau Hikina Pl. Kihei, HI.
Phone:
E-mail: lou@maui.net
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 5:55 PM
To: FINTestimony
Cc: denbeckmick@hotmail.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: support
Testifier will be present: No
Submitted by: Becky Maltby
Organization: Individual
Address:
Phone:
E-mail: denbeckmick@hotmail.com
Submitted on: 2/25/2009

Comments:

Please 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. Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 5:59 PM
To: FINTestimony
Cc: leafishing@aol.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: Phil Kinnicutt
Organization: Individual
Address: 341 Iliaina St. Kailua, HI
Phone: 808-254-4534
E-mail: leafishing@aol.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 3:34 PM
To: FINTestimony
Cc: m-awaya@hawaii.rr.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: Marvin Awaya
Organization: Individual
Address: 677 Ala Moana Blvd, Ste 712 Honolulu, Hawaii
Phone: 808-523-5681
E-mail: m-awaya@hawaii.rr.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 3:34 PM
To: FINTestimony
Cc: courtneytaryn@aol.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: support
Testifier will be present: No
Submitted by: Ashley C. Smith
Organization: Individual
Address: 1609 Democrat St. #3 Honolulu, HI 96819
Phone: 808.306.7066
E-mail: courtneytaryn@aol.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 1:54 PM
To: FINTestimony
Cc: ropers003@hawaii.rr.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 & Shirley Roper
Organization: Individual
Address: 1041 Lunalilo Home Road Honolulu, HI
Phone: 808.395.5722
E-mail: ropers003@hawaii.rr.com
Submitted on: 2/25/2009

Comments:

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

We strongly oppose the portion of HB 1743 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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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.

H

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 you eliminate Section 235-17 from the measure.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 3:56 PM
To: FINTestimony
Cc: dpzee@yahoo.com
Subject: Testimony for HB1743 on 2/26/2009 3:00:00 PM

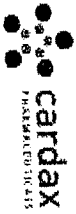
Testimony for FIN 2/26/2009 3:00:00 PM HB1743

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Daniel Ziegler
Organization: Individual
Address: 1924 Huea Pl Honolulu
Phone: 808 843-2321
E-mail: dpzee@yahoo.com
Submitted on: 2/25/2009

Comments:

Sometimes saving money can cost us money. The acts that provide incentives to companies around the world to film in Hawaii – acts 88 and 221/215 – bring us far more revenue than their cost in tax rebates. The film industry is a natural for Hawaii... profitable, renewable and clean. It also helps sell Hawaii as a tourist destination.

Let's not decimate these incentives in the name of politics.



Cardax Pharmaceuticals, Inc.
50-110 Kane Healeys Street, Suite 1000, Kaneohe, HI 96741
Telephone: (808) 453-1375 Fax: (808) 453-1301
www.cardaxpharma.com

February 24, 2009

HB1743 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: David G. Watanumi

TITLE: President and CEO

COMPANY: Cardax Pharmaceuticals, Inc.

RE: Testimony in Opposition to HB1743

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

My name is David Watanumi, CEO of Cardax Pharmaceuticals, Inc. Cardax is developing a new class of drugs targeting the underlying cause of most chronic 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 \$3.5 million in grant funding since 2003.

Thank you for the opportunity to testify on this bill. Cardax Pharmaceuticals, Inc. opposes those parts of HB1743 which repeal tax provisions contained in Act 221(2)5.

The tax credit provisions of Act 221(2)5 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.

Cardax Pharmaceuticals, Inc. believes that a better approach is contained in HB 1451.

Thank you for the opportunity to testify.

Sincerely,

Name: David G. Watanumi

Title: President and CEO

Company: Cardax Pharmaceuticals, Inc.

Phone: (808) 453-1375

Email: dwatanumi@cardaxpharma.com