

mountain apple company  HAWAII

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LATE TESTIMONY

Carol Fukunaga
11th Senatorial District
Hawaii State Capitol, Room 216
415 South Beretania Street
Honolulu, HI 96813

Angus L.K. McKelvey
10th Representative District
Hawaii State Capitol, Room 427
415 South Beretania Street
Honolulu, HI 96813

Dear Senator Fukunaga and Representative McKelvey:

I thank you for the opportunity to provide you with testimony concerning the beneficial impact of Act 221 on a Hawaii business, in this case, The Mountain Apple Company. Since the dawn of the digital age, The Mountain Apple Company has always been engaged in the creation of what the act refers to as performing arts products, namely digitally recorded Hawaiian music. Simply put, the benefits of the Act have resulted in the creation of many well paying jobs that would not have existed but for the Act.

Ten years ago, Mountain Apple had half the employees it has today and faced the challenge of how to place its recordings before the consuming public so that these recordings could be seen and purchased. With the decline of the stand alone record store, which decline started more than a decade ago, this required a work force, that could service a multitude of non traditional stores which were willing to carry Hawaiian music, provided that we supported what we sold by making sure that popular titles were always in stock and titles which did not sell were quickly removed and replaced with those that did sell.

Without the necessary work force the retail stores were unwilling to commit and without the benefits of the Act, we could not afford the risk of hiring the necessary work force. When the Act was passed, Mountain Apple started to add employees to its payroll. These jobs included both the staff that services the retail stores as well as the staff at the warehouse who were needed to pull and pack the product and support promotional opportunities for the sale of recorded Hawaiian music. These jobs typically pay between \$32,000.00 and \$60,000/year.

With the benefits afforded by the Act Mountain Apple was able to add 15 employees to its staff since the Act was passed. In our view, the success of Mountain Apple is in no small part directly attributable to the benefits of the Act. We recognize that these are challenging economic times for the State as they are for Mountain Apple. Nonetheless, we are proud to have come through a decidedly horrible holiday retail-shopping period without sacrificing one job.

We humbly ask that you keep our success story in mind as you consider changes to the Act. The Qualified High technology Companies that are benefited by the Act are still in their formative stages and our industry, the recording industry, is still in search of new and more mutually beneficial economic models. Bottom line, we still need the benefits of the Act and the Act can still serve to create new jobs for our people.

Mahalo for your consideration

THE MOUNTAIN APPLE COMPANY

Leah Bernstein
President