

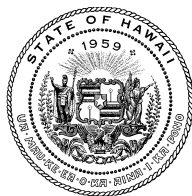
SB

1247

EDT

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

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**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
TESTIMONY REGARDING SB 1247
RELATING TO THE ECONOMY**

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

DATE: FEBRUARY 9, 2009

TIME: 1:15PM

ROOM: 016

This measure requires the Department of Taxation (Department) to evaluate certain tax credits in Chapter 235, and general excise tax exemptions in Chapter 237, Hawaii Revised Statutes. This measure also requires the Department to provide recommendations to the Legislature and repeals credits over time if no action to extend the credit is taken by the Legislature.

The issue of repealing various tax credits was proposed by previous Tax Review Commissions. As such, the Department of Taxation (Department) believes there is merit in examining these credits and **supports this measure**.

RESOURCES ARE IMPORTANT—In order to effectively evaluate any incentive, resources must be available in order to consult with economic and tax professionals, as well as receive independent third party data. This measure extends the application of the tax administration special fund to allow use of these funds to carry out the evaluations in this measure. The Department appreciates this amendment.

USE OF PHASED-IN STUDIES AND REPEALS IS MORE PRECISE—Unlike other similar measures that require the automatic repeal of tax credits, this measure is more precise in that it allows for the phased-in evaluation and consideration of certain credits and certain exemptions over time. The Department prefers this measure's method of precision in reviewing only a handful of exemptions and credits over time. The Department believes this method is more effective and will allow tax administrators and policy makers to focus, rather than be distracted by a wholesale repeal of all incentives. This method also allows for all incentives to continue developing. Lastly, phased-in evaluation and consideration will allow for predictability for taxpayers.

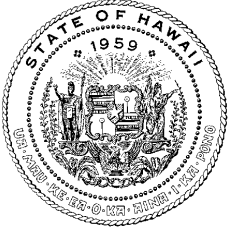
OBTAINING INFORMATION COULD PROVE DIFFICULT—The Department is concerned that it may not have sufficient information on certain of these incentives, especially the

general excise tax exemptions. Currently, the tax forms do not capture the general excise tax exemptions in the detail contemplated by this measure. Should any forms modifications be necessary to capture additional information, the computer will need to be modified as well. Forms and computer modifications and programming take considerable time. This measure may need to be amended to allow an additional year to implement changes.

THESE INCENTIVES WERE IMPORTANT AT SOME POINT—Chapter 235, Hawaii Revised Statutes, contains several generous credits relating to income taxation. Also, Chapter 237 contains nearly one hundred exemptions. In its policy-making capacity, the Legislature at some point deemed these exemptions and credits to be important incentives to encourage growth or behavior of businesses in Hawaii.

SUNSET DATES ARE A BENEFICIAL FEATURE—The Department suggests that it is an important feature of tax policy to revisit any tax credit or tax exemption after enactment to ensure that the intended consequences of the given incentives materialized. There are far too many exemptions and credits in Title 14 that do not contain any "sunset" feature in order for policymakers to analyze the efficacy of a given incentive. This bill is a "good start," by implementing an automatic repeal date for income tax credits.

TAX INCENTIVES ARE LEGITIMATE—The Department reminds the Committee that tax credits and tax exemptions are a legitimate means of supporting businesses or encouraging certain behavior in Hawaii's business community. However, where there exists countless credits and exemptions, the proverbial exception begins to consume the general rule. In the case of tax law, the myriad number of tax credits available for special interest quickly consumes the presumption that income is taxable and lessens many trade groups or their beneficiaries from paying their fair share.



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

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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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**Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON
ECONOMIC DEVELOPMENT AND TECHNOLOGY
Monday, February 9, 2009
1:15 p.m.
State Capitol, Conference Room 016**

in consideration of

**SB1247
RELATING TO THE ECONOMY.**

Chair Fukunaga, Vice Chair Baker, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers these comments on SB1247 which requires the Department of Taxation to evaluate certain tax credits, including the renewable energy technologies and ethanol facility tax credits; to give recommendations to the legislature, and for the legislature to implement those recommendations by certain dates in order to prevent the tax credits from sun setting.

We concur that it is important to examine tax incentives on a regular basis for their effectiveness and transparency, and we support reviews of their proven track-record in the areas of spurring economic activity and supporting the goals of the state.

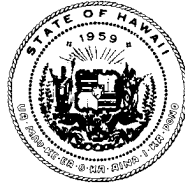
DBEDT would like to provide information regarding the importance of the cited tax credits affected by this bill.

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 the 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, Section 235-12.5, 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 also improves Hawaii's energy security; diversifies our energy mix; provides jobs and reduces emissions.

Thank you for the opportunity to offer these comments.



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

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

February 9, 2009 1:15 p.m.
Room 016, State Capitol

In consideration of
S.B. 1247
RELATING TO THE ECONOMY.

The HHFDC is **opposed to S.B.1247**, because it could potentially destabilize or eliminate affordable housing development incentives that have resulted in the construction or substantial rehabilitation of thousands of affordable housing units statewide. We defer to the appropriate state departments and agencies with respect to the remainder of the bill. Our comments on specific portions of this bill follow.

This bill repeals section 235-110.8, Hawaii Revised Statutes (HRS) as of December 31, 2010, if the Department of Taxation (TAX) does not submit a complete and accurate evaluation of several specified tax credits, and the Legislature fails to implement recommendations of the Department, earlier than twenty days prior to the convening of the regular session of 2011. Section 235-110.8 establishes the State Low Income Housing Tax Credit (LIHTC) for eligible affordable rental housing projects. 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.

Even if the conditions imposed in section 3(a) of this bill are ultimately satisfied and the State LIHTC left intact, the uncertainty created by this section may chill the market for LIHTCs and stall affordable rental housing development. Potential LIHTC investors would not be willing to purchase the credits until they were relatively certain that the tax credits would be available for the LIHTC's entire 10 year credit period. This uncertainty increases risk for affordable housing developers, and ultimately serves as a disincentive to affordable rental housing development.

This bill also repeals section 241-4.7, HRS, which makes the state LIHTC applicable to banks and financial corporations, and section 237-29, the general excise tax (GET) exemption for certified affordable housing projects as of December 31, 2013, if similar conditions are not satisfied.

The Legislature's intent in creating the GET exemption for certified affordable housing projects was to assure the economic feasibility in the development of a housing project which will encourage and enable the production of as many lower cost housing units as possible. The GET exemption has been a successful incentive for the development and preservation of affordable housing, and should be allowed to continue.

S. B. 1247 will also adversely affect the financial stability of existing affordable housing projects that have previously been awarded LIHTCs or GET exemptions.

The net result of these repeals should they come to pass is to increase the risk of default and foreclosure, of affordable rental housing projects statewide.

We urge the Committee to delete references to LIHTCs or GET exemptions for certified affordable housing projects from this bill. Thank you for the opportunity to testify.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

HONOLULU FILM OFFICE

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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

SENATE COMMITTEE ECONOMIC DEVELOPMENT AND TECHNOLOGY

February 9, 2009 – 1:15 pm
State Capitol, Conference Room 016

RE: SB 1247 – RELATING TO THE ECONOMY

Dear Chair Fukunaga, Vice Chair Baker and members of the committee:

I **support the portion of SB 1247 that relates to Section 235-17** which states that periodic review of tax credits should occur and be reported back to the legislature.

I also support the comments included in the measure that request the various state agencies that compile the reports to seek input from experts outside of the government to ensure that a complete and collaborate process is used.

Thank you for the opportunity to provide these comments.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Economic Development and Technology

Testimony by
Hawaii Government Employees Association
February 9, 2009

S.B. 1247-- RELATING TO
THE ECONOMY

The Hawaii Government Employees Association supports the purpose and intent of S.B. 1247, which will institute an ongoing program evaluation of tax credits and tax exemptions that have no sunset dates. Under this legislation, the Department of Taxation must compile the data necessary for the Legislature to evaluate tax credits and tax exemptions with consistent standards.

The Legislature needs such information to evaluate whether these particular credits and exemptions should be extended. As economic conditions change over time, the State will need different combinations of credits and exemptions to promote certain types of business activity. Without a regular evaluation of tax credits and exemptions, the Legislature will not be able to make fiscally sound and effective spending decisions.

In these difficult economic times, states need to ensure that tax credits and exemptions are regularly evaluated and that ineffective or overly expensive tax breaks are repealed.

Thank you for the opportunity to testify in support of S.B. 1247.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

HAWAII FILM & ENTERTAINMENT BOARD



Brenda Ching, Chair
Screen Actors Guild

Chris Conybeare, Esq.

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

Benita Brazier
Maui Film Commission

Walea Constantinau
Honolulu Film Office

Donne Dawson
Hawaii Film Office

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Big Island Film Office

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A.F.M., Local 677

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

Art Umezu
Kauai Film Commission

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

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

February 9, 2009 – 1:15 pm
State Capitol, Conference Room 016

RE: SB1247 - Relating to the Economy

Dear Chair Fukunaga, Vice Chair Baker 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. We **support SB 1247** specifically Section 4 of the bill referencing an evaluation of Act 88, Section 235-17, by the department of taxation.

We designed Act 88, in collaboration with legislators and the administration, to be a fiscally responsible tax credit that would not be a drain on the general fund. We also committed ourselves to continuing a dialog with the legislature on the status and impact of the credit. The summary information attached, which was compiled with base DBEDT numbers and analysis by economist Dr. William Boyd, show that we have met and exceeded our goals by creating over \$300 million dollars of direct spend since the inception of the credit (July 2006-Oct 2008) and that for calendar year 2007, over \$11 million of tax revenues was generated after factoring in the payout of the credit.

Sincerely,

Brenda Ching
Chair

Attachment: Act 88 ROI summary – calendar year 2007

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



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

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

February 9, 2009 – 1:15pm
State Capitol, Conference Room 016

RE: SB1247 – Relating to the Economy – Testimony in Support

Dear Chair Fukunaga, Vice Chair Baker and members of the committee:

Aloha. My members are the technicians that make movies – the camera, sound, grips, electricians, special effects, make-up artists, set construction workers, etc. Without a doubt, Act – 88 and Act - 221 has created work for my members and hundreds of others.

The Membership of the International Alliance of Theatrical Stage Employees Local 665, better known as the IA or IATSE, have over 230 Signatures from members and as well as other Labor Unions, Private and Public, Vendors and Businesses that are currently working on projects. We strongly support the portion of SB1247 that relates to the film industry and agree that the legislature should review the effectiveness of tax credits and report that to the legislature.

Even now in these challenging times when we need to keep our people employed. Both Act 88 and Act 221/215 are creating JOBS – right now -- for the working people of Hawaii, including my members of the IATSE.

“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
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SIGNATURE:

DEPARTMENT:

ANE TRAVETZKI

Ane Travetzki

GRIPS IA

Louie Freitas

Louie Freitas

Greens IA

Awin Akim

Awin Akim

Greens IA

Mar

"Aina" Riboca

"Aina" Riboca

GRIPS IA

DAVID CAMUBRA

David Camubra

CBARTY IA

Paul Santos

Paul Santos

Electric IA

Mike Swin

Mike Swin

F/K IA

Chantal Basmita

Chantal Basmita

Malibu IA

Susana Zaguirre

Susana Zaguirre

Wardrobe IA

AARON E. MULLSAP

Aaron E. Mullsap

Wardrobe IA

Gole Chetney

Gole Chetney

GRIPS IA

Mark Kalanagher

Mark Kalanagher

Set Lighting IA

Paul Wenzel

Paul Wenzel

Extra

EDWARD VAUGHN

Edward Vaughn

ACTOR/STUD

Jonathan Shirley

Jonathan Shirley

Extra

Jeff Hemmings

Jeff Hemmings

EXTRA

KURT VIMAFRANCA

Kurt Vimarfranca

LOST.. GRIPS IA

Chris Pratt

Chris Pratt

Lost Grip IA

KIMD. STOWELL

Kimd. Stowell

LOST/ACTOR

JASON MARUCL

Jason Marucl

LOST/GRIP

Brian Matsumura

Brian Matsumura

CAMERA 600

Kevin Craven

Kevin Craven

Extra

Stan Cooper

Stan Cooper

EXTRA

STEPHEN BACQUET

Stephen Bacquet

Set Lighting IA

Kanao Dublin

Kanao Dublin

Set Dressing IA

Jon Mumper

Jon Mumper

Sound IA

Andrew Childers

Andrew Childers

Set P.A. DGA

John M. H. Lee

John M. H. Lee

Set Lighting IA

Roger Thompson

Roger Thompson

Set Lighting IA

Akoni Kaano'i

Akoni Kaano'i

Set Lighting IA

RACER MOODY

Racer Moody

Stand-In IA

Keola Su'a

Keola Su'a

Transportation

DIANE FRAUENHAZ

Diane Frauenhaz

SCRIPT SUPERVISOR

Lance Hookano

Lance Hookano

Grip IA

W. Jennings Fowler

W. Jennings Fowler

PROPERTY IA

Brad Barrylin

Brad Barrylin

Actr

Carla Bowen

Carla Bowen

PRODUCTION DGA

FRANCIS CHAN

Francis Chan

Actor

Anne Hoss

Anne Hoss

Costumes IA

Jon T. Dahl

Jon T. Dahl

Transps

PRINT NAME:

SIGNATURE:

DEPARTMENT:

HENRY FORDHAM	[Signature]	IATSE 665
NATHANIEL E. DEARMORE	[Signature]	IATSE 665 / TEAMSTER 996
DAYNE AUNNA	[Signature]	IATSE 665
Michael R. Kachamuri III	[Signature]	IATSE 665
Cory L. Bathke	[Signature]	IATSE 665
Drew Des Jarlais	[Signature]	IATSE 665
ALLEN MOZO	[Signature]	IATSE 665, 600, SAG
Darrell Tachibana	[Signature]	IATSE 665
Francis "Sonny" Julian	[Signature]	IATSE 665 / medic
Rangan Wolsen	[Signature]	IATSE 665
Drew Des Jarlais	[Signature]	IATSE 665, IBEW 1260
CHRIS WICKING	[Signature]	IATSE 665, 695, IBEW 1260
CHARLEY KAEQ	[Signature]	IATSE 665
CHRIS PUPES	[Signature]	OP/AN 12
Zachary Kim	[Signature]	665
Mike Weisbrod	[Signature]	665/600
KALIKO PALMEIRA	[Signature]	665
DANIEL ROSNER	[Signature]	GR 11 665
Tiffany Cheng	[Signature]	Set PA - DGA
LUKAS SENO	[Signature]	IATSE 665
Sonya Balmores	[Signature]	SAG Actor
Cherlanite	[Signature]	MODEL
Kelsey Campbell	[Signature]	Model
Nalani Pavelo	[Signature]	Model
Kiya Lee	[Signature]	Wordrobe
Tani Fujimoto	[Signature]	actress/model
Caruldo Kate	[Signature]	665 / wardrobe
Kristy Romeo	[Signature]	MODEL
Kelly Chinone	[Signature]	Performer
Sarah Inouye	[Signature]	model
Meredith Cardenas	[Signature]	model
ASHLEY VONDERBURG	[Signature]	model
Sophia On	[Signature]	Actress
Aianna Yoshitaka	[Signature]	model
CHELSEA RODRIGUES	[Signature]	Model
Makinana AKI	[Signature]	model
Aquila Tanaka	[Signature]	Model
Eri Aihara	[Signature]	model
Sayaka Ogura	[Signature]	model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

GUY BELEGAUD

Guy Belega

665

Milo Treceall

Milo Treceall

665

William Preston

W Preston

665

Jason Skaggs

Jason Skaggs

665

Cary Beall

Cary Beall

665

Andrew Calva Jr.

Andrew Calva Jr

665

Andrew Yangkue

Andrew Yangkue

996

Chris Librie

Chris Librie

665

WANNON ROBERTS

Wannon Roberts

665

Freddy Caluna

Freddy Caluna

996

MIGUEL PANTAO

Miguel Pantao

#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 Kumen

Mel Kumen

LOST/665

Edward Timney

Edward Timney

LLT/665

ALYCE FAHSHOLTZ

Alyce Fahsholtz

665

MICHAEL HIRA

Michael Hira

996

SCOTT LIEF

Scott Lief

665

Sami Tialiso

Sami Tialiso

PRIVATE SECURITY

CHRISTOPHER ENGICHY

Christopher Engichy

PRIVATE SECURITY

JOLLE-LYN SWIFE

Jolle-Lyn Swife

LOST

WALTER GOUVEIA JR

Walter Gouveia Jr

PRIVATE SECURITY

WALTER K. WONG

Walter K. Wong

LOST

BERNIE TOI LIM HO

Bernie Toi Lim Ho

LOST

FRANK S. LAUIS

Frank S. LaUIS

665

JOHN E RINGGOLD JR

John E Ringgold Jr

665

Keala Nakawua

Keala Nakawua

Risramps 665

Kevin Kersting

Kevin Kersting

Risramps 665

John A. Nittipati Day

John A. Nittipati Day

Biggag 665

John Jan

John Jan

Labor

KESSA N. ALI

Kessa N. Ali

665

Ronald Wong

Ronald Wong

665

DERECK KAUPKO

Dereck Kaupko

665

John Jan

John Jan

996

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Keona Kaulu		Transportation
Niko Capone		Security
Earl Mitchell		Security
Bob Johnson		Elec.
Bruce Vollett		GRIP
Hamy Ladan		Production Mgr/AD
DANA K SATO		Art
MARTIN L GREGUSANO		FLOR
Melody N. Lew		GRIP
Aileen Joy Lew		GRIP
Tomoko Stagg		Coordinator
Eril Uyeno		Coordinator
Ryan Moriz		Medic
RICK CRUM		LIGHTING
Scott Lisetor		GRIP
Don Tomuch		Lighting
JASON FRATIS		ELECTRICAL
BRANDON PAGE		Coordinator
REID SMITH		GRIP
JAMES C LEVY		GRIP
ISAKIA ROBINS		GREENS
Landa Lau		art dept
KAHUAKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruill		PROPS
Rebecca Iao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		PROP
LEE KANEAKUA		GRIP
PUNA TITCOMB		CS
Talissa Niko		LABORER
BRIAN COSTA		PROPS
John Ruggold		MEDIC

PRINT NAME:

SIGNATURE:

DEPARTMENT:

James Kim Moore

[Signature]

Film + Stage

Robin Wong

[Signature]

Trade Show

Darren Rodriguez

[Signature]

Trade Show

~~EVERETT GALISA~~

~~*[Signature]*~~

~~FILM~~

LARRY SMITHSON

[Signature]

FILM

Kay Carter

KAY CARTER

FILM/STAGE

Ben Phape

Ben Shafer

Film/Stage

Terri L. Laigo

Terri L. LAIGO

Film/Stage

MATTHEW K. LYONS

Matth K. Lyons

STAGE/SOCIETY

ALEMA RYDER

[Signature]

STAGE

Melvin Pang

Melvin Pang

Film/Stage

Patrick W.K. Cazi

Patrick W.K. Cazi

STAGE/REGGAY

PATRICK LUM

[Signature]

AUDIO

William Kestin

[Signature]

STAGE

Edward Kook

[Signature]

Cap Stagehand

Kim Shipton

[Signature]

CARP. Stagehand

Sandy Sandelin

[Signature]

Stagehand

Mark Skouge

FRANK ATENKA

PROPS

Charles Roberts

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Audio

James Takahashi

James Takahashi

Grip, Construction

AL OMO

[Signature]

STAGE

Jim Murphy

Jim Murphy

STAGE

Joseph R.R. Claborn III

[Signature]

STAGE

CAROL "CASEY" CAMERON

Carol Casey Cameron

STAGE/FILM

FASTER K LOGAN

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STUD

JUDITH MATSUMOTO

Judith Matsumoto

WARDROBE

Doug Kessel

[Signature]

Trade Show

RICHARD F. HOOPER

Richard F. Hooper

Construction Keys

PAUL KATKA CHUCK II

Paul Katka Chuck II

FILM / CONST.

JENNIFER FEE

[Signature]

STAGE/FILM

RONALD EVANS

Ronald Evans

STAGE/FILM

WILL THOMPSON

Will Thompson

STAGE/FILM

JEN LISS

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STAGE/FILM

BRADY BARR

[Signature]

STAGE

SALLY MORIS

John M. Reynolds

STAGE/FILM

Alexandre Aranda

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GIS STAFF

PRINT NAME:

SIGNATURE:

DEPARTMENT:

Michael A Broady James Thurston	<i>Michael A Broady</i>	Set Medic IA Yes Grip IA
Colin Jones	<i>Colin Jones</i>	SALES IA
Sonya Masinovsky	<i>Sonya Masinovsky</i>	PRODUCTION DGA
Jim Kahan Jr	<i>Jim Kahan Jr</i>	PRODUCTION IA
Steve Quinn	<i>Steve Quinn</i>	MGOPS IA
ROBERT WEYMAN	<i>Robert Weyman</i>	STAND IN
KEITH FRANK	<i>Keith Frank</i>	Laborer IA
KEONI NAKAHEIUA	<i>Keoni Nakaheiua</i>	DRIVER
Robert Anderson	<i>Robert Anderson</i>	Sound Mixer IA
Tony Nagy	<i>Tony Nagy</i>	Camera 600
TORRY TUKUAFU	<i>Torry Tukuafu</i>	CAMERA 600
GLENN GRIMES	<i>Glenn Grimes</i>	GRIP IA
MIKE SCHWAKE	<i>Mike Schwake</i>	Grip IA
Kevin Sardinha	<i>Kevin Sardinha</i>	Locations
Charles Kramer	<i>Charles Kramer</i>	ELECTRIC IA
LIZABETH MAGGINI-MACKAY	<i>Lizbeth Maggini-Mackay</i>	COSTUME IA
Joey Vidal	<i>Joey Vidal</i>	SAC
MATHIAS WESSINGER	<i>Mathias Wessinger</i>	IA
KARLE TERRELLA	<i>Karle Terrella</i>	DRIVER
JACK BENDER	<i>Jack Bender</i>	Production Director
John Griffiths	<i>John Griffiths</i>	TRNSPO
NORMAN KAIS	<i>Norman Kais</i>	A.D. DGA
A. HOWSE	<i>A. Howse</i>	Plugging GAFGK IA
JORGE GARCIA	<i>Jorge Garcia</i>	Active
SHANDLE MERSEBURGH	<i>Shandle Merseburgh</i>	SECURITY
IAN TRAYERS	<i>Ian Trayers</i>	LOCATIONS
Gregory Poi Jr.	<i>Gregory Poi Jr.</i>	Camera
SERGE NOFIELD	<i>Serge Nofield</i>	CAMERA IA
STAN PANDAL	<i>Stan Pandal</i>	ELECTRICIAN

PRINT NAME:

SIGNATURE:

DEPARTMENT:

Charice Wata	Charalinda	Model
Chantelle Sawa	Chantelle Sawa	Model
Jennifer Kennedy	Jennifer Kennedy	Talent
Cristina de la Riosa	Cristina de la Riosa	Talent/Model
RICHARD DRAKIE	Phil C. Druas	PROP MASTER IAGGS
LAMON DARCHUCK	Lamon Darchuck	ART DEPT. IAGGS
KELLY WESTMILLER	Kelly Westmiller	ART DEPT. IAGGS
ISEVOLOD ULITSKY	Isevolod Ulitsky	PRODUCTION
Shiho Kubo	Shiho Kubo	PRODUCTION
Wynke Marya	Wynke Marya	PRODUCTION
SHANNON AKGABALI	Shannon Akgabali	PRODUCTION
ADANIA J Colbert	Adania J. Colbert	1065/Hair
JOEY SHIMABUKU	Joey Shimabuku	cosmetologist
Paula Kohler	Paula Kohler	Makeup Hair
KAMARR YOUNG	Kamarr Young	SOUND SPECIAL



The Senate
The Twenty-Fifth Legislature
Regular Session of 2009

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

Monday, February 9, 2009 at 1:15 p.m.
Conference Room 016, State Capitol

Re: SB 1247 Relating to the Economy

The Screen Actors Guild Hawaii Branch represents over 700 actors statewide that appear in motion pictures, film and digital television, industrials, commercials, video games, music videos and all other new media formats.

We **support** SB 1247, more specifically Section 4 that references Section 235-17, Hawaii Revised Statutes (Motion picture, digital media, and film production income tax credit).

Thank you for giving us the opportunity to submit testimony in **support** of SB 1247.

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



SENATE BILL 1247: RELATING TO THE ECONOMY

DATE: February 9, 2009
1:15, Conference Room 016

TO: Senate Committee on Economic Development and Technology
The Honorable Carol Fukunaga, Chair
The Honorable Rosalyn Baker, Vice Chair

FROM: Lisa H. Gibson
President
Hawaii Science & Technology Council

RE: Testimony in Support of SB1247

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

Thank you for the opportunity to testify in support of SB1247. The Hawaii Science & Technology Council (HISciTech) has supported and continues to support efforts to review tax credits/exemptions. HISciTech believes that any such review must include a thorough cost benefit analysis **before** action is taken to repeal or extend such credits/exemptions. A complete and detailed evaluation of tax credits/exemptions will provide the Legislature with the data it needs to make an objective and informed decision. This measure provides such a thorough evaluation of tax credits.

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.

Thank you for the opportunity to testify on this bill.

Lisa H. Gibson
President



**Testimony to the Senate Committee on Economic Development & Technology
Monday, February 9, 2009
1:15 p.m.
Conference Room 016**

RE: SENATE BILL NO. 1247 RELATING TO THE ECONOMY

Chair Fukunaga, Vice Chair Baker, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber does not support the following sub-sections of Section 3 of Senate Bill No. 1247, relating to the Economy:

- (a)(5)
- (c)(11)
- (c)(12)

These sub-sections repeal:

- Low Income Housing Tax Credit under HRS §235-110.8 after December 31, 2010
- General Excise Tax (GET) exception for Certified or Approved Housing Projects under HRS §237-29
- Low Income Housing Tax Credit under HRS §241-4.7 after December 31, 2012.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

Our approach is to focus on enhancing the quality of life for the citizens of Hawaii. We believe a sustainably quality of life includes a wide range of housing opportunities, including affordable housing. This has been one of the top priorities of the Chamber, especially at a time when there is a pressing need for affordable units.

Some of our concerns with this measure are:

Chronic Shortage: Even with the GET exemption and tax credits, it is common knowledge that Hawaii has a chronic shortage of affordable housing (aka workforce housing) and has historically ranked as the worst in the US and at the top for most expensive. The Neighbors Islands, where construction costs are even higher and median incomes lower than affordable housing, there's an even dire affordable housing problem. A repeal will make this situation even worse.

Hawaii's Workforce: Affordable housing is often called workforce housing because it is really housing for teachers, nurses, medical technicians, policemen, firemen, secretaries, clerks, cooks, waiters, hotel workers, carpenters, electricians, painters etc and includes rental as well as for sale. In other words, essential workers in our economy. A repeal would definitely decrease the number of future affordable housing units and because these workers would be unable to find decent affordable housing they may leave Hawai'i, as many have over the years.

Peril of a Repeal: Any legislation even hinting at repealing these exemptions and credits will immediately stop all proposed projects due to the difficulty of obtaining financing options.

Higher Repair Costs: If the GET exemption is repealed, existing affordable housing rental projects which are badly in need of repairs and improvements (e.g., Kuhio Park Terrace) will have an even more difficult time raising funds because costs to do so will increase by the amount of the repealed exemption. Like Kuhio Park Terrace, this could result in costly litigation as the units become uninhabitable.

Loan Defaults and Foreclosures: If the GET exemption is repealed, existing affordable housing rental projects may be forced to default on exiting debt because these mostly marginal projects are limited in being able to raise rents on low-income renters, so revenues would decrease by the amount of the lost exemption reducing funds available for debt service.

Deterioration: Even if existing projects could meet their debt service after the exemption is repealed, the amount of funds available for repairs and replacement reserves would decrease, resulting in a severe future deterioration making these projects a blight and in some cases uninhabitable.

Our state is weathering an economic storm. We believe now is not the time to impose legislation that will undermine efforts to address issues, such as affordable housing. For these reasons, the Chamber of Commerce of Hawaii respectfully requests that the Committee does not pass SB 1247. Thank you for the opportunity to provide testimony.

February 6, 2009

The Honorable Carol Fukunaga, Chair

Senate Committee on Economic Development and Technology
State Capitol, Room 016
Honolulu, Hawaii 96813

RE: S.B. 1247 Relating to the Economy

HEARING DATE: Monday, February 9, 2009 at 1:15 pm

Aloha Chair Fukunaga and members of the Committee on Economic Development and Technology

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance of the Government Affairs Committee of the Hawai'i Association of REALTORS® (“HAR”), here to testify on behalf of the HAR and its 9,600 members in Hawai'i. HAR **strongly opposes Subsections (a)(5), (c)(11) and (c)(12) of Section 3 of S.B. 1247, Relating to the Economy**, which respectively repeal the Low Income Housing Tax Credit under HRS §235-110.8 after December 31, 2010, and the General Excise Tax (“GET”) Exemption for Certified or Approved Housing Projects under HRS §237-29 and the Low Income Housing Tax Credit under HRS §241-4.7 after December 31, 2012.

We believe Smart Growth is our road map to sustaining and enhancing the quality of life in our communities and we believe that this bill aligns with our core principle of *providing housing opportunities*.

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.

Rental Housing Trust Fund projects qualify for and benefit from the GET exemption under HRS §237-29, and are often aided by equity financing generated from the Low Income Housing Tax Credit under HRS §235-110.8 and HRS §241-4.7. Repealing these programs will clearly reduce the amount of State funding available for desperately needed Rental Housing Trust Fund projects.

You should also be aware that HAR believes that if Subsections (a)(5), (c)(11) and (c)(12) of Section 3 of S.B. 1247 are passed in their current form, the repeal of HRS §§ 235-110.8, 237-29 and 241-4.7 will have the following adverse consequences:

1. With respect to existing projects, the repeal of the GET exemption under HRS §237-29 will reduce the gross rents available for operating costs and debt service of hundreds of State and County approved rental housing projects throughout the State

by at least 4% (4.5% in the City and County of Honolulu). This will almost certainly adversely affect the projects' ability to fund their operating and maintenance reserves and may impair their ability to service or possibly breach a covenant and cause a default under their outstanding mortgage debt.

2. With respect to projects approved between the date of enactment of S.B. 1247 and December 31, 2012, the uncertainty of the continued existence of the GET exemption under HRS §237-29 will tend to reduce the amount of mortgage debt lenders will be willing to lend for these projects because their gross rents available for operating costs and debt service may decrease by 4% (or 4.5% in the City and County of Honolulu) on January 1, 2013. A logical consequence of such lender action would be a need for additional equity from sources such as the Rental Housing Trust Fund.

The pricing of construction contracts for projects which are certified or approved under HRS §237-29 will also become more difficult and most likely more expensive as the December 31, 2012 repeal date grows closer because contractors may not be able to complete construction by that date.

3. With respect to existing projects, the repeal of the Low Income Housing Tax Credits under 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, 2010 or December 31, 2012; and (b) the State to recapture the credit under HRS §235-110.8(d)(4) and IRC §42(j) after December 31, 2010 or December 31, 2012.
4. With respect to projects approved between the date of enactment of S.B. 1247 and December 31, 2010 or December 31, 2012, the uncertainty of the continued existence of the Low Income Housing Tax Credits under HRS §§ 235-110.8 and 241-4.7 will undoubtedly reduce the amount investors will be willing to pay for the credits because they cannot be assured of the use of the credit through its entire 10-year recovery period. Again, a logical consequence of such investor action would be a need for additional equity from sources such as the Rental Housing Trust Fund.

For the reasons set forth above, HAR respectfully requests that if Subsections (a)(5), (c)(11) and (c)(12) of Section 3 of S.B. 1247 are passed in their current form, Section 6 of S.B. 1247 be amended to read as follows:

SECTION 6. This Act shall take effect July 1, 2009; provided that: (1) Subsection (a)(5) of Section 3 shall not apply to low-income housing tax credits awarded under section 235-110.8, Hawaii Revised Statutes, prior to January 1, 2011; (2) Subsection (c)(11) of Section 3 shall not apply to a housing project which has been certified or approved under section 201H-36, Hawaii Revised Statutes, and exempted from general excise taxes under section 237-29, Hawaii Revised Statutes, prior to January 1, 2013; and (3) Subsection (c)(12) of Section 3 shall not apply to low-income housing tax credits awarded under section 241-4.7, Hawaii Revised Statutes, prior to January 1, 2013.



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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.