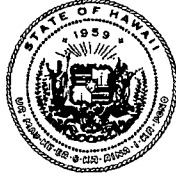


**SB 199**

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

**SENATE COMMITTEE ON WAYS AND MEANS**

February 5, 2009 9:30 a.m.  
Room 211, State Capitol

In consideration of  
**S.B. 199**  
**RELATING TO TAXATION.**

The Hawaii Housing Finance and Development Corporation (HHFDC) is opposed to S.B. 199 as it applies to the Low-Income Housing Tax Credit (LIHTC) established by section 235-110.8, Hawaii Revised Statutes. The LIHTC is an affordable housing development incentive that has 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.

S.B. 199 repeals section 235-110.8, Hawaii Revised Statutes (HRS) effective for taxable years beginning after December 31, 2010. This section establishes the State LIHTC for eligible affordable rental housing projects. 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 new projects could be developed given the high cost of land and construction.

This bill may also adversely affect the financial stability of existing affordable housing projects that have previously been awarded LIHTCs, if their 10-year recovery period extends beyond December 31, 2010. The net result of this repeal is to increase the risk of default and foreclosure of affordable housing projects statewide.

We also are concerned that S.B. 199 as currently drafted is not clear on whether tax credit awards made prior to the effective date of this bill, but which cannot be claimed until the end of a taxable year after the effective date would be valid. For example, an affordable housing project with a developer that utilizes the calendar year as its taxable year could be awarded credits prior to June 30, 2009, but by definition cannot begin to claim its credits until the completion of its taxable year on December 31, 2009. The uncertainty of whether its credits can be taken would render its credits unsaleable to investors, defeating the very purpose of the LIHTC – raising equity for affordable rental developments. Therefore, if it is the Committee's intent to move this bill forward, the HHFDC requests that the bill be amended as follows:

On page 3, a new subsection (e) should be added following line 13, reading:

" (e) This Act shall not apply to low-income housing tax credits awarded under section 235-110.8, Hawaii Revised Statutes, prior to January 1, 2011."

Thank you for the opportunity to testify.



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

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

No. 1 Capitol District Bldg., 250 South Hotel St., 5th Flr., Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Tel.: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**THEODORE E. LIU**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Thursday, February 5, 2009

State Capitol, Conference Room 211

in consideration of  
**SB 199**  
**RELATING TO TAXATION**

Chair Kim, Vice Tsutsui, and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development, and Tourism (DBEDT) offers the following comments on SB 199, which sets a group of tax credits and exemptions for repeal on December 31, 2010.

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 a few of the 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 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.

The motion picture, television and digital media refundable credit known as Act 88, has generated \$323 million in revenues to the state since it took effect July 1, 2006. This infusion into the state's economy contributed to a record year of production in 2007 with a major feature film being shot in every county in addition to the hit TV show Lost, now in its fifth season on Oahu.

Thank you for the opportunity to offer these comments.



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

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

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Tel.: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**THEODORE E. LIU**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Thursday, February 5, 2009  
9:30 a.m.  
State Capitol, Conference Room 211

in consideration of  
**SB 199**  
**RELATING TO TAXATION**

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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.

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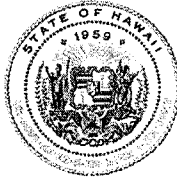
Thank you for the opportunity to offer these comments.

## Gina Williams

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**From:** John.C.Wienert@dcca.hawaii.gov  
**Sent:** Monday, February 02, 2009 4:58 PM  
**To:** WAM Testimony  
**Subject:** J.P. Schmidt, Commissioner, Ins. Division, DCCA, 02-05-09, 9:30 a.m. WAM, Rm. 211, SB199  
**Attachments:** SB0199\_CCA\_02-05-09\_WAM..pdf





LINDA LINGLE  
GOVERNOR  
  
JAMES R. AIONA, JR.  
LT. GOVERNOR

STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
335 MERCHANT STREET, ROOM 310  
P.O. Box 541  
HONOLULU, HAWAII 96809  
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Fax Number: (808) 586-2856  
[www.hawaii.gov/dcca](http://www.hawaii.gov/dcca)

LAWRENCE M. REIFURTH  
DIRECTOR  
  
RONALD BOYER  
DEPUTY DIRECTOR

TO THE SENATE COMMITTEE ON WAYS AND MEANS

TWENTY-FIFTH LEGISLATURE  
Regular Session of 2009

Thursday, February 5, 2009  
9:30 a.m.

**TESTIMONY ON SENATE BILL NO. 199 – RELATING TO TAXATION.**

TO THE HONORABLE DONNA MERCADO KIM, CHAIR, AND MEMBERS OF THE  
COMMITTEE:

My name is J.P. Schmidt, State Insurance Commissioner (“Commissioner”),  
testifying on behalf of the Department of Commerce and Consumer Affairs  
(“Department”).

The Department takes no position on this measure and offers the following  
comments. The Department defers to the Department of Taxation and the Department  
of Budget and Finance as to the repeal and impact of tax credits.

The purpose of this bill is to repeal certain tax credits, effective for taxable years  
after December 31, 2010.

Some of these repealed provisions are referenced in the Insurance Code, Hawaii  
Revised Statutes (“HRS”) chapter 431, where the tax credit may be applied by an  
insurer against the insurance premium tax due.

The tax credits proposed for repeal and the reference in the Insurance Code  
include the: (1) low-income housing tax credit under HRS § 235-110.8 on page 2, line  
17 of the bill (referenced in HRS § 431:7-202); and (2) high-technology business

investment tax credit under HRS § 235-110.9 on page 2, lines 18-19 of the bill (referenced in HRS § 431:7-209).

Where the aforementioned tax credits are repealed, the Department requests the repeal of the related sections in the Insurance Code.

The Department respectfully requests the addition of following amendment:

SECTION 2. Chapter 431, Hawaii Revised Statutes, is amended as follows:

1. By repealing section 431:7-208.

~~[[§ 431:7-208] Low income housing, insurance premium tax credit. The low-income housing tax credit provided under section 235-110.8 shall be operative for this chapter and may be claimed against the tax imposed under section 431:7-202.]~~

2. By repealing section 431:7-209.

~~[[§ 431:7-209] High technology business investment tax credit. The high-technology business investment tax credit provided under section 235-110.9 shall be operative for this chapter on July 9, 1999.]~~

We thank this Committee for the opportunity to present testimony on this matter.

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

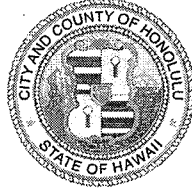
HONOLULU FILM OFFICE

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

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

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

MUFI HANNEMANN  
MAYOR



WALEA CONSTANTINAU  
FILM COMMISSIONER

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

SENATE COMMITTEE ON WAYS AND MEANS

February 5, 2009 - 9:30 am  
State Capitol, Conference Room 211

RE: SB199 - Relating to Taxation

Dear Chair Kim, Vice Chair Tsutsui and members of the committee:

**I oppose a portion of SB199 that seeks to alter Section 235-17 that 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.

**Gina Williams**

---

**From:** ohcdplanning [ohcdplanning@co.hawaii.hi.us]  
**Sent:** Tuesday, February 03, 2009 2:44 PM  
**To:** WAM Testimony  
**Cc:** ohcdplanning@co.hawaii.hi.us  
**Subject:** Testimony for Senate Bill 199 - 02/05/09 @ 9:30AM in Conference Room: 211  
**Attachments:** 0111tasr.pdf

Attention: Senate Sergeant-At-Arms

Please find attached testimony for:

**Senate Bill 199**  
**Hearing Date: 02-05-09**  
**Time: 9:30 AM**  
**Conference Room: 211**

The Office of Housing and Community Development (OHCD) appreciates your assistance in providing our testimony to the committee members.

Mahalo,

Alan

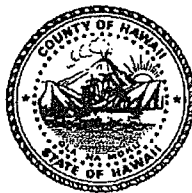
Alan S. Rudo  
County of Hawai`i  
Office of Housing and  
Community Development  
50 Wai`luku Drive  
Hilo, Hawai`i 96720  
Phone: 808-961-8379  
Fax: 808-961-8685  
E-mail: [ohcdplanning@co.hawaii.hi.us](mailto:ohcdplanning@co.hawaii.hi.us)

EQUAL HOUSING OPPORTUNITY

"HAWAI`I COUNTY IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER"

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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 3, 2009

The Honorable Donna Mercado Kim Chair  
The Honorable Shan S. Tsutsui, Vice Chair  
and Committee Members  
Committee on Ways and Means

Twenty-Fifth Legislature  
Regular Session of 2009

SUBJECT: **Senate Bill 199**  
**Hearing Date: 02-05-09**  
**Time: 9:30 AM**  
**Conference Room: 211**


The Office of Housing and Community Development (OHCD) **strongly opposes** Senate Bill 199.

The Office of Housing and Community Development (OHCD) strongly opposes sections of Senate Bill 199 which establishes the repeal of all tax credits for taxable years beginning after December 31, 2010. The OHCD strongly opposes repeal of:

- **§235-110.8.** The low-income housing tax credits are an important financing tool for low-income rental housing projects that would otherwise not be financially feasible.

The repeal of the tax credits and exemptions would have dire consequences on the development of low-income rental housing. The financing of affordable, low-income rental housing has been severely hampered due to the current credit crisis in the private financing markets. This repeal would further challenge the capacity of developers in providing affordable housing during an anticipated time of great need.

The OHCD respectfully request the Committee to oppose the repeal of the above citations within SB 199. Thank you for your careful consideration of the negative impacts of this bill.

  
Stephen J. Arnett  
Housing Administrator

0111tasr



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PROVIDER AND EMPLOYER"

FEB - 4 2009

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Fax (808) 525-6652

**SB 199  
RELATING TO TAXATION**

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

**FEBRUARY 5, 2009**

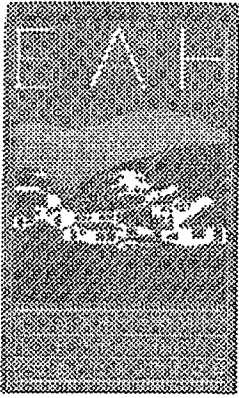
Chair Kim and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Hawaiian Commercial & Sugar Company, one of its agricultural companies, on SB 199, "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 several 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.



February 3, 2009

Senator Donna Mercado Kim, Chair  
Senate Committee on Ways and Means  
State Capitol, Room 210  
Honolulu, Hawaii 96813

Subject: S.B. No. 199; Hearing February 5, 2009; Testimony in Opposition

Dear Senator Kim and Members of the Senate Committee on Ways and Means:

EAH Housing opposes S.B. No. 199 and any other initiative that would curtail or eliminate the Low Income Housing Tax Credit (LIHTC) program which supports the creation and preservation of affordable rental housing developments. EAH Housing is a non-profit public benefit corporation dedicated to developing, managing, promoting and preserving affordable rental housing. EAH in its 41 year history has never sold a property and is dedicated to permanently affordable and high quality housing.

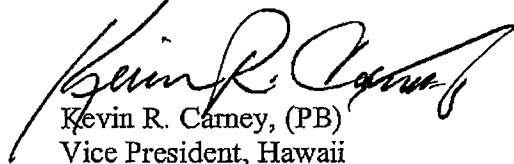
The idea of eliminating the LIHTC program at a time when we need to be expediting the development of affordable rental housing is mind boggling. What are we thinking?! This program has proven to be the most powerful financial tool that developers nationwide have to produce the equity needed to develop affordable rental housing projects.

Granted the program is suffering now both at the State and Federal levels because of the economy and the lack of investors but the answer is not to eliminate it but to find ways to make the tax credits more attractive. This can be done by reducing the 10 year take down period to a 5 year period and by allowing investors options such as accelerating the credit in the earlier years and providing for a Carry Back for a designated period of time to offset AMT liability.

The State of Hawaii needs to be thinking of ways to hasten the development of affordable rental housing and of ways to reduce costs and create incentives to developers and investors. S.B. No. 199 does none of this.

Thank you for this opportunity to submit our thoughts.

Sincerely,



Kevin R. Carney, (PB)  
Vice President, Hawaii



**kim4 - Elizabeth**

---

**From:** salth2o@hawaii.rr.com  
**Sent:** Wednesday, February 04, 2009 4:04 PM  
**To:** WAM Testimony  
**Subject:** SB 199

This testimony will be heard before the Ways and Means committee on Thursday, February 5, 2009, at 9:30am in room 211 at the Capitol regarding SB 199.

My name is Nancy S. Young. I am the chair of the Faith Action for Community Equity (FACE) Housing committee. I am also a member of Social Justice committee of First Unitarian Church in Honolulu, where I have been a long time member.

We, at FACE, are asking the Legislature to work together in a bipartisan manner to create continuing development of low and very low income housing. We have a major shortfall in affordable rentals. The only vehicle that allows private investors to finance low income housing is Low Income Housing Tax Credits. Low Income Housing Tax Credits are the only incentive. Without Low Income Housing Tax Credits, there would be no affordable rental development here in Hawaii. That would be devastating.

In my reading of SB199, its purpose is to get people to use the tax credits quickly. However, this is no longer feasible. Tax credits are not selling because of the nation's financial meltdown. At this moment, banks and private companies are not interested in buying tax credits. We would hope to restructure Low Income Housing Tax Credits so that they are more attractive and easier to buy. One method is to accelerate the benefit from 10 years to 5 years. We would be more than willing to work together with you in finding the best methods available.

Please don't remove the only avenue to building Affordable Housing Rentals in Hawaii.

Thank you.

Nancy S. Young  
808/848.5411

**RELATING TO TAXATION**

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

**FEBRUARY 5, 2009**

Chair Kim and Members of the Senate Committee on Ways and Means:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on SB 199, "Relating to Taxation".

**SUMMARY**

This bill would repeal various incentives for programs that either currently or could significantly benefit the residents of Hawaii. Hawaii BioEnergy ("HBE") opposes the repeal of the Ethanol Facility Tax Credit (Section 235-110.3) and the High Technology Business Investment Tax Credit (Section 235-110.9) for the following reasons:

1. HBE is currently evaluating the feasibility of investing in a sustainable, integrated ethanol production facility in Hawaii 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 Hawaii.
2. HBE is also moving forward with the development of other renewable energy projects in Hawaii 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 could jeopardize or delay the projects and their associated environmental, economic, and social benefits to Hawaii's residents.

### **RENEWABLE ENERGY PROJECTS IN HAWAII**

Hawaii BioEnergy is a local company with a mission to help Hawaii 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 Hawaii 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 Hawaii'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 Hawaii's natural resource base, climate, market and infrastructure.

One of those 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 before this legislative session is done. Algae not only offers Hawaii 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 Hawaii 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 Hawaii. Or at a minimum, the repeal would significantly delay any plans to go forward with ethanol production in the State. This is because the production of ethanol in Hawaii 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. Further, 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 Hawaii.

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 Hawaii. 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 Hawaii. 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, it is possible that HBE's projects, as well as the benefits they will provide to Hawaii'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 in jeopardy should the High Technology Business Investment Tax Credit be repealed.

### **CONCLUSION**

HBE is moving forward with projects that will help to address Hawaii's energy future. Hawaii residents will 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;
- A stronger economy through local job creation and investment in the local economy.

However, the repeal of the Ethanol Facility Tax Credit and the High Technology Business Investment Tax Credit will jeopardize those benefits by either significantly delaying or terminating projects under consideration.

Based on the aforementioned, Hawai'i BioEnergy respectfully requests your support in not repealing the Ethanol Facility Tax Credit and the High Technology Business Investment Tax Credit.

Thank you for the opportunity to testify.

## Gina Williams

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 03, 2009 9:51 AM  
**To:** WAM Testimony  
**Cc:** [agres@maui.net](mailto:agres@maui.net)  
**Subject:** Testimony for SB199 on 2/5/2009 9:30:00 AM  
**Attachments:** SB199 tax credit repeal WAM.doc

Testimony for WAM 2/5/2009 9:30:00 AM SB199

Conference room: 211  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Mae Nakahata  
Organization: HFBF  
Address:  
Phone: 808 2819716  
E-mail: [agres@maui.net](mailto:agres@maui.net)  
Submitted on: 2/3/2009

Comments:



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#### TESTIMONY

Senate Committee on Ways and Means

#### **RE: SB199 Relating to Taxation**

Chair Kim and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of its member farmers and ranchers is in **strong opposition** of SB199, which seeks to sunset tax credits including those relating to Important Agricultural Lands on Dec. 31, 2010.

Nearly thirty years after the Constitutional Mandate was passed requiring the identification and designation of Important Agricultural lands, measures were passed to finally implement this requirement. It came at a very critical time. Many agricultural enterprises across the State quietly disappeared, and not just sugarcane and pineapple but dairies, poultry, hog and vegetable farms. New farms are beginning. Some have succeeded and others are on their way and we still have committed farmers and ranchers across the State. But times have changed and agriculture's needs have grown. The outcry to have locally grown so we will not be so dependent upon imports for agricultural products whether it be food, fiber or energy is at an all time high. As an industry that literally is at the bottom of the food chain ... where it all begins ... the impacts of economic downturns are severely felt. Unlike vendors of televisions or cars, the cost of goods does not correlate to the price paid by the consumer. Lower priced imports is the main competition and consumers with slimmer pocketbooks during hard economic times will be very price conscious even as they may philosophically support locally grown.

The IAL legislation is unique. It provides incentives in exchange for a commitment by landowners to keep their lands in agriculture for a very long time. Based on the conditions, one may say in perpetuity. The concept is that the incentives would facilitate viable agricultural operations and thereby have agricultural lands .....for without farms or ranches you only have open space. The process has yet to start. The Land Use Commission must approve the designations for the process to begin.

If Hawaii is serious about having an agricultural industry, it is critical that this process be allowed.

One cannot force people to farm or ranch. Land Use Maps that mark out parcels to be "agriculture" does not grow crops or raise livestock. You must have farmers and ranchers. And farmers and ranchers should be able to have a fair living. These incentives represent society's investment to support farmers and ranchers resulting in a viable agriculture industry serving the people of Hawaii.

We respectfully request your opposition to including Section 235-110.93 (Important Agricultural Land Qualified Agricultural Cost Tax Credit) in the measures to be repealed by SB199.

Thank you for this opportunity to provide our opinion on this matter.

FEB - 4 2009

# 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 Constantinou  
Honolulu Film Office*

*Donne Dawson  
Hawaii Film Office*

*Jeanne Ishikawa  
Teamsters, Local 996*

*Leroy Jenkins  
H.I.F.A.*

*John Mason  
Big Island Film Office*

*Brien Matson  
A.F.M., Local 677*

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

*Art Umezu  
Kauai Film Commission*

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

SENATE COMMITTEE ON WAYS AND MEANS

February 5, 2009 - 9:30 am  
State Capitol, Conference Room 211

RE: SB199 - Relating to Taxation

Dear Chair Kim, Vice Chair Tsutsui 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 SB199** 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

In addition, Act 88:

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

It 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 almost 200 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.

Sincerely,

Brenda Ching  
Chair

Attachments: Act 88 Petition; 2007 Act 88 ROI spreadsheet



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

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

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

**Total figures**

**Black** = net gain to state

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

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

Revision date: 2/3/09; 1:00 pm

Abrosius	Gregg	production manager	Honolulu
Aguinaldo	Arlene	production assistant	Ewa Beach
Aleck	Nancy	non-profit director	Honolulu
Andres	Sally	accounts receivable clerk	Honolulu
Archibald	Jo	copywriter	Honolulu
Asato	Charlene	advertising traffic manager	Honolulu
Atkins	Paul	director of photography	Honolulu
Atkins	Grace	producer / sound mixer	Honolulu
Beercka	Meleana	hotel worker	Kahuku
Beteta	Jonathan	hotel worker	Laie
Blue	Maria	activities manager	Waianae
Boyd	Lawrence	associate specialist	Honolulu
Boyle	Bob	hotel worker	Kahuku
Brazier	Benita	film commissioner	Wailuku
Brenner	Renee	accounting	Kahuku
Brewerton	Katie	project manager	Honolulu
Britos	Peter	professor / writer / producer	Honolulu
Cadiz	Phillip	hotel worker	Haleiwa
Cassity	Clifton	property manager	Kaaawa
Ching	Brenda	executive director	Honolulu
Chock	Nilda	Nat'l business agent, AFC-CIO	Honolulu
Cole	Jessica	talent coordinator	Kula
Collado	Leslene	administrative assistant	Honolulu
Confair-Sensano	Renee	production supervisor	Waialua
Constantinaw	Walea	film commissioner	Kaneohe
Cook	Jennifer	film school student	Honolulu
Cooper	Richard	assistant director	Kapaa
Cotton	Liz	sales executive	Honolulu
Crowell	Oliver	consultant	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
Elmore	Gerard	director	Kapolei
Ferrer	Leanne	program manager	Honolulu
Fewell	Richard	graphic artist	Mililani
Fishburn	Anna	casting director	Honolulu
Flores	Serena	assistant production coordinator	Miliani
Fontaine	Renato	grip	Kaneohe
Forsberg	Dana	videographer	Honolulu
Freeborn	Luke	art director	Honolulu
Fukuda	Sheila		Pearl City
Galindez	Richardo	producer	Kailua
Gillett	Kathryn	graphic designer	Honolulu
Golstein	Mathew	actor	Kaneohe
Gomes	Troy	producer/editor	Ewa Beach
Gomes	Dustin	assist location manager	Kailua
Gomes	Dexter	production coordinator	Honolulu

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

Revision date: 2/3/09; 1:00 pm

Gonzalez	Elias	restaurant managar	Hauula
Gross	Thomas	hotel worker	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	Hnolulu
Hazelwood	Jennifer	actress	Honolulu
Higa	Michael	production coordinator	Honolulu
Higuchi	Lisa	writer / producer / director	Kaneohe
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
James	Katherine	costume designer	Kailua
Jenkins	Leroy	producer / company president	Honolulu
Johnson	Sandra	producer	Honolulu
Johnson	Wesley	hotel worker	Laie
Joseph	Genie	producer	Honolulu
Kaneshiro	Darrin	producer	Honolulu
Kato	Stephan	producer	Honolulu
Kekoa	Janice	creative department manager	Honolulu
Kelley	Carol	set decorator	Honolulu
Kelly	Michael	production manager	Honolulu
Ko	Helen	advertising executive	Honolulu
Kowal	Robert	sales executive	Honolulu
Kribell	Jan	club manager	Haleiwa
Kunihara	Duke	actor	Honolulu
Kusano	Hideyo	film school student	Honolulu
Larkin	Sue	casting director	Waianae
Lau	Jann	travel specialist	Honolulu
Lehr	Randal	general manager - hotel	Makaha
Levine	Liam	actor	Honolulu
Levy	James	key grip	Honolulu
Lewis	Craig	set dressing shopper	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
Maduli	Janet	entertainment / talent booker	Honolulu
Maekawa	Mike	location coordinator	Honolulu

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

Revision date: 2/3/09; 1:00 pm

Mago	Peter	equipment sales	Kaneohe
Maness	Jennifer	production coordinator	Honolulu
Matson	Brien	business agent, local 677	Honolulu
Matthews	William	set designer	Honolulu
May	Michael	producer	Honolulu
Mick	Marilyn	location manager	Honolulu
Mitchell	Frank	craft service	Honolulu
Mitchell	Lisa	production coordinator	Honolulu
Morita	Masahiko	production coordinator	Honolulu
Mossman	Delphine	receptionist	Honolulu
Murphy	K.	executive assistant	Kaneohe
Nagai	Masatoshi	coordinator	Honolulu
Nakamoto	Nicle	accounting clerk	Honolulu
Nakamura	Nao	production coordinator	Honolulu
Nikolaidas	Nik	owner, computer recycling company	Kaneohe
Nishitani	Koki	production coordinator	Honolulu
Nitta	Mark	producer / director / editor	Waipahu
Nomura	Evan	account executive	Honolulu
Odeon	Juan	film school student	Honolulu
Olague	Robert	executive producer	Honolulu
Olivares	Doug	camera operator	Honolulu
Olson	Naomi	camera assistant	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
Paty	Randolph	assist location manager	Waiialua
Pearson	Wendy	actor	Honolulu
Pedrina	Charlie	graphic designer	Pearl City
Pierce	Don	restaurant managar	Honolulu
Pike	Rebecca	visitor publications editor	Honolulu
Powell	William	production accountant	Honolulu
Ranches	Juju	senior art director	Honolulu
Reid	Carolyn	travel consultant	Honolulu
Reynolds	Sohbi	location manager	Honolulu
Riverio	Mike	producer	Aiea
Riverio	Claireq	musician	Aiea
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
Sato	Linda	actor	Wahiawa
Sato	Hidemi	graphic designer	Honolulu
Sato	David	camera operator / dp	Honolulu
Schopler	Edward	programmer	Kailua

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

Revision date: 2/3/09; 1:00 pm

Sears	Leo	producer / film fesitival director	Waikoloa
Shimabukuro	Sheryl	print production	Honolulu
Shirakawa-Baek	Takahiko	travel agent	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
Tanigawa	Stacie	production artist	Honolulu
Tavares	Susan	waste management	Honolulu
Thornton	Michael	film distributor	Honolulu
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
Vera	Marisa	hotel worker	Wahiawa
Visser	Thomas	sound department	Honolulu
Wagner	Michael	art director	Honolulu
Wallace	Keoki	hotel worker	Hauula
Wilkins	Michael	hotel worker	Waialua
Williams	Jennifer	producer	Aiea
Wiss	Larry	actor	Honolulu
Wray	John	broadcast manager	Honolulu
Yadao	Linda	producer	Waialua
Yasufuku	Miki	assist location manager	Honolulu
You	Justin	project coordinator	Pearl City
Yu	Gary-Lee	security officer	Hauula
Ziegler	Daniel	writer / director	Honolulu
Zucker	Robyn	costumer	Haleiwa

# HAWAII RENEWABLE ENERGY ALLIANCE

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: [wsb@lava.net](mailto:wsb@lava.net)

## Officers

President  
Warren S. Bollmeier II

Vice-President  
John Crouch

Secretary/Treasurer  
Cully Judd

## Directors

Warren S. Bollmeier II  
WSB-Hawaii

John Crouch  
PowerLight Corporation

Cully Judd  
Inter Island Solar Supply

Herbert M. (Monty) Richards  
Kahua Ranch Ltd.

## TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

### SB 199, RELATING TO TAXATION

February 5, 2009

Chair Kim, Vice-Chair Tsutsui and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 2942 is to sunset and repeal all tax credits for taxable years beginning after December 31, 2010.

HREA **strongly opposes** this bill as it proposes the repeal of the Renewable Energy Technologies Income Tax Credit ("RETITC"). We take no position on the merits of the other tax credits contained in the bill.

HREA strongly supports continuation of the RETITC for the following reasons:

- (1) The RETITC is a cost-effective incentive for encouraging private investment in wind and solar technologies in Hawaii. Over 100,000 solar hot water heaters are installed and operational in Hawaii, in large part due to the RETITC and its predecessor, the Energy Conservation Income Tax Credit. Currently, over 5,000 solar systems are being installed annually, and RETITC is also leveraging private investment in wind energy systems. Furthermore, energy generation and savings from solar and wind currently contribute to the utility's Renewable Portfolio Standard, which is likely to be increased this year in order to meet the goals of the Hawaii Clean Energy Initiative;
- (2) The RETITC help protect our environment by reducing our use of imported fossil energy and greenhouse gas emissions; and
- (3) It has been shown after years of analysis and discussion (Energy Efficiency Policy Task Force and supporting analysis to the Task Force from economist Dr. Tom Loudat) that the RETITC stimulates new economic benefits, including creation and sustenance of new jobs, and net return of state revenues over time.

In short, HREA recommends continuation of the RETITC as it is replete with energy, environmental and economic benefits.

Thank you for this opportunity to testify.

**HAWAII RENEWABLE ENERGY ALLIANCE**

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Honolulu, Hawaii 96816

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

February 4, 2009

**The Honorable Donna Mercado Kim, Chair**  
Senate Committee on Ways and Means  
State Capitol, Room 211  
Honolulu, Hawaii 96813

**RE: S.B. 199 Relating to Taxation**

**HEARING DATE: Thursday, February 5, 2009 at 9:30 a.m.**

Aloha Chair Kim and members of the Committee on Ways and Means.

On behalf of our 9,600 members in Hawai'i, the Hawai'i Association of REALTORS® (HAR) **opposes** that portion of Section 1 of S.B. 199, which repeals the Low-Income Housing Tax Credit under HRS §235-110.8 effective for taxable years beginning after December 31, 2010.

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 are often aided by equity financing generated from the Low Income Housing Tax Credit under HRS §235-110.8. Repealing this program 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 the repeal of HRS §235-110.8 will have the following adverse consequences:

1. With respect to existing projects, the repeal of the Low Income Housing Tax Credits under HRS §235-110.8 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; and (b) the State to recapture the credit under HRS §235-110.8(d)(4) and IRC §42(j) after December 31, 2010.
2. With respect to projects approved between the date of enactment of S.B. 199 and December 31, 2010, the uncertainty of the continued existence of the Low Income





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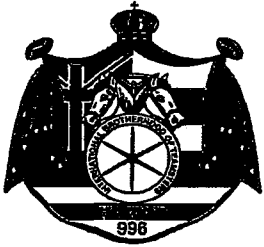
Housing Tax Credits under HRS §235-110.8 will undoubtedly reduce the amount investors will be willing to pay for the credits because they cannot be assured of the use of the credit through its entire 10-year recovery period. Again, a logical consequence of such investor action would be a need for additional equity from sources such as the Rental Housing Trust Fund.

For the reasons set forth above, HAR respectfully requests that if Section 1 of S.B.199 is passed in its current form, Section 3 of S.B. 199, be amended to read as follows:

SECTION 3. This Act shall take effect on July 1, 2009; provided that Section 1 shall not apply to low-income housing tax credits awarded under section 235-110.8, Hawaii Revised Statutes, prior to January 1, 2011.

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

Mahalo for the opportunity to testify.



# HAWAII 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

## SENATE COMMITTEE on WAYS AND MEANS

Hearing Date:

Thursday, February 5, 2009 at 9:30 a.m.  
State Capitol – Conference Room 211

FEB - 4 2009

February 4, 2009

TO: Sen. Donna Mercado Kim, Chairwoman, Ways and Means  
Sen. Shan S. Tsutsui, Vice Chair, Ways and Means  
Members of the Senate Ways and Means Committee

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

RE: TESTIMONY SUBMITTED OPPOSING A PORTION OF SB 199 (RELATING TO TAXATION)

Dear Chairwoman Kim, Vice Chair Tsutsui, and members of the Committee:

The Hawaii Teamsters and Allied Workers Union, Local 996, appreciate the committee's interest and support of Hawaii's film industry. However, as a labor organization representing the Hawaii movie and television industry drivers, the Teamsters Union OPPOSES SECTION 235-1 of Senate Bill 199 which would make changes to Act 88.

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 in supporting and developing its work force, visitor industry (hotels, rentals, etc.), local businesses and vendors. The bonus is the free and fantastic publicity and advertising that Hawaii receives from each of these productions that comes to film in our state.

Act 88, in a mere 18 months since its implementation, is fulfilling its intent to successfully draw movie and television productions to Hawaii in a fiscally responsible way, and we ask that it remain in its current state.

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

**SB 199  
RELATING TO TAXATION**

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

**February 5, 2009**

Chair Kim and Members of the Ways and Means Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on SB 199, "Relating to Taxation." Hawaiian Telcom requests an amendment to this measure.

SB 199 establishes the repeal of numerous tax credits and exemptions beginning after December 31, 2010. While recognizing the value of periodic reviews of Hawaii's tax code as a useful tool toward the development of sensible tax policy, the repeal of tax credits of the scope and magnitude as proposed in this measure must be approached cautiously to allow both lawmakers and the public the opportunity to fully understand the financial and social consequences which will result if repeal of these tax credits are approved.

In particular, Hawaiian Telcom opposes the repeal of Section 235-110.7, Hawaii Revised Statutes, which eliminates the general excise tax credit for investment in capital goods. Repeal of this section will remove meaningful financial incentives for our company and other businesses in Hawaii to invest in the newest equipment and technology which are necessary survival tools in these tough economic times for any company wishing to improve its productivity, efficiency, and ability to compete.

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

Thank you for the opportunity to testify on this measure.

## Gina Williams

---

**From:** robyn@hiscitech.org  
**Sent:** Tuesday, February 03, 2009 12:44 PM  
**To:** WAM Testimony  
**Cc:** lgibson@hiscitech.org  
**Subject:** SB199 Testimony  
**Attachments:** SB199\_Feb509\_Taxation.doc

Aloha,

Testimony attached for:

Senate Bill 199: Relating to Taxation  
DATE: Thursday February 5, 2009  
TIME: 9:30am  
PLACE: Conference Room 211

Mahalo!

Robyn Finken Keller  
Hawaii Science & Technology Council  
733 Bishop Street, Suite 2950  
Honolulu, HI 96813  
(808) 536-4670



## SENATE BILL 199: RELATING TO TAXATION

**DATE:** February 5, 2009  
9:30 a.m., Conference Room 211

**TO:** Senate Committee on Ways and Means  
The Honorable Donna Mercado Kim, Chair  
The Honorable Shan Tsutsui, Vice Chair

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

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

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. HISciTech believes the process to provide a complete analysis and evaluation of credits/exemptions is contained in SB 1247 *which is co-sponsored by 19 senators*.

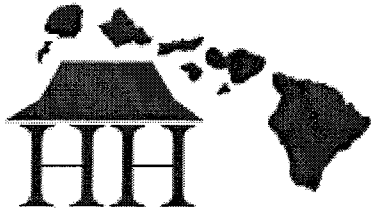
SB 199 further provides that effective July 1, 2009 enactment of future tax credits would require a 2/3 majority of the total membership in each house. We respectfully submit that such a high threshold may unduly restrict timely legislative action regarding the enactment of beneficial tax credits/exemptions. No such restriction is contained in SB1247.

HISciTech supports periodic and thorough evaluations of tax credits/exemptions. We believe the process and language set forth in SB1247 will provide the Legislature with the information it needs to review tax credits/exemptions and will not impose a difficult threshold to meet to enact appropriate and beneficial tax credits/exemptions. Accordingly, we prefer SB1247.

*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



# Housing Hawaii

Advocating Creating Maintaining Affordable Housing

## **Board of Directors**

### **President**

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Hawaii

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### **Director – Kamaile**

Sombelon, Lokahi  
Pacific

February 4, 2009

The Honorable Donna Mercado Kim, Chair  
Senate Committee on Ways and Means  
Hawaii State Capitol, Room 210  
Honolulu, HI 96813

Dear Chair Kim and Members:

## **RE: SB 199, RELATING TO TAXATION**

I am Nani Medeiros, Executive Director of Housing Hawaii, testifying in opposition to Senate Bill 199, Relating to Taxation. This bill repeals numerous tax credits.

Housing Hawaii opposes the repeal of both the income tax credit for low income household renters and the low income housing tax credit.

The Low Income Housing Tax Credit (LIHTC) (IRC section 42) Program is the **principal source of capital for the development of affordable rental housing**. The economic downturn has dramatically reduced investor demand for these federal and state tax credits, particularly in the financial services sector, which has provided the vast majority of the capital for this program in past years.

Due to decreased demand, pricing for the credits has dropped dramatically, such that the tax credits are now selling for about 60% percent of their previous value. Given already constrained local budgets, this will halt some affordable housing projects completely and require localities to put up additional funds for projects that do go forward. In Hawaii there is particular concern surrounding the state's ability to preserve the Kukui Gardens complex because the tax credit portion of the financing package has stalled.

It is very important that the program continue to operate to maintain the supply of affordable housing, especially as demand increases due to foreclosures and economic hardships. The LIHTC program is about providing quality housing to low-income tenants at affordable rents. With unemployment increasing and many homeowners being foreclosed out of their homes, more families than ever are in desperate need of affordable rental housing. Affordable housing production accomplishes this goal. In addition, this program can be an important contributor to job creation and economic stimulus. Thank you for the opportunity to testify.

---

**Executive Director**  
Nani Medeiros

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

**Phone: 808-469-7774**

**Email: [housinghawaii@hawaii.rr.com](mailto:housinghawaii@hawaii.rr.com)**

**[www.housinghawaii.org](http://www.housinghawaii.org)**

## **kim4 - Elizabeth**

---

**From:** Jeannette Hereniko [jphmovies@gmail.com]  
**Sent:** Wednesday, February 04, 2009 5:20 PM  
**To:** WAM Testimony  
**Subject:** Testimony re: Legislative Bill SB198

Dear Chair Senator Donna Mercado Kim, Chair, and Senator Shan S. Tsutsui, Vice Chair, and Members of the Committee on Ways and Means:

Thank you for this opportunity to offer my testimony before this committee. My name is Jeannette Paulson Hereniko and I urge that Legislative Bill SB199 **NOT** pass.

I have lived in Hawaii since 1975, and since then have been involved in the local film industry as a Producer, Screenwriter, Director, Film Distributor, and Film Programmer. I am probably best known as the Founding Director of the Hawaii International Film Festival from it's beginning, 1981, through 1996.

During this period of time I have seen the film industry grow to be a vital industry that has a financial impact but also plays a major role in shaping the cultural fabric of our society. It is a fragile industry, one that needs nurturing and care. It is also a clean, knowledge and creative industry that enriches and impacts the quality of life of most all our residents. Infact, I doubt anyone on the Committee doubts the value of encouraging the film industry as one that can diversify our State's economy, promote our culture and encourage our declining tourist industry.

But what I am not certain all the Committee Members may realize is how fragile and difficult it is to start and sustain a business in the film and creative media industry. It requires a substantial investment of money that few individuals have. It takes a community of people to believe in visual story telling as well as individual perseverance, sound business practices and creative talents. We are lucky, because in Hawaii we have a growing community willing to take risks and support individuals who want to start a business in this field. The tax credits made the difference.

For example, even with my decades of experience, it was not until Act 221 and statues allowing Motion Picture, Digital media, and Film Production Income Tax Credit and the High Technology Business Investment Tax Credit was it viable for me to start a business in Hawaii based around visual storytelling from Asia and the Pacific peoples and cultures. Without the tax credits I would not have been able to start my new business creating new illumination into the visual stories from Asia and the Pacific Islands. Many throughout the region have faith that my business, iFilm Connections: Asia & Pacific, will grow into the world's largest digital film library with podcasts, peer reviews, critical analysis and subtitles in various Asian languages in addition to English subtitles. But I could never ever think of beginning such a business without the ability to attract Hawaii investors who were encouraged to invest because of the State's tax credits.

I just started the business - but there is not a doubt in my mind that in future years I will be hiring hundreds of Hawaii's people who can translate films in various languages, can analyze films and literature, can video tape interviews, can program technical aspects on websites, can administer and operate a project that will be showing and analyzing stories of people from the region throughout the world.

Please do not step backward in time. Now more than ever we need to stimulate our economy. Now more than ever we need to diversify our economy. Now more than ever we need to reward those willing to take risk to start new businesses in Hawaii that will grow and give people jobs and bring more income into Hawaii. Now is the time to encourage growth and creativity. If you pass this Bill, alas, we take a huge step backward on a

pathway that has been slowly but surely been growing and moving forward. We will never experience a diversified economy if we cut down at the knees the ones we have been nurturing.

I urge you to vote down Legislative Bill SB199. Thank you so much for allowing me this opportunity to share my experience with your Committee.

Jeannette Paulson Hereniko

President, iFilm Connections: Asia & Pacific

6105 A Summer Street

Honolulu, Hawaii 96821

Phone: 808-396-8353

Email: [jphmovies@gmail.com](mailto:jphmovies@gmail.com)





## LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS  
Since 1937

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

### SENATE COMMITTEE ON WAYS AND MEANS

February 5, 2009 - 9:30 am  
State Capitol, Conference Room 211

RE: SB199 - Relating to Taxation

Dear Chair Kim, Vice Chair Tsutsui and members of the committee:

We 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, (Signatures Attached). They are currently working on projects and strongly oppose the portion of SB199 that would make changes to Act - 88, (referred in the bill as Section 235-17 Motion Picture, Digital Media and Film Production Income Tax Credit) and oppose the portion of the SB199 that seeks to alter Section 235-110.9 (High Technology Tax Credit).

My members are the technicians that make the movies – the camera, sound, grips, electricians, special effects, make-up artists, set construction workers, etc. Without a doubt, these two tax credits have created work for my members and hundreds of others.

I humbly ask that you think carefully before changing something that creates JOBS for the working people of Hawaii - especially my members of the IA - and even more now in these challenging times when we need to keep our people employed.

“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:
Keoua Kaulai		Transportation
MIKE CAMPBELL		Security
Earl Mitchell		Security
Berk Johnson		Elec.
Bruce Vollett		GRIP
Hanny Ladan		Production Mgr/AD
DANA K SATO		Art
MARTIN L GREGUSARA		Flor
Melody N. Lew		GRIP
Aileen Joy Levy		GRIP
Tomoko Stagg		Coordinator
Emil Uyeno		Coordinator
Ryan Mainz		Medic
RICE CRUM		LIGHTING
Scott Lisetor		GRIP
Don Tomuch		Lighting
ASOM FRATIS		ELECTRI.
Brandon Page		Coordinator
REID SMITH		GRIP
JAMES C LEVY		GRIP
ISAIA ROBINS		GREENS
Linda Lee		art dept
KAHUKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruit		PROPS
Reuben Tao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		PROP
LEE KANEAKUA		GRIP
PUNA TITCOMB		CS
Talisaa Niko		LABORER
BRIAN COSTA		PROPS
JOHN RUGGOLD		MEDIC

PRINT NAME:	SIGNATURE:	DEPARTMENT:
GUY BELEGAUD	Guy Belega	665
Milo Pierce	Milo Pierce	665
William Preston	W. Preston	665
Jason Skaggs	Jason Skaggs	665
Cary Beall	Cary Beall	665
Andrew Calna Jr.	Andrew Calna Jr.	665
Andrew Pangke	Andrew Pangke	996
Chris Librie	Chris Librie	665
Warren Roberts	Warren Roberts	665
Freddy Kaluna	Freddy Kaluna	996
MILIAS PAATHAN	Milias Paathan	#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 Kunen	Mel Kunen	LOST/665
Edward Tunney	Edward Tunney	LLT/665
ALYCE FAHSHOLTZ	Alyce Fahsholtz	665
Michael Hira	Michael Hira	996
SCOTT LIEB	Scott Lieb	665
Sam. Tialiso	Sam Tialiso	PRIVATE SECURITY
Christopher Engichy	Christopher Engichy	PRIVATE SECURITY
JOLIE-VIN SURK	Jolie-Vin Surk	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. LAUTA	Frank S. Lauter	665
JOHN E RINGGOLD Jr	John E Ringgold Jr.	665
Keala Nakavelua	Keala Nakavelua	Risk Mgmt 665
Maria Kerstin	Maria Kerstin	Risk Mgmt 665
John Nittipol Day	John Nittipol Day	665
Alan Sam	Alan Sam	Labor
PLISSA NISU	Plissa Nisu	665
Ronald Wong	Ronald Wong	665
DERICK KUPKO	Derrick Kupko	665
Vicki Kan	Vicki Kan	996

PRINT NAME:

SIGNATURE:

DEPARTMENT:

HENRY FORDHAM		TATSE 665
NATHANIEL E. DEARMORE		TATSE 665 / TEAMSTER 99L
DANNE AUNNA		TATSE 665
Michael R. Kachomuta		TATSE 665
Cory L. Bathke		TATSE 665
Drew Des Jarlais		TATSE 665
ALLEN MOZO		TATSE 665, 600, SAG
Danell Tachihara		TATSE 665
Francis 'Soman' Julian		TATSE 665 / medic
Ramona Woolsey		TATSE 665
Drew Des Jarlais		TATSE 665, BEW 1260
CHRIS WICKINS		TATSE 665, BEW 1260
CHARLEY KAE0		TATSE 665
CHRIS MANNES		CYRANE
Zachary Kim		665
Mike Weisbrad		665 / 600
KALIKO PALMEIRA		665
DANIEL ROSNER		GR1 665
Tiffany Chenoy		Set PA-DGA
LUKAS / SEND		TATSE 665
Sonya Balmores		SAG Actor
Cher Canite		MODEL
Kelsey Campbell		Model
Nalani Paveo		Model
Kiya Lee		Model
Tani Fujimoto		actress/model
Caraldo Kato		665 / wardrobe
Kristy Romero		MODEL
Kelly Chingone		Performer
Sarah Inoue		model
Meredith Cardenas		model
Ashley von der Burg		model
Sophia On		Actress
Alanna Yoshioka		model
CHELSEA RODRIGUES		Model
Mokihana Aki		model
Aatika Taraka		model
Eri Aihara		model
Sayaka Ogura		model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

ANE TRAVNETZKI

*[Signature]*

GRIPS IA

Louis Freitas

*[Signature]*

Greens IA

Alwin Akim

*[Signature]*

Greens IA

Mar

"Aina" Riboca

*[Signature]*

GRIPS IA

DAVID CAMBRA

*[Signature]*

OBSCURITY IA

Shel Santos

*[Signature]*

Electric IA

Mike Saia

*[Signature]*

FX IA

Chantal Basmila

*[Signature]*

Makeup IA

Suzani Zaguing

*[Signature]*

Wardrobe IA

AARON E. MULLSAP

*[Signature]*

Wardrobe IA

Cole Chetney

*[Signature]*

GRIPS IA

Mark Kalangher

*[Signature]*

Set Lighting IA

Ben Wempe

*[Signature]*

Extra

Edward Vaughn

*[Signature]*

ACTOR/STUD

Jonathan Shirley

*[Signature]*

Extra

Jeff Hummel

*[Signature]*

EXTRA

KURT VIMAFRANCA

*[Signature]*

LOST... GRIPS IA

Chris Puth

*[Signature]*

LOST GRIPS IA

KIM STOWELL

*[Signature]*

LOST/ACTOR

JASON MARUSZ

*[Signature]*

LOST/SPL

Brian Matsumura

*[Signature]*

CAMERA 600

Kevin Craven

*[Signature]*

Extra

Stan Cooper

*[Signature]*

EXTRA

STEPHEN BACQUET

*[Signature]*

Set Lighting IA

Kanao Dablan

*[Signature]*

Set Dressing IA

Jon Mumper

*[Signature]*

Sound IA

Andrew Childers

*[Signature]*

Set P.A. DGA

John M. H. Lee

*[Signature]*

Set Lighting IA

Roger Thompson

*[Signature]*

Set Lighting IA

Akoni Kaano'i

*[Signature]*

Set Lighting IA

RACER MOODY

*[Signature]*

Stand-In IA

Keola Sa'a

*[Signature]*

Transportation

DIANE FRAUENHAZ

*[Signature]*

SCRIPT SUPERVISOR

Lance Hookano

*[Signature]*

GRID IA

W. Jennings Fowler

*[Signature]*

PROPERTY IA

Bred Barryhin

*[Signature]*

Actr

Carla Bowen

*[Signature]*

PRODUCTION DGA

FRANCIS CHAN

*[Signature]*

Actor

Anne Hoss

*[Signature]*

Costumes IA

Jon T. Dahl

*[Signature]*

Traspa

PRINT NAME:

SIGNATURE:

DEPARTMENT:

James Kim Moore

*[Signature]*

Film + Stage

Robyn Wong

*[Signature]*

Trade Show

Darren Rodriguez

*[Signature]*

Trade Show

~~EVERETT GALISA~~

~~*[Signature]*~~

~~FILM~~

LARRY SMITH

*[Signature]*

FILM

KAY CARTER

KAY CARTER

FILM/STAGE

Ben Pham

Ben Shafiq

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

*[Signature]*

STAGE/REG'Y

PATRICK LUM

*[Signature]*

AUDIO

William Kosta

*[Signature]*

Stagehand

Edward Kook

*[Signature]*

Carp/Stagehand

Kim Shipton

*[Signature]*

CARP. Stagehand

Sandy Sandelin

*[Signature]*

Stagehand

Mark Stouge

MARK STOUGE

PROPS

Charles Roberts

*[Signature]*

Audio

James Takahashi

James Takahashi

Grip, Construction

AL OMO

*[Signature]*

STAGE

Jim Murphy

Jim Murphy

STAGE

Joseph R.R. Cahoon II

*[Signature]*

STAGE/FILM

CARDL "CASEY" CAMERON

Card Casey Cameron

STAGE/FILM

FASTER K LOGAN

*[Signature]*

STUD

JUDITH MATSUMOTO

Judith Matsumoto

WARDROBE

Doug Kissel

*[Signature]*

Trade Show

RICHARD F. HOUSETT

Richard F. Housett

Construction Crews

PAUL KAHHA CHUCK II

Paul Kahha Chuck II

EEL. / CONST.

RONALD EVANS

*[Signature]*

STAGE/FILM

WKE THOMPSON

*[Signature]*

STAGE/FILM

JEN LISS

*[Signature]*

STAGE/FILM

EMILY KAMM

*[Signature]*

STAGE

JACK MORRIS

JOHN M. REYNOLDS

STAGE/FILM

Roxanne Aranda

*[Signature]*

GLS STAFF

PRINT NAME:

SIGNATURE:

DEPARTMENT:

Michael A Broady	<i>[Signature]</i>	Sat Medic IA
JAMES THURSTON	<i>[Signature]</i>	YES Grip IA
Colin Jones	<i>[Signature]</i>	IA
Sonja Masinovsky	<i>[Signature]</i>	PRODUCTION DGA
Tom Kalin Jr	Fred Kalina Jr	PRODUCTION IA
Steve Quinn	STEVE QUINN	MGOPS IA
ROBERT WYMAN	<i>[Signature]</i>	STAND IN
KEITH FRANK	<i>[Signature]</i>	LABORER IA
KEONI MAHELEUA	<i>[Signature]</i>	DRIVER
Robert Anderson	<i>[Signature]</i>	Sound Mix IA
Tony Nagy	<i>[Signature]</i>	Camera 600
TORRY TUKUAKI	<i>[Signature]</i>	CAMERA 600
GLENN GRIMES	<i>[Signature]</i>	GRIP IA
MIKE SCHWABE	<i>[Signature]</i>	Grip IA
Kevin Sardinia	<i>[Signature]</i>	LOCATIONS
Charles Kramer	<i>[Signature]</i>	ELECTRIC IA
ELIZABETH MASSINI-MARCA	<i>[Signature]</i>	COSTUME IA
Joey Vidal	<i>[Signature]</i>	IA
MATHIAS WESSINGER	<i>[Signature]</i>	IA
Paul Terrela	<i>[Signature]</i>	IA
JACK BENDER	<i>[Signature]</i>	Production Director
John Griffiths	<i>[Signature]</i>	TRUCKS PO
NORMAN KAIS	<i>[Signature]</i>	A.D. DGA
A. HOWE	<i>[Signature]</i>	Plugging GAFOR IA
JORGE GARCIA	<i>[Signature]</i>	ACTIVE
SHANDLE MERSEBURGH	Shandle Merseburgh	SECURITY
IAN TRAYERS	<i>[Signature]</i>	LOCATIONS
Gregory Poi Jr	<i>[Signature]</i>	CAMERA
SERGE NOFIELD	<i>[Signature]</i>	CAMERA IA
STAN PASDAR	<i>[Signature]</i>	ELECTRICIAN

PRINT NAME:

SIGNATURE:

DEPARTMENT:

Charice Urata	Charice Urata	Model
Chantelle Sawa	Chantelle Sawa	Model
Jennifer Kennedy	Jennifer Kennedy	Talent
Christina de la Rosa	Christina de la Rosa	Talent/Model
RICHARD DRAKE	Phil Drake	PROP MASTER IAGGS
Samuel DARCHUCK	Samuel Darchuck	ART DEPT IAGGS
KELLY WESTMILLER	Kelly Westmiller	ART DEPT IAGGS
ISEVOLOD ULITSKY	Isevolod Ulitsky	PRODUCTION
Shiho Kubo	Shiho Kubo	PRODUCTION
Winnie Maryu	Winnie Maryu	PRODUCTION
SHANNA AEGAR	Shanna Aegar	PRODUCTION
ADANAIA J Colbert	Adanaia J Colbert	IAGGS/Hair
JOYOU SHIMABUKU	Joyou Shimabuku	cosmetologist
Janice Kohler	Janice Kohler	Manic Hair
KAMARU YOUNG	Kamaru Young	Sound Support



**PACIFIC WEST ENERGY LLC**  
**1212 NUUANU #1704**  
**HONOLULU, HI 96817**  
**Tel. 808-927-0619**

February 4, 2009

To: Senate Committee on Ways & Means

By Email

From: William Maloney

Re: Testimony

Please find attached testimony regarding SB199, to be submitted to the Senate Committee on Ways & Means for a hearing to be held Thursday, February 5, 2009, at 9:30 AM, in Conference Room 211.

**PACIFIC WEST ENERGY LLC**

**1212 NUUANU #1704**

**HONOLULU, HI 96817**

**Tel. 808-927-0619**

February 4, 2009

Senator Donna Mercado Kim, Chair  
Senator Shan Tsutsui, Vice-Chair  
And Members of the Committee on Ways and Means  
Hawaii State Capitol  
415 S. Beretania  
Honolulu, HI 96813

Re: SB 199 – Relating to the Ethanol Facility Tax Credit

Dear Chair Kim, Vice-Chair Tsutsui and Members of the Committee,

My name is William Maloney and I am the President and Chief Executive Officer of Pacific West Energy LLC and its subsidiaries, Kauai Ethanol LLC and Gay & Robinson Ag-Energy LLC, the developers of the integrated sugarcane to ethanol and green power project on Kauai. I testify today in opposition to SB 199, and specifically as it relates to Section 1. (a) (11), the repeal of the Ethanol Facility Tax Credit, Section 235-110.3 of the Hawaii Revised Statutes.

To provide you some background on our project, Pacific West Energy LLC intends to construct a 15 million gallon per annum fuel ethanol production facility at Kaumakani, Kauai, integrated with the existing Gay & Robinson sugar mill. We intend to expand sugar cane cultivation on Kauai to at least 12,000 acres (from the existing 7,000 acres). In addition to producing fuel ethanol for the local Hawaiian motor fuel market we intend to produce approximately 150 million kWh's per year of green electricity for the island's electricity requirements. We recently signed a joint-development agreement with Kauai Island Utility Cooperative ("KIUC") to provide for a power purchase agreement and the securing of debt financing from the US Department of Agriculture's Rural Utility Services agency. Our technology is proven and would involve a process that will yield an energy conversion ratio in excess of 9:1, including cogenerated electricity. To date, we have expended over \$8 million and several years of effort in reliance on the Hawaii Facility Tax Credit.

As some of you may recall, in 2000 and again in 2004 the legislature enacted the Ethanol Facility Tax Credit to stimulate investment in local ethanol production. The provision always had a sunset for the establishment of facilities that could claim the credit, originally it was 2012, but the legislature more recently extended the sunset deadline until 2017. The incentive is designed to make Hawaiian production competitive with other states providing similar production based incentives and to protect Hawaiian producers from non-domestic imported ethanol, which has also enjoyed much historical governmental support.

The Ethanol Facility Tax Credit was only approved by the legislature in both 2000 and 2004 after comprehensive reviews that included a detailed fiscal and economic analysis commissioned by DBEDT and prepared for the legislature by Decision Analysts Hawaii Inc. ("DAHI"). The findings were that the incentive would be revenue positive for the State over the life of the project. At that time the project was to be primarily a molasses based facility – today it is a fully integrated sugar cane based facility preserving hundreds of direct jobs and creating

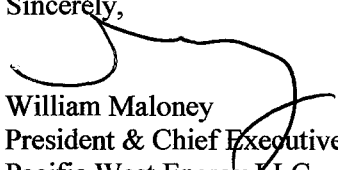
directly 130 additional jobs. The fiscal and economic benefits to the State that were positive in 2004 would be far greater today with the expanded project scope.

Our project has taken much longer to develop than we originally envisaged. There have been many challenges, including the current turmoil in the financial sector, volatility in the energy markets, and securing lands suitable for sugar cane against competing uses. However, we have received our air permit and, as noted above, believe our recent accord with KIUC sets a firm foundation for our project to move forward at an accelerating pace.

In recent months we have secured equity commitments for the project and as noted above we intend to pursue debt financing through the US Department of Agriculture, as well as from private lenders who offered debt financing last fall just prior to the recent lending freeze. Our project is a model for an integrated bio-energy refinery, and it is consistent with the expressed intentions of the Hawaiian legislature to develop indigenous energy resources. Placing the Ethanol Facility Tax Credit in jeopardy will have the impact of freezing both our equity and debt sources from further supporting the project and result in the loss of all the investments made to date. The Credit is essential to the viability of the project.

Therefore, I urge you to maintain the Ethanol Facility Tax Credit and to not include a repeal of Section 235-110.3 as part of SB 199.

Sincerely,



William Maloney  
President & Chief Executive Office  
Pacific West Energy LLC



# PUNAHELE PRODUCTIONS

**554 Paopua Loop**  
**Kailua, Hawai'i 96734**  
PH: (808) 261-1044  
Punahele @ hawaii.rr.com

February 4, 2009

RE: Legislative Bill SB199, Scheduled for hearing before the Committee on Ways and Means (Senator Donna Mercado Kim, Chair, and Senator Shan S. Tsutsui, Vice Chair) on Thursday, February 5, 2009 at 9:30 a.m. in Conference 211 of the State Capitol

Dear Committee,

Mahalo for the opportunity to testify regarding the benefits of Act 221 for business in Hawai'i.

Punahele Productions is a small production company whose primary artist is Keali'i Reichel. It consists of Keali'i, myself and Fred Krauss. We started in 1994 with the release of **Kawaiipunahele**, Keali'i's debut CD. Since then we have distributed many other local artists through our account at Warner Music Group.

The music industry in Hawai'i thrived with physical sales in 1994, but with the decline of brick and mortar music stores beginning in the late 1990s and the increase of online piracy and internet downloads, physical sales are 20%-40% of what they were. Most album budgets range between \$20,000 and \$60,000...a big risk for a small business. Our recent **Kukahi** DVD project exceeded \$150,000. Keali'i Reichel is arguably the most successful living artist in Hawai'i, yet Punahele Productions has experienced tough times the past eighteen months, making many personal sacrifices to make ends meet. We deal with twenty other artists in our distribution network and see the ongoing struggle to maintain, much less invest in new recording projects and studio time.

Act 221 has served as a relief from some of these issues and has allowed many careers to continue, instead of failing due to financial needs. If repealed, I'm certain that many of these wonderful talents and small businesses will fall by the wayside.

The physical beauty of Hawai'i and the beat of its culture, music, drive the financial engine of this state. They drive it with a soft sell, not advertising, which I believe most people buy into much easier, trusting their own perceptions. The State, itself, uses music and performing arts (usually gratis) to help promote the government's agendas, events and presentations. Act 221 served as a fair compensation for the resource. Grants and endowments usually serve a favored few. Act 221 is across the board and a much more fair approach. Take away Act 221 and much of our music will wither.

I understand the State's desire to improve their financial issues, but it's also time for the State to stand behind its business community and show its commitment. That creates confidence and optimism which will help us pull through these difficult times.

I keep reading about how much investment tax relief we're giving up, but that's only one side of the coin. Movies have been attracted to the Islands at an unprecedented rate. Investors may get tax credits, but jobs are created (that are paying taxes), ancillary businesses and

services are being employed (that are paying taxes), but the most profound advantage is that people around the World are now seeing Hawai'i more and more in movies and hearing our music than ever. That translates into tourism. Again, it is soft sell, not hard advertising and you can't beat that.

We humbly ask that you maintain Act 221 and allow our arts to flourish and work for you. Our tough economic times will pass and when we emerge at the other end, we would like to see our wonderful culture vital and intact.

Mahalo,

Jim Linkner  
Punahele Productions



The Senate  
The Twenty-Fifth Legislature  
Regular Session of 2009

Committee on Ways and Means  
Senator Donna Mercado Kim, Chair  
Senator Shan S. Tsutsui, Vice Chair

Thursday, February 5, 2009 at 9:30 a.m.  
Conference Room 211, State Capitol

Re: SB 199 – Relating to Taxation

The Screen Actors Guild strongly opposes SB 199 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 the visitor industry and provides millions of dollars of free advertising for the State.

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

Thank you for the opportunity to submit testimony.

Glenn Cannon, President  
Brenda Ching, Executive Director

**SCREEN ACTORS GUILD**

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

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

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

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Repeal tax credits

BILL NUMBER: SB 199

INTRODUCED BY: Hooser

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to repeal the following effective for tax years beginning after December 31, 2010:

- 235-12.5 Renewable energy technologies; income tax credit
- 235-15 Tax credits to promote the purchase of child passenger restrain systems
- 235-17 Motion picture, digital media, and film production income tax credit
- 235-55 Tax credits for resident taxpayers
- 235-55.6 Tax credits for household and dependent care services necessary for gainful employment
- 235-55.7 Income tax credit for low-income housing renters
- 235-55.85 Refundable food/excise tax credit
- 235-55.91 Credit for employment of vocational rehabilitation referrals
- 235-71 Tax on corporations; rates; credit of shareholder of regulated investment company
- 235-110.2 Credit for school repair and maintenance
- 235-110.3 Ethanol facility tax credit
- 235-110.46 Attractions and educational facilities tax credit; Ko Olina Resort and Marina; Makaha Resort
- 235-110.51 Technology infrastructure renovation tax credit
- 235-110.6 Fuel tax credit for commercial fishers
- 235-110.7 Capital goods excise tax credit
- 235-110.8 Low-income housing tax credit
- 235-110.9 High technology business investment tax credit
- 235-110.91 Tax Credit for Research Activities
- 235-110.93 Important agricultural land qualified agricultural cost tax credit

Effective July 1, 2009, any legislation establishing any tax credit shall require a two-thirds vote of the members to which each house of the legislature is entitled for passage.

EFFECTIVE DATE: July 1, 2009

STAFF COMMENTS: This measure repeals various tax credits of the state income tax law. 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, a blanket repeal, as proposed by 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.

Care should also be exercised in repealing tax credits which are designed to offset the regressivity of other taxes like the general excise tax such as the renters tax credit, the dependent care credit, refundable food/excise tax credit for low-income wage earners and the low-income housing tax credit. While the tax credit for resident taxpayers (HRS 235-55) may appear questionable, it should be remembered that this tax credit recognizes that the taxpayer has paid taxes to another jurisdiction where the income was earned or realized. To completely repeal this credit would impose the state tax on income that was paid as taxes to another jurisdiction.

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.

While this measure proposes to implement a recommendation of not only the most recent Tax Review Commission, but previous commissions as well, that is to minimize or eliminate all tax credits, the elimination of some of these tax credits may cause more inequities and problems. A closer examination of each of these tax credits should be performed by the department of taxation which would provide the rationale for the tax policy behind each of these credits. Thus, the Tax Review Commission's recommendation deserves a measured and learned response.



**kim2 - Arline**

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**From:** guy belegaud [hebegebe1@mac.com]  
**Sent:** Tuesday, February 03, 2009 9:01 PM  
**To:** WAM Testimony  
**Subject:** OPPOSE SB199

Guy Belegaud

Honolulu February 03<sup>rd</sup>, 2009

801 S.King Street #4010  
HONOLULU HI 96813  
(808) 348-4242

To Committee on Ways and Means

Ref: Bill SB199

**AGAINST**

Chair Donna Mercado Kim

Vice Chair Shan S. Tsutsui  
Members of the Committee,

Aloha

I am strongly opposed to Bill SB199. This would seriously affect my living conditions.

I believe firmly on giving a tax credit to productions companies that pay me good wages for my occupational carpenter foreman on various shows coming in our state.

The tax credit does not cost a penny to the state because the producers would not come here at all, if there were none of it.

I am not a genius in math, but I know one thing, 85% of 10 millions dollars is bigger than 100% of zero cents.

It is more costly to the state to write unemployment checks to thousands of people than giving a tax break to producers that pay decent wages, medical insurance and retirement benefits.

The Motion Pictures Industry involves more than electricians and cameramen. It provides work to construction crew, and many other crafts, hardware stores, lumberyards, paint stores, security guards, car rentals, hotels, caterers, etc etc.... and promotes Hawai'i as a tourist destination.

Senator Hooser who introduced SB199, certainly saw those benefits when “Tropic Thunder was on Kauai 2007.

Hawai’i must compete with 49 others states to be production friendly, not competing in the opposite way state does not have a good reputation at being business friendly, let’s not advertise it more. Michigan gives a 42% credit while experiencing 10% of unemployment, but see a major increase in revenues because of the numbers of productions going there.

Good wages from production companies allow us to drive decent cars and do some work around the house take the family shopping, things you cannot do while you are unemployed. Try it for few months if you don’t be me.

I strongly urge you to keep the Motion Picture Tax Credit alive and strongly urge you to cancel Bill SB1!

Mahalo

Guy Belegaud.

## Gina Williams

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 03, 2009 8:31 AM  
**To:** WAM Testimony  
**Cc:** prayforrain@gmail.com  
**Subject:** Testimony for SB199 on 2/5/2009 9:30:00 AM

Testimony for WAM 2/5/2009 9:30:00 AM SB199

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: David L. Cunningham  
Organization: Individual  
Address: 75-5660 Kopiko Street, C7 #140 Kailua-Kona, HI 96740  
Phone:  
E-mail: [prayforrain@gmail.com](mailto:prayforrain@gmail.com)  
Submitted on: 2/3/2009

**Comments:**

Greetings from Hawai'i Island. I am a Konawaena High School graduate who has gone on to make six movies - two of which were made in the islands (BEYOND PARADISE, TO END ALL WARS).

The last thing the Hawai'i TV and Film industry needs is to lose our incentives. It will kill job opportunities and a relatively young industry that is one of the few that is still doing well in spite of this economy. Please educate yourself on what happens when incentives are eliminated. Both in states and countries (UK, Ireland) it was a complete disaster that required more money later to start the industry back up again with thousands left unemployed.

I am presently attached to direct 3 different projects that are being considered to film here in the state. Please do not take away my opportunity to film in my home state and give jobs away to other states and countries (ie:New Zealand).

There is a new excitement in Hollywood about movies based in Hawai'i because of Obama. This is our chance to fuel an industry that is green and generates cash into a broad economic spectrum. Also - look at what TV and movies do to attract tourism. What other industry gets paid to advertise?

Please follow the lead of our new Hawaiian born President Obama and fight for the people. This is about jobs. You have a choice. Either give those jobs to another state (or country) or give us what we need to protect and create more Hawai'i based jobs during these tough times.

Much Aloha!

David L. Cunningham  
Filmmaker

February 4, 2009

RE: SB199

Aloha Committee Members:

I am deeply concerned about the weakening economy and lack of job growth and opportunity for future generations. The Film and Television industry is one sector that provides much needed revenue, job training and opportunity, as well as invaluable international exposure by showcasing the beauty of Hawaii and attracting visitors. As they say, "A picture is worth a thousand words."

It is shortsighted and reckless to eliminate or reduce tax incentives that are necessary to attract film and television production in Hawaii. Act 88, which is included for repeal in Senate Bill 199, has been a benefit for the entire state and needs to be thoughtfully reconsidered before elimination with dire consequences.

In 2008, according to the state Film Industry Branch direct expenditures totaled at least \$146 million with dozens of projects shot in the islands such as film, television, commercial and digital media projects. Due to a writer's strike and downturn in the mainland economy, revenues fell from the previous year but this income to Hawaii was much needed and sought after. Other states and worldwide destinations are competitively seeking out these same projects with similar or even better incentives.

Please consider the many areas that directly benefit including hotels, airlines, car and truck rental, retail, restaurant, attractions, activity and other businesses who service the industry such as lighting and camera operators, caterers, make-up artists, costumers, actors, models, stunt men, and the myriad of other service industries specific to film and television.

Tax credits have come under scrutiny and controversy that is understandable with the projected budget shortfalls. There have been a few highly publicized cases where the credit may have been misused or misapplied but to eliminate such a valuable aid to develop and grow business is shortsighted.

The tremendous benefits far outweigh any negatives. With full review, those very few companies who are not in incompliance would represent a very small percentage of those requesting or receiving credits.

I urge you to act responsibly and consider the full impact of rescinding the tax credit based on public sentiment and political grand standing. More effort needs to be made to support industries that contribute so much to the entire state and offer continued growth and educational opportunities. Job growth is critical to ensure Hawaii's "best and brightest" have a viable future in the islands.

Please, don't support SB199 and take a giant step backward. Mahalo for your consideration and full review of this bill and all the potential negative implications.

Sincerely,  
Isabel Figel  
Kailua, HI

Phone: 808-228-3576

**kim2 - Arline**

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**From:** DFrooman@aol.com  
**Sent:** Wednesday, February 04, 2009 10:02 AM  
**To:** WAM Testimony  
**Subject:** VOTE NO/VOTE AGAINST BILL SB199

To: Committee on Ways and Means  
FR: Deena Frooman  
Ref: Bill SB199  
Dt: Feb 3, 2009

## **AGAINST**

I implore you to vote against BILL SB199

-  
Chair Donna Mercado Kim,  
Vice Chair Shan S. Tsutsui,  
Members of the Committee,

With intense regard for one of Hawaii's enduring industry's I write imploring you and the Members to vote AGAINST Bill SB199. When people around the globe think about Hawaii, images of our nature and beautiful resources are immediately conjured. Where did these images come from? People around the world have imaginations filled with views of Hawaii which were created from seeing movies, television shows, commercials, and events filmed on location from times before Hawaii was a state to our current illustrious era. This is testament to the very importance, significance, and longevity of the our location and it's direct impact on the Hawaii production industry. Hence, it is imperative that our industry be supported at the government level with incentives to keep this historically, tourist inspiring, and local employment generating industry prospering. Incentives without a doubt keep producers coming to the islands. This is proven with all the productions that have been lured, have utilized, and have benefited from the incentive program. In a worldly competitive production industry, Hawaii has proven to be a production destination with the qualified infrastructure.

Hawaii's residents directly benefit from incentives in the form of jobs and ancillary services which production utilizes. Tourism needs visuals to support continued traffic into the future. Please vote to keep incentives working so people can work.

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

**SENATE BILL 199: RELATING TO TAXATION**

**DATE:** February 5, 2009  
9:30 a.m., Conference Room 211

**TO:** Senate Committee on Ways and Means  
The Honorable Donna Mercado Kim, Chair  
The Honorable Shan Tsutsui, Vice Chair

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 television and motion picture producers and production companies. My practice area includes advising entertainment companies regarding the availability of entertainment industry related tax incentives, including the incentives available pursuant to Act 221/215 and Act 88.

Recent economic studies regarding the positive economic impact of similar tax credit programs enacted in other states underscore the importance of tax credits as an economic stimulation and industry revitalization program, as well as the effectiveness of these measures in precipitating job creation and industry growth.

To repeal these economic incentive programs before they have the opportunity to run their course is premature and ill advised.

Thank you for the opportunity to testify on this bill.

Respectfully submitted,

William G. Meyer, III  
[wmeyer@dwyerlaw.com](mailto:wmeyer@dwyerlaw.com)  
(808) 534-4412

**kim2 - Arline**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, February 04, 2009 9:26 AM  
**To:** WAM Testimony  
**Cc:** ssussman@hawaii.edu  
**Subject:** Testimony for SB199 on 2/5/2009 9:30:00 AM

Testimony for WAM 2/5/2009 9:30:00 AM SB199

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: Sharon Sussman  
Organization: Individual  
Address:  
Phone:  
E-mail: [ssussman@hawaii.edu](mailto:ssussman@hawaii.edu)  
Submitted on: 2/4/2009

**Comments:**

I strongly oppose making changes to Act 88, also known as Section 235-17 (Motion Picture, Digital Media and Film Production Income Tax Credit). We are educating our young people in these fields. It is clean industry that should we need to attract to the islands.

## kim2 - Arline

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**From:** edward Tunney [tedtun@hawaiiantel.net]  
**Sent:** Wednesday, February 04, 2009 7:03 AM  
**To:** WAM Testimony  
**Subject:** Vote NO on SB199

Edward Tunney

Honolulu 2/4/09

1416 Luinakoia St  
Honolulu, Hi  
96821

### To Committee on Ways and Means

Ref: Bill SB199

### AGAINST

Chair Donna Mercado Kim  
Vice Chair Shan S. Tsutsui  
Members of the Committee,

At a time when our economy is in a deep recession and moving into a depression I find it startling that you would consider bill SB199. such shortsightedness will almost certainly add to our economic woes at a time when we as a State can ill afford it.

The film industry and television industry is relatively recession proof offering mostly skilled jobs with decent wages and benefits including health and retirement. Many many people and businesses are positively affected by the tax breaks that brought in productions. By virtue of these benefits Hawaii is becoming a place of choice to produce a variety of projects, that would not come otherwise. It is no coincidence that many states are competing to attract film productions in that they hire local workers at good wages, stay in hotels, dine in local restaurants , purchase numerous supplies at local vendors, rent locations, etc. It is quite stunning how much money actually gets spent here on say a weeks episode of LOST.

Many People have learned valuable skills to become well payed skilled workers. All of the people that work in production pay taxes, which greatly benefits our economy. Furthermore because of the talented labor we are able to attract even more productions. This expanded infrastructure that has developed over the last three years will be lost. Just when the tax breaks were starting to have a positive effect and really take hold we are threatening to undo our gains. This is folly.

Hawaii has unique qualities which along with tax incentives can attract many productions. Hollywood is squeezing its budgets and one can be sure they will look elsewhere without these incentives. finally, all of the production that comes here transmit the beautiful scenery and culture that is our great resource. People see the images and then become attracted to our island as tourists. I cannot tell you how many people tell me that the reason they came to Hawaii is because they want to visit the locations of LOST. Kualoa Ranch can confirm this along with other locations. Do not limit our great state to the destination for a few odd foreign commercials. We can be much more than that. In time we can nurture and produce "homegrown" content. but this takes time and vision.



It is your incumbent duty to preserve this revenue stream to our islands and protect the thousands of jobs that will be lost should sb199 become law. Its time for leadership. Please vote no on SB199.

Sincerely Edward Tunney

# SUNPOWER

Room # 211      9:30 AM      February 5, 2009

## Senate Committee on Ways and Means

**SB199**

**RELATING TO TAXATION**

### **Chair Kim, Vice Chair Tsutsui and Committee Members:**

Introduction: My name is Riley Saito Senior Manager, Hawaii Projects for the SunPower Systems Corporation. Thank you in advance for accepting these few comments on **SB199**.

SunPower Systems Corporation ("SunPower") has been a member of the Hawaii Energy Policy Forum since it convened in 2003 and a member of the Energy Generation working group for the HCEI over the past year. SunPower is in the business of designing, manufacturing, and delivering the highest efficiency solar electric technology worldwide. One of our latest projects was the 1.2 megawatt La Ola solar farm on Lanai with Castle & Cooke Hawaii.

SunPower strongly opposes SB199 because it would send the wrong message to the investment community nationally that Hawaii is not interested in out-of-state funding for renewable energy and the reduction of its dependency on fossil fuel imports. Hawaii's strong reliance on fossil fuels results in billions of dollars being exported out of state for the purchase of fossil fuels from foreign sources. This in turn jeopardizes Hawaii's energy security.

Thus, SunPower urges the Chair and this Committee to hold SB199.

Mahalo for the opportunity to submit testimony in opposition.

**DOWLING  
COMPANY, INC**

Room # 211      9:30 AM      February 5, 2009  
**SENATE COMMITTEE ON WAYS AND MEANS**

**SB199                      RELATING TO TAXATION**

**Chair Kim, Vice Chair Tsutsui and Committee Members:**

My name is Jennifer Stites and I am the Green Development Manager for Dowling Company, Inc. ("DCI"). DCI is a Maui-based real estate development company that is committed to sustainable development.

DCI *strongly opposes* this bill as it proposes the repeal of the Renewable Energy Technologies Income Tax Credit ("RETITC"). We take no position on the merits of the other tax credits contained in the bill. The elimination of the RETITC would send a wrong message to the investment community nationally that Hawaii is not interested in out-of-state funding for renewable energy and the reduction of its dependency on fossil fuel imports. Hawaii's strong reliance on fossil fuels results in billions of dollars being exported out of state for the purchase of fossil fuels from foreign sources. This in turn jeopardizes Hawaii's energy security.

Thus, DCI urges the Chair and this Committee to hold SB199.

## Ross Tsukenjo

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 05, 2009 7:18 AM  
**To:** WAM Testimony  
**Cc:** nanakulibeachboy@hotmail.com  
**Subject:** Testimony for SB199 on 2/5/2009 9:30:00 AM

Testimony for WAM 2/5/2009 9:30:00 AM SB199

Conference room: 211  
Testifier position: support  
Testifier will be present: No  
Submitted by: Jared Kalanikou  
Organization: Individual  
Address:  
Phone:  
E-mail: [nanakulibeachboy@hotmail.com](mailto:nanakulibeachboy@hotmail.com)  
Submitted on: 2/5/2009

**Comments:**

I want to support the efforts behind canceling many of the tax credits. Tax credits to encourage business activity should be temporary it should never be meant to be forever. It should also be meant for businesses that allows long term jobs with an organization. For instance, the tax credits for the film industry. Most of these films that use it are for films which shoot for several months using our aina and then leave Hawaii. These are not long term jobs. The only series that seems to be long term in the show Lost. Also the film industry has also violated many of our laws like building over water streams without a permit, kicking people of state land, paying people below minimum wage (don't they pay people per day?), etc. Like the bailout plan, if these people use our tax credits, there should be a cap on how much producers make and big stars get paid.

I am a farmer with employees. I provide jobs and my workers stay around for 10 years. I don't get one tax credit. Why should these guys get the credit?

Mahalo for letting me testify.

Jared



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

February 5, 2009  
Room 211  
9:30 A.M

Senate  
Committee on Ways and Means  
SB199

Mark Duda  
President

**Testimony in Opposition**

**Chair Kim, Vice Chair Tsutsui and Committee Members:**

*Hawaii Solar Energy Association (HSEA) is comprised of more than 30 installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. The organization's primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.*

*HSEA members manufacture and install the majority of solar water heating systems, and install the majority of solar PV systems in the State of Hawaii. Our comments on this measure are based on this expertise, and our related experience in other renewable energy technologies.*

**HSEA makes the following comments in opposition to this measure:**

SB199 has the potential to undermine Hawaii's booming solar industry. In 2008, the market size for solar water heating was approximately \$50-\$60 million and for solar photovoltaics was roughly \$120 million. The industry has been among the few bright spots in terms of investment and job growth, particularly, in the construction sector, during the current economic downturn.

Further, despite its successes, the solar industry could grow far larger. Eliminating the Renewable Energy Technologies Income Tax Credit would send a strong message to the investment community nationally that Hawaii is not interested in capitalizing on its abundant renewable energy resources. Meanwhile, Hawaii's reliance on fossil fuels results in billions of dollars being exported out of state for the purchase of fossil fuels and jeopardizes Hawaii's energy security. For these reasons, HSEA urges the Chair and this Committee to hold SB199.