

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

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

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

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

HOUSE BILL NO. 1746
RELATING TO TAXATION

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on House Bill 1746, which proposes to temporarily suspend various income tax credits. While we are sensitive to the economic situation facing the State and recognize the merits of the bill, we are opposed to the inclusion of Section 235-110.93, Hawaii Revised Statutes in this bill.

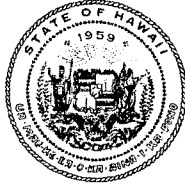
The inclusion of Section 235-110.93, Hawaii Revised Statutes in this bill would effectively delay the process to designate and protect important agricultural lands (IAL) as mandated by the State constitution. Landowners would likely wait until the suspension was lifted on December 31, 2015 in order to obtain maximum benefit. It has been 30 years since Article XI; section 3 was added to the constitution. During that period, thousands of prime agricultural lands were lost to development. An additional delay would likely result in still greater numbers of acres lost and even greater development pressure on the remaining landowners. Now, more than ever, in these uncertain times, we need to ensure that the state will have a minimum level of food self-sufficiency which requires the utilization of our most productive lands.

The incentives are working. Within six months of the passage of the incentives, a landowner has initiated the process to designate thousands of acres as IAL. In both the

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

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

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

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

**HOUSE COMMITTEE ON FINANCE
TESTIMONY REGARDING HB 1746
RELATING TO TAXATION**

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

DATE: FEBRUARY 26, 2009

TIME: 3PM

ROOM: 308

This measure temporarily suspends various tax incentives from July 1, 2009 to December 31, 2015.

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

Many taxpayers in Hawaii enjoy extremely beneficial tax credits and other tax incentives whereby they ultimately pay little or no taxes on their income. With the current budget constraints, it is important to recognize that the State is less able to pay these generous incentives than in years past. This measure ensures that all taxpayers are paying their fair share of tax during these tough times by temporarily suspending the incentives.

From the Department's perspective, this measure is a creative means of temporarily relieving the pressure on the general fund's liabilities for payment of many tax incentives.

The Department appreciates that the committee has heard this measure in the interest of balancing the State's budget this session. The Department suggests that these measures be kept alive for further discussion.

This measure will result in the following revenue impact:

[SEE CHART ON NEXT PAGE]

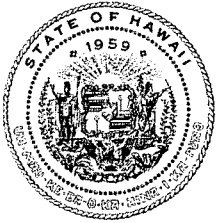
Department of Taxation Testimony

HB 1746

February 26, 2009

Page 2 of 2

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	(in \$ millions)					
1/ Excluded Income/Condo Fee Sale	\$ 1.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0	\$ 2.0
2/ Renewable Energy Technology Tax Credit	\$ 3.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.0
3/ Motion Picture/Film Tax Credit	\$ 7.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0
4/ Exceptional Tree Tax Deduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5/ Ethanol Facility Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6/ Technology Infrastructure Renovation Tx Cr	minimal	minimal	minimal	minimal	minimal	minimal
7/ High Technology Business Investment Tx Cr	\$ 44.0	\$ 84.0	\$ 62.0	\$ 42.0	\$ 27.0	\$ 27.0
8/ Research Activities Tax Credit	\$ 7.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0
9/ Important Agricultural Land Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10/ Convention Center Operator GET Exemption	\$ 1.0	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
11/ Professional Employment Org GET Exemption	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0
12/ Airlines/Certain Carriers Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE GAIN	\$ 73.0	\$ 130.5	\$ 108.5	\$ 88.5	\$ 73.5	\$ 73.5



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director

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

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

in consideration of
HB 1746
RELATING TO TAXATION.

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

The Department of Business, Economic Development, and Tourism (DBEDT) appreciates the intent of this measure, however, due to the downturn of Hawaii's economy, the closing of so many businesses and the loss of jobs, we have serious concerns about the impact of this measure as it would temporarily suspend §235-17 motion picture, digital media and film production income tax credit, known as Act 88 and §235-110.9 high technology business investment tax credit, known as Act 221/215, both of which are integral to the continued success of Hawaii's film industry. As we continue our work in a highly competitive climate to attract more production business to Hawaii to stimulate our economy, the temporary suspension of these important tax credits for film send the wrong message to the industry. Additionally, DBEDT has serious concerns with the temporary suspension of §235-110.3 ethanol facility tax credit.

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

Hawaii needs to be careful it does not inadvertently drive production away merely by contemplating changes in current incentive programs.

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

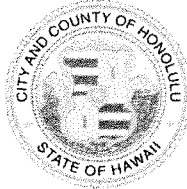
The renewable energy technologies income tax credit was evaluated and found to have a positive revenue impact, with the State realizing an internal rate of return on the tax credit (due to increased economic activity) of approximately 18.1%. The installation of renewable energy systems also improves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

Thank you for the opportunity to offer testimony.

OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU

HONOLULU FILM OFFICE
530 SOUTH KING STREET, ROOM 306 • HONOLULU, HAWAII 96813
PHONE: (808) 527-6108 • FAX: (808) 527-6102
EMAIL: info@filmhonolulu.com • WEB: <http://www.filmhonolulu.com>

MUFI HANNEMANN
MAYOR



WALEA CONSTANTINAU
FILM COMMISSIONER

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

HOUSE COMMITTEE ON FINANCE

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

RE: 1746 - Relating to Taxation

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

I **strongly oppose a portion of HB 1746 that seeks to alter Section 235-17** as it would adversely affect the basic refundable 15-20% film tax credit known as Act 88.

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

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

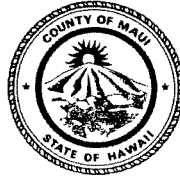
Couple this with the knowledge that the bill has served to create a jobs across a broad spectrum, contributed to workforce development, supported our #1 industry, tourism with literally thousands of hotel room nights as well as millions of dollars of free advertising, and you see why we feel that Act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

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

CHARMAINE TAVARES
MAYOR

DEIDRE M. TEGARDEN
OED COORDINATOR

BENITA BRAZIER
FILM COMMISSIONER



2200 Main Street Suite 305
Wailuku, Maui, Hawai'i 96793-2155
Telephone (808) 270-7415
Fax (808) 270-7995
e-mail:filmmaui@mauicounty.gov

Office of Economic Development
COUNTY OF MAUI – Kalana O Maui

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

House Committee on Finance

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

RE; HB 1746 – SECTION 235-17

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

As the film commissioner from the County of Maui, I strongly oppose the portion of HB 1746 that applies to 235-17. This is the refundable tax credit, known as Act 88. I respectfully request that you remove its reference from the measure. While I understand that we find ourselves in economically challenging times, this measure is a fiscally responsible credit.

The bill named Act 88 does not take money from the general fund – it is revenue neutral. Language in the bill bases the credit on a percentage of what is actually spent by a production company. Since its signing in 2006 the measure has generated over \$300 million dollars in direct expenditures into the local economy at no cost to the state.

This bill has created hundreds of direct industry jobs as well as creating business opportunities for hundreds of vendors throughout the state.

Finally, the bill provides the state with millions of dollars in free advertising.

As I mentioned, I am well aware and understand that a review of all credits has become necessary; however, I feel that the above information strongly supports the fact that this measure is part of the solution and not part of the problem.

I respectfully request you eliminate Section 235-17 from the measure.

I thank you for the opportunity to provide testimony.

TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, GENERAL EXCISE, PUBLIC SERVICE COMPANY, Temporary suspension of credits/tax

BILL NUMBER: HB 1746

INTRODUCED BY: Say

BRIEF SUMMARY: Provides that the following sections of the HRS shall be temporarily suspended from July 1, 2009 to December 31, 2015:

Hawaii Revised Statutes	Subject Matter
235-7(a)(13)	excluded income/condo fee sale;
235-12.5	renewable energy technology tax credit;
235-17	motion picture/film tax credit;
235-19	exceptional tree tax deduction;
235-110.3	ethanol facility tax credit;
235-110.51	technology infrastructure renovation tax credit;
235-110.9	high technology business investment tax credit;
235-110.91	research activities tax credit;
235-110.93	important agricultural land tax credit;
237-24.75(2)	convention center operator general excise tax exemption;
237-24.75(3)	professional employment organization general excise tax exemption;
239-6	airlines/certain carriers tax

EFFECTIVE DATE: July 1, 2009

STAFF COMMENTS: The proposed measure would temporarily suspend the sections of HRS for a period of six years. While most of these sections are tax credits, deductions or exclusions from income, it appears that this measure is proposed as a temporary solution to plug the revenue drain of state funds and generate additional revenue to address the state's budgetary shortfall. This proposal might be a viable alternative to increasing taxes in this down economy.

The measure also suspends the imposition of the public service company tax on airlines, motor carriers, and contract carriers. It should be noted that Act 9 of the Third Special Session of 2001 moved the taxation of common carriers, motor carriers and carriers by water from the public service company tax (HRS chapter 239) to the general excise tax (HRS chapter 237). Therefore, it is unclear what the sponsor of this measure is attempting to do by suspending the operation of HRS section 239-6.

Digested 2/26/09



HB1746: Relating to Taxation

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

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

FROM: Lisa Gibson
President
Hawaii Science & Technology Council

RE: Testimony In Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. The Hawaii Science & Technology Council (HISciTech) opposes HB1746.

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

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

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

Sincerely,

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



Edutainment Resources, Inc.

美國教娛資源有限責任公司

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Lishan Chong
President & CEO
Edutainment Resources, Inc.

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Edutainment Resources, Inc. opposes HB1746.

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

Edutainment Resources, Inc. believes that a better approach is contained in HB 1746.

Edutainment Resources, Inc. integrates digital media in education – specifically developing learning English as a second language (ESL) multimedia materials delivered via iPhone, DVD and Internet platforms to users around the world. We are headquartered in Hawaii and have been able to work with over 50 independent contractors during our peak production. We were the first company to launch ESL Apps (applications) in December 2008 on iPhone 3G and within weeks our ESL Apps were used by learners from over 30 countries. We are confident this initial

strong response from the market will lead to revenue generation that in return will benefit our economy.

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

Thank you for the opportunity to testify.

Sincerely,

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

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



STEINER & ASSOCIATES

Business and Management Consulting
www.SteinerAssoc.com

702 Kanaha Street
Kailua, HI 96734

808-221-5955

February 24, 2009

HB 1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00 pm

PLACE: Conference Room 308

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

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

RE: **Testimony in Opposition** to HB 1746

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

Thank you for the opportunity to testify on these bills. Steiner & Associates opposes HB 1746.

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

Steiner & Associates believes that a better approach is contained in HB 1451. Steiner & Associates is a consulting firm that provides business and management expertise to entrepreneurs, start-ups and professional service firms. Act 221 incentives will provide the impetus to attract and retain new viable business which will produce jobs and provide a much needed source of revenue.

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

Michael Steiner, CLM, Principal
Steiner & Associates
Telephone: (808) 221-5955
Email: MSteiner@SteinerAssoc.com

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

RE: Testimony in Opposition to HB1746

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

My name is Kent K. Tsukamoto and I am the managing partner of Accuity LLP, a Hawaii based, full service CPA firm with more than 90 employees. Thank you for the opportunity to testify on this bill. Thank you for the opportunity to testify on this bill. Accuity LLP opposes HB1746.

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

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

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

Thank you for the opportunity to testify.

Sincerely,

Kent K. Tsukamoto

Kent K. Tsukamoto

Managing Partner

Accuity LLP

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

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

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Kathleen A. James COSTUMER
1103 Luana'i St.
Kailua, Hi. 96734

Millennium Films

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

February 25, 2009

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

Thank you for the opportunity to provide these comments.

Sincerely



Mike Knowles
Director of Photography

Hawaii Film Authority, Inc.
Stephanie Spangler
4599 Waikui Street
Hono, HI 96821
808-373-2710

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

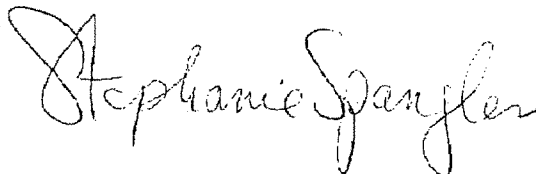
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I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Stephanie Spangler



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: William K. Akiona II
Projects Director
OmniGreen Renewables

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. **OmniGreen Renewables LLC** opposes HB1746.

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

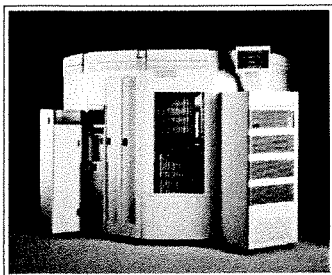
OmniGreen Renewables LLC believes that a better approach is contained in HB 1451.

We are a newly formed **BioEnergy Systems Developer** conducting renewable energy biomass research and development on the Wai'anāe Coast of O'ahu, where we are planning for sustainable development projects that will simulate the rural economy and create "**Green Jobs.**"

Thank you for the opportunity to testify.

Respectfully,

William K. Akiona II
Projects Director
OmniGreen Renewables LLC
808 923-1737
omnigreen2020@yahoo.com



August Enterprises Inc.
“Innovation in Data Streaming & Storage”

Tuesday, February 24, 2009

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM:

Frederick A. Lins
President
August Enterprises Inc.

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. August Enterprises Inc. opposes HB1746.

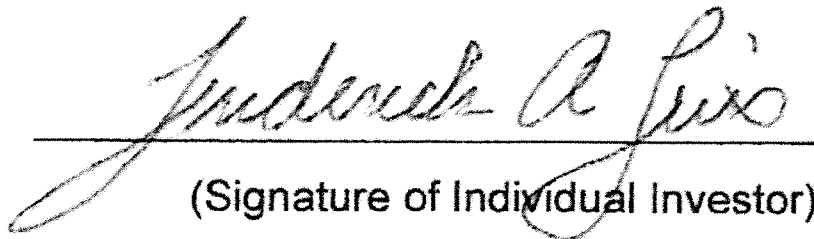
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments

As a result of Act 221, I began five years ago to invest surplus earnings in high-tech firm start-ups in Hawaii. Previously, I had invested in mainland opportunities. While I am still awaiting a payback on my investments, I was confident that the tax credits would soften the impact of potential losses. In fact I began investing in deals without tax cuts due to my confidence in the industry and the presence of out of state investors who appeared to share my enthusiasm. However, I am now concerned that the State will renege on its commitment and am considering a return to my prior strategy of only investing in out of state opportunities.

August Enterprises Inc. believes that a better approach is contained in HB 1451. Reneging on the commitments of contained in 221 will seriously impair the ability of the State to attract investment capital.

Thank you for the opportunity to testify.

Sincerely,



(Signature of Individual Investor)

Frederick A. Lins
President

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: GB Hajim
Managing Director
Island Planet One Productions

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Island Planet One Productions opposes HB1746.

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

Our company's workforce has grown 500% within the last year and we have over a million dollars of investment lined up for the first half of 2009. Two thirds of this amount is from mainland investors. If you change the law now, you instantly kill our company since we are depending on this capital until our film is completed and revenue stream begins in the first quarter of 2010. These

investors will take their money elsewhere and we would be forced to move our company overseas. Is this what you want? Another brain drain and capital flight?

You need to come to the local high schools here and take a look into the eyes of these kids and their parents. Most of the jobs are in the waning tourism industry. The unemployment rate is around 7% here and growing - Where is their hope for a better life? Where are their options?

When we started this production the economically prudent thing to do would have been to do the production in Eastern Europe where a government offered to pony up 50% of the budget. No credits. A simple cash infusion. Because of the cheaper labor and other costs, our \$2.5 million feature would have cost under \$1 million with the government of Bulgaria putting up 1/2 of the total!

But that's not the reason I developed this style of animation and this production pipeline. It is not the reason why I go to high schools and the local colleges to teach workshops and classes. The reason in a nutshell: I want to create something sustainable here so that the youth (including my own) can be inspired and our best and brightest can be encouraged to stay here. This tax incentive for investment allows us to reach for that dream.

The UH Student who now does most of my high end Maya stuff - I hired him back when he was 16 at Pahoa High. His mom couldn't afford to keep him in the same house for more than a few months at a time. He built his own computer, but had no place to plug it in most of his time in high school. He was helping his mom survive by bagging groceries at \$8/hr! Now, 3 years later, he is writing render engines, paying his way through college with his wages from my company and, recently, was flown to the mainland to compete in a software competition.

I'll never forget when I hired this 14 year old Hilo High School student for an internship in digital design. Her mother came to me with tears in her eyes saying, "When I was her age I could draw as well as her and I drew all the time, but there were no opportunities here, so when I graduated I joined the military, then came back, got married, had kids, and never drew again. Thank you for my daughter. Thank you from me."

Almost all my employees and interns have stories like this.

Do you know the story of WETA in New Zealand? Started with a couple of smart, creative guys, passionate about film, making a movie where Muppets, that looked straight out of Sesame Street, were shooting at each other with automatic rifles and blowing each other up with bombs. Sounds sustainable? Within 12 years they were in charge of putting the Lord of the Rings together.

With a whole lot of creativity, passion and brains, we are creating a small miracle here. We will make it grow bigger.

In this past holiday season, one of my animators gave me a gift and on the card he wrote: "Thank you for giving me the job of my dreams."

That is what this is all about.

Thank you for the opportunity to testify on this important bill. We respectfully ask that you hold this bill and continue the tax credits for at least 2009. Here on the outer islands, it is one of our only hopes to diversify our economy with jobs that pay a living wage.

Sincerely,

GB Hajim

Director

Island Planet One Productions, LLC

(a Hawaii State Qualified High Technology Business)

PO Box 430 Papaikou Hawaii 96781

cell (808) 960-7619 studio (808) 963-5482



Edutainment Resources, Inc.

美國教娛資源有限責任公司

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Lishan Chong
President & CEO
Edutainment Resources, Inc.

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Edutainment Resources, Inc. opposes HB1746.

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

Edutainment Resources, Inc. believes that a better approach is contained in HB 1451.

Edutainment Resources, Inc. integrates digital media in education – specifically developing learning English as a second language (ESL) multimedia materials delivered via iPhone, DVD and Internet platforms to users around the world. We are headquartered in Hawaii and have been able to work with over 50 independent contractors during our peak production. We were the first company to launch ESL Apps (applications) in December 2008 on iPhone 3G and within weeks our ESL Apps were used by learners from over 30 countries. We are confident this initial

strong response from the market will lead to revenue generation that in return will benefit our economy.

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

Thank you for the opportunity to testify.

Sincerely,

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

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



Pacific Aquaculture and Biotechnology LLC

91-329 Kauhi Street Unit B-2, Kapolei, Hawaii 96707

Phone: 808 386-4489 (Oahu), 808 334-9737 (Kona)

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Joseph Tabrah
President
Pacific Aquaculture and Biotechnology LLC

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Pacific Aquaculture and Biotechnology LLC opposes HB1746.

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

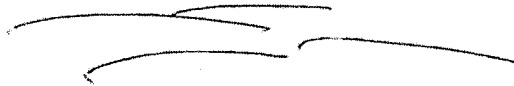
Pacific Aquaculture and Biotechnology LLC believes that a better approach is contained in HB 1451.

Our company has recently completed here in Hawaii a seven year development program resulting in specific pathogen free stocks of penaeus monodon shrimp. We are now in the process of establishing selectively bred lines of these shrimp for commercialization. In the past 12 months, the company has grown from two to eleven employees. Pacific Aquaculture and Biotechnology is actively negotiating with local partners to raise capital

under the terms of acts 215/221 to provide for the expansion of facilities at NELHA to provide sufficient infrastructure to support commercial production of shrimp broodstock from these selectively bred lines. These commercial operations will employ upwards of 30 people. Acts 215 and 221 provide one of the few avenues we have encountered here in Hawaii to raise capital to support the growth of technology based companies such as ours.

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

Sincerely,

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form the name 'Joseph Tabrah'.

Joseph Tabrah
President
Pacific Aquaculture and Biotechnology LLC
808 386 4489/808 334 9737
jtabrah@pabllc.biz



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Danny Rosner
Title: President
Company: Hawaii Media, Inc.

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on these bills. Hawaii Media, Inc. opposes HB1746.

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

Hawaii Media, Inc. believes that a better approach is contained in HB 1451.

Hawaii Media, Inc. is a production service company servicing the film and television industry in Hawaii. We currently have ten (10) employees and have been in business here for 17 years.

Act 221/215 has been responsible for the expansion of our business to include sound stages, production offices, investment and financing. Without opportunities created by the Act, Hawaii Media Inc. may well have gone out of business with the production downturn after the events of 9/11/2001.

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

Sincerely,


Danny Rosner

President

Hawaii Media, Inc.

(808) 484-5706

Email: danny@hawaiimedia.com

Private Security Inc.

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

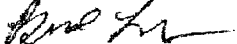
I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Sincerely,
Brad Long
Vice President



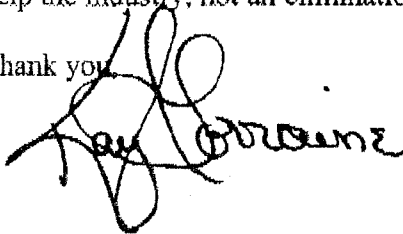
Directors Guild of America
Kay Lorraine, 1st Assistant Director
7098 Hawaii Kai Drive, #32
Honolulu, HI 96825
(808) 396-1699

Testimony against HB 1746 – most particularly §235-17 Relating to Motion Picture/Film Tax Credit

All tax credits relating to film and motion picture production are IMPORTANT tax stimulants to the economy of the state.

I am respectfully requesting that you please vote AGAINST ANYTHING that will hurt the film business in Hawaii. What we need now is additional tax stimulus packages to help the industry, not an elimination of those incentives that are already in place.

Thank you

A handwritten signature in black ink, appearing to read "Kay Lorraine". The signature is written in a cursive, somewhat stylized font with some overlapping loops.



REEL SERVICES/HAWAII, INC.

350 Ward Ave.
(808) 941-CAST
suereel@pobox.com

#106-226

Honolulu, Hawaii 96813
(877) 743-7029 (toll-free fax)
reelserviceshawaii.com

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

Joe Larkin
CASTING DIRECTOR

MICHAEL MAYP R O D U C T I O N S
1144 Koko Head Ave., #211, Honolulu, HI 96816
P N / F A X (8 0 8) 7 3 9 - 0 0 3 2HOUSE COMMITTEE ON FINANCE
February 26, 2009 - 3pm
State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

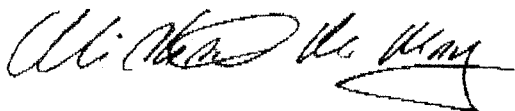
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

I **strongly oppose** the portion of **HB 1746** that applies to **Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

Michael M. May
PRODUCER, MEDIA



integrated branding + production

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

Re: HB 1746 - Relating to Taxation

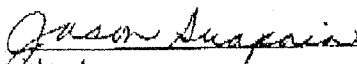
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

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

Thank you for the opportunity to provide these comments.



President

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation


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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.


LeRoy Jenkins
Producer

Shinkawa Limited

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

2/25/09

FAX to: 808-586-6001

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Paul Shinkawa, Vice President

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on these bills. Shinkawa Limited opposes HB1746.

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

Shinkawa Limited believes that a better approach is contained in HB 1451.

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

Sincerely,


Paul Shinkawa



February 25, 2009

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

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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- It supports visitor industry infrastructure - hotels, airlines, rental cars, dry cleaners, restaurants, etc
- It provides for millions of dollars of free advertising

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

Thank you for the opportunity to provide these comments.

Sincerely,

Peter J. Mago - Owner

Private Security Inc.

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

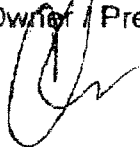
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I understand the need to review all credits. In light of the above information, I respectfully request that you eliminate Section 235-17 from the measure.

Thank you for the opportunity to provide these comments.

Sincerely,
Charles Long
Owner / President



**HB 1746
RELATING TO TAXATION**

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

FEBRUARY 26, 2009

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

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and Hawaiian Commercial & Sugar Company, one of its agricultural companies, on HB 1746, "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 suspends until December 31, 2015, various tax credits including the IAL Qualified Agricultural Cost Tax Credit, which is a part of the comprehensive package of IAL incentives in Act 233 (2008). Not only will this tax credit encourage investment in agricultural infrastructure and operations on IAL, it will greatly assist these dedicated farmers with the basic costs of farming, assisting their viability which is particularly key as many have been badly weakened financially by the impacts of the past two years of unprecedented drought in Hawaii. Furthermore, this tax credit, as part of the comprehensive package of IAL incentives, is central to the IAL law—intended to encourage farmers and landowners to consider the voluntary designation of their agricultural lands as IAL, a process that is currently ongoing and will provide for much quicker designation of IAL. While we understand the fiscal constraints that the Legislature must deal with, we believe that impacting the core aspects of the IAL law may negatively impact the outcome. We also believe that the IAL law should be given a chance to work, the way the Legislature intended it to work when it passed the law. We respectfully request that the provision that suspends this tax credit be deleted from this bill.

Thank you for the opportunity to testify.



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Charles M. Brotman

Title: owner

Companies: Charles Michael Brotman Music, LLC; MIX808

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Charles Michael Brotman Music LLC and MIX808 oppose HB1746.

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

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

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

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

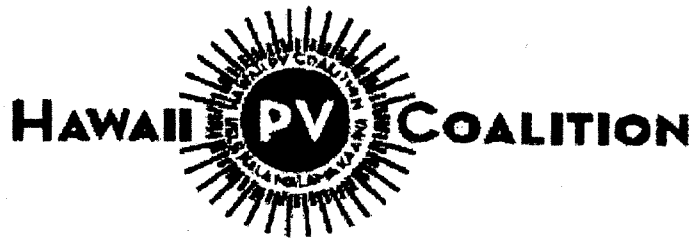
I do music production at my Big Island Recording studio (www.lavatracks.com) under my company, Charles Michael Brotman Music LLC, and a company we have just started, MIX808 (www.mix808.com), was formed to create recording projects that will result in recording careers for local artists. In the case of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

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

Sincerely,



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



House Finance Committee

Room 308
3:00 P.M

Marcus Oshiro, Chair
HB 1746

Marco
Mangelsdorf
Vice-President

Testimony in Strong Opposition

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

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

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

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

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

Thank you for your consideration.

The Sun At The Source Of Life
Mary Kawena Pukui

Post Office Box 81501, Haiku HI 96708

P 808 579 8288
F 808 575 9878

info@hawaii pvcoalition.org
www.hawaii pvcoalition.org



February 25, 2009

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Rick Holasek, President and CEO, NovaSol

RE: Testimony in Opposition to HB1746

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

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

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

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

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

Thank you for the opportunity to testify.

Sincerely,

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

CORPORATE OFFICE

28th Floor
 733 Bishop St
 Honolulu, Hawaii 96813
 808.441.3600
 808.441.3001 fax

CALIFORNIA OPERATIONS

15150 Avenue of Science
 San Diego, California 92128
 658.376.0185
 658.376.0190 fax

FINANCE OFFICE

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

KOBAYASHI
DEVELOPMENT GROUP LLC

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

HB1746 - Relating to Taxation

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

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

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. **Kobayashi Development Group LLC** opposes HB1746.

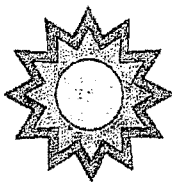
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe,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

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

Thank you for the opportunity to testify

Sincerely,

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



INTER-ISLAND SOLAR SUPPLY

Serving Hawaii and the Pacific Islands Since 1975

761 AHUA STREET, HONOLULU, HAWAII 96819 Tel: (808)523-0711 Fax: (808)536-5586

TESTIMONY OF INTER-ISLAND SOLAR SUPPLY
IN REGARD TO H.B. 1746, RELATING TO TAX CREDITS
BEFORE THE HOUSE COMMITTEE ON FINANCE
ON
THURSDAY, FEBRUARY 26, 2009

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

Inter-Island strongly opposes HB 1746, in particular its application to Hawaii Revised Statutes §235-12.5, the renewable energy technologies income tax credit.

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

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

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

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

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



WOODBURY
GREEN BUILDING
CONSULTATION



Re: HB1746 Room 308 3PM
Testimony in Strong Opposition

Honorable Chair Oshiro,

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

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

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

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

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

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

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

Mahalo for your consideration.

Alex Woodbury

MAKANA MUSIC LLC

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

RE: HB 1743 and HB 1746

DATE: February 26, 2009

TIME: 3:00 p.m.

PLACE: Conference Room 308

TO: Committee on Finance

Representative Marcus R. Oshiro, Chair

Representative Marilyn B. Lee, Vice Chair

FROM: Makana

Owner

Makana Music, LLC

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

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

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

I STRONGLY OPPOSE HB 1743 and HB 1746.

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

It is not.

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

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

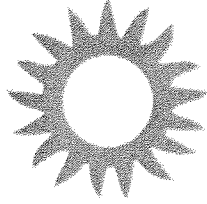
leap of faith needed to produce art. This is no request for charity; it is a call to review the broad gains of such legislation, which has now become an obvious target by its own seemingly exclusive nature, and due to the unlawful exploitation by a few. Let us see how the benefits outweigh the drawbacks,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

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

Mahalo for your consideration.

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

TESTIMONY SUBMITTED BY



**ISLAND PACIFIC
ENERGY**

Joseph Saturnia
President

Island Pacific Energy LLC
(808) 377-4570

joseph.saturnia@islandpacificenergy.com
www.islandpacificenergy.com

Committee on Finance

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

HB 1746

RELATING TO TAXATION

February 26, 2009 3:00pm
State Capitol
House Conference Room 308
415 South Beretania Street
Honolulu, HI 96813

Opposition to HB 1746 – RELATING TO TAXATION

Executive Summary

My name is Joseph Saturnia and I am President of Island Pacific Energy, a local renewable energy finance company. I am testifying in opposition to HB 1746 - RELATING TO TAXATION. I oppose this bill because the current renewable energy tax credits are the only state incentive to encourage the development of solar energy systems. Without this incentive, there will be little if any new development of solar energy in the State of Hawaii.

Hawaii State Tax Credit Incentives

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

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

Retroactive Repeal is Unfair

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

Conclusion

The Renewable Energy Technology Tax Credit is vital to encouraging the development of solar energy systems and to meeting the State's renewable energy goals. I urge the committee to oppose HB 1746 and continue to provide Hawaii with the only incentive that encourages development of solar energy systems.

Joseph Saturnia
President

Island Pacific Energy LLC

(808) 377-4570

joseph.saturnia@islandpacificenergy.com

www.islandpacificenergy.com

About Island Pacific Energy

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



Hawaii Farm Bureau
F E D E R A T I O N

2343 Rose Street, Honolulu, HI 96819
Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272
Fax: (808) 848-1921; e-mail: info@hfbf.org

TESTIMONY

HOUSE COMMITTEE ON FINANCE

RE: HB1746: RELATING TO TAXATION

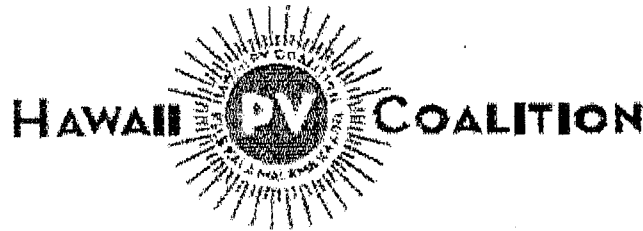
Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our member farm and ranch families and organizations is in strong opposition to HB 1746, suspending selected tax relief measures enacted within the past 6 years.

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

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

We respectfully request that this measure be held. Thank you.



House Finance Committee

**Marco
Mangelsdorf
Vice-President**

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

**Marcus Oshiro, Chair
HB 1746**

Testimony in Strong Opposition

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

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

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

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

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

Thank you for your consideration.

Roland Zeitler, RZ Electric, Inc PV- Installer and Contractor , Maui, HI

**The Sun At The Source Of Life
Mary Kawena Pukui**

Post Office Box 81501, Haiku HI 96708

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F 808 575 9878

info@hawaiipvcoalition.org
www.hawaiipvcoalition.org

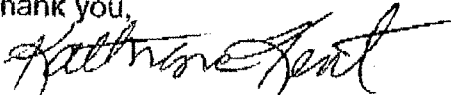
February 26, 2009

To: Marcus Oshiro
Finance Committee Chair

From: Kathryn Kent / Hawaiian Solar & Plumbing - ProVision Technologies
Career solar thermal and solar electric sales since 1998 on Big Island
Re: HB1746, HB1743 & HB1589 Room 308

I am writing to state my strong opposition to these bills. It is absolutely essential for people to have incentives to bring solar technology into their lives and homes. People in Hawaii are basically conservative by nature and reluctant to change, unless compelled irresistibly to do so. After 10+ years as a somewhat tortured sales person in the solar energy field, I beseech you to please continue these State Tax Credits for solar energy. My livelihood depends on it! The business of solar must have these incentives to continue the growth in Hawaii that is sprouting forth. Many people are depending on your long term vision to embrace the solar resource we have here, and reject these proposed bills.

Thank you,



Kathryne Kent 808-938-9655

P.O. Box 375 Honaunau, HI 96726

kk4solar@lava.net www.solahart.com www.provisontechologies.com



2343 Rose Street, Honolulu, HI 96819
Phone: (808) 848-2074; Neighbor Islands: 1-800-482-1272
Fax: (808) 848-1921; e-mail: info@hfbf.org

TESTIMONY

HOUSE COMMITTEE ON FINANCE

RE: HB1746: RELATING TO TAXATION

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our member farm and ranch families and organizations is in strong opposition to HB 1746, suspending selected tax relief measures enacted within the past 6 years.

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

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

We respectfully request that this measure be held. Thank you.

FEB 26 2009 10:00 WEALTH MANAGING PARTNERS, INC.

Wealth Managing Partners, Inc.

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

I **strongly oppose the portion of HB 1746 that applies to Section 235-17**, the basic refundable tax credit also known as **ACT 88** and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.



Naomi Olson

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

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



new boomer music

the record label for the Boomer Generation

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

(808) 332-7893

RE: HB 1743 and HB 1746

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

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

FROM: Jerry Brocklehurst
President
New Boomer Music LLC

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

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

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

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

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

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

Furthermore, the tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of performing arts and other qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted above, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives. We believe that a better approach is contained in HB 1451 HD1.

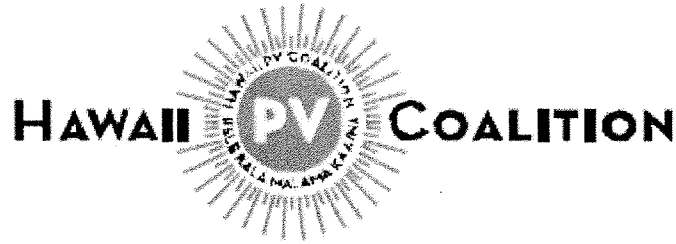
Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film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

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

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

Sincerely,

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



House Finance Committee

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

**Marcus Oshiro, Chair
HB 1746**

**Marco
Mangelsdorf
Vice-President**

Testimony in Strong Opposition

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

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

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

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

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

Thank you for your consideration.

The Sun At The Source Of Life
Mary Kawena Pukui

Post Office Box 81501, Haiku HI 96708

P 808 579 8288
F 808 575 9878

info@hawaiiipvcoalition.org
www.hawaiiipvcoalition.org



My God ... It's Roland Cazimero LLC

PO BOX 274

Kaneohe, Hawaii 96744-0274

Malamapono1994@gmail.com

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

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

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

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

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

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

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

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

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

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

that a better approach is contained in HB 1451 HD1.

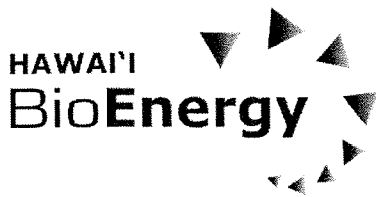
Regarding Act 88, studies in other states have shown that production tax credit incentives like Act 88 result in a significant NET INCREASE in aggregate tax revenues due to the economic activity generated by such productions. (See The 2009 Ernst and Young Study prepared for the New Mexico State Film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

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

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

Sincerely,

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



HB 1746

RELATING TO TAXATION

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

FEBRUARY 26, 2009

Chair Oshiro and Members of the House Finance Committee:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on HB 1746, "Relating to Taxation".

SUMMARY

This bill would suspend until December 31, 2015, various incentives for programs that either currently or could significantly benefit the residents of Hawaii. Hawaii BioEnergy ("HBE") opposes the suspension of the High Technology Business Investment Tax Credit (Section 235-110.9) and the suspension until December 2015 of the Ethanol Facility Tax Credit (Section 235-110.3) 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. Suspension of the Ethanol Facility Tax Credit until December 2015 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. Suspension 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 by this summer. 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.

SUSPENSION OF INCENTIVES WILL JEOPARDIZE RENEWABLE ENERGY PROJECTS

Suspension of the Ethanol Facility Tax Credit until December 2015 would likely cause HBE to abandon any consideration of developing the local production of ethanol in Hawaii. Or at a minimum, the suspension 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 the near future.

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 suspended.

PROPOSED AMENDMENTS TO HB 1746

In order to avoid the suspension of the Ethanol Facility Tax Credit adversely impacting the development of potential projects in Hawaii, HBE respectfully requests that HB 1746 be amended to lift the suspension of the credit, effective June 30, 2012. This Legislature can continue to monitor the progress in the development of ethanol production and if warranted, can extend the suspension further in subsequent sessions. However, allowing for a June 30, 2012 lifting of the suspension will allow potential projects to have a date set in the timeframe necessary to obtain the necessary financing for the projects. The farther out the date for the suspension to be lifted, the more likely projects will not be able to obtain the financing necessary.

HBE also proposes that HB 1746 be amended to not suspend the High Technology Business Investment Tax Credit. The credit provides benefits to companies currently that are used to help create jobs and new industries in Hawaii.

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 suspension 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 lifting the suspension of the Ethanol Facility Tax Credit by June 30, 2012 and not suspending the High Technology Business Investment Tax Credit.

Thank you for the opportunity to testify.



LOCAL 665

FILM, TELEVISION, STAGE, PROJECTION AND TRADESHOWS
Since 1937

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

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

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

FROM: Donovan K. Ahuna
Business Agent
IATSE Local 665

RE: Testimony in Strong Opposition of:
HB1746 - Relating to Taxation

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

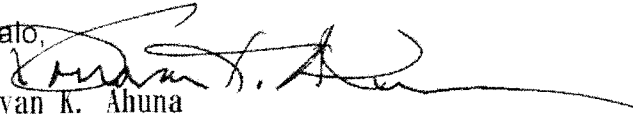
Aloha, We are the Membership of the International Alliance of Theatrical Stage Employees Local 665, better known as the IA or IATSE, with over 300 Signatures from members as well as other Labor Unions, Private and Public, Vendors and Businesses that are currently working on projects. (see attachment) strongly oppose to HB1746.

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

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

Thank you for the opportunity to provide these comments.

Mahalo,


Donovan K. Ahuna
Business Agent
IATSE Local 665

PRINT NAME:	SIGNATURE:	DEPARTMENT:
GUY BELEGAUD	Guy Belegaude	665
Milo Treceall	Milo Treceall	665
William Preston	William Preston	665
Jason Skaggs	Jason Skaggs	665
Cary Beall	Cary Beall	665
Andrew Calm Jr.	Andrew Calm Jr.	665
Andrew Panckee	Andrew Panckee	996
Chris Libbie	Chris Libbie	665
Wannan Roberts	Wannan Roberts	665
Freddy Kaluna	Freddy Kaluna	996
DONALD PADILLA	Donald Padilla	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 Kuenen	Mel Kuenen	LOST/665
Edward Tunney	Edward Tunney	CLT/665
ALYCE FAHSHARTZ	Alyce Fahshartz	665
WIMBIE HIRA	Wimbie Hira	996
SCOTT LIEB	Scott Lieb	665
Sami Tialiso	Sami Tialiso	PRIVATE SECURITY
CHRISTOPHER ENGICHY	Christopher Engichy	PRIVATE SECURITY
JOHLYN SMYK	Johlyn Smyk	LOST
WALTER GOUVEIA JR	Walter Gouveia Jr	PRIVATE SECURITY
WALTER K. WONG	Walter K. Wong	LOST
BERNARD TOI LIMHO	Bernard Toi Limho	LOST
FRANK S. LAUREN	Frank S. Lauren	665
JOHN F RINGGOLD JR	John F Ringgold Jr	665
Keala Nakowlia	Keala Nakowlia	Ringside 665
Karla Kerstin	Karla Kerstin	Ringside 665
John & Nithipati Day	John & Nithipati Day	Ringside 665
Alvin Jan	Alvin Jan	Labor
ROSS W. S. N. S. C. I.	Ross W. S. N. S. C. I.	665
Ronald Wong	Ronald Wong	665
DERICK KAPKO	Derick Kapko	665
Vita Jan	Vita Jan	996

	PRINT NAME:	SIGNATURE:	DEPARTMENT:
	ANE TRUNETZKI	<i>Ana</i>	GRIPS IA
	Tomie Freitas	<i>Tomie Freitas</i>	Greens IA
	Awin Akai	<i>Awin Akai</i>	Greens IA
Mar	"Aina" Riboca	<i>Aina Riboca</i>	GRIPS IA
	DAVID CATUBA	<i>David Catuba</i>	PROPERTY IA
	Paul Santos	<i>Paul Santos</i>	Electric IA
	Mike Swin	<i>Mike Swin</i>	F/X IA
	Charita Basimla	<i>Charita Basimla</i>	Makeup IA
	Suzani Zaguirre	<i>Suzani Zaguirre</i>	Wardrobe IA
	AARON E. MULLISAP	<i>Aaron E. Mullisap</i>	Wardrobe IA
	Cole Chetney	<i>Cole Chetney</i>	GRIPS IA
	Mark Kalagher	<i>Mark Kalagher</i>	Set Lighting IA
	Ben Wenzel	<i>Ben Wenzel</i>	Extra
	EBERT VAUGHN	<i>Ebert Vaughn</i>	ACTOR/STUD
	Jonathan Shirley	<i>Jonathan Shirley</i>	Extra
	Jeff Hummer	<i>Jeff Hummer</i>	EXTRA
	KURT VIMAFANKA	<i>Kurt Vimafanka</i>	LOST.. GRIPS IA
	Chris Puth	<i>Chris Puth</i>	Lost Grip IA
	KIM STOWELL	<i>Kim Stowell</i>	LOST/ACTOR
	JASON MATSUZ	<i>Jason Matsu</i>	LOST/SPR
	Brian Matsumura	<i>Brian Matsumura</i>	CAMERA 600
	Kevin Craven	<i>Kevin Craven</i>	Extra
	Stan Cooper	<i>Stan Cooper</i>	EXTRA
	STEPHEN BACQUET	<i>Stephen Bacquet</i>	Set Lighting IA
	Kanao Dablin	<i>Kanao Dablin</i>	set Dressing IA
	Jon Mumpes	<i>Jon Mumpes</i>	Sound IA
	Andrew Childers	<i>Andrew Childers</i>	Set P.A. DGA
	John M. H. Lee	<i>John M. H. Lee</i>	Set Lighting IA
	Roger Thompson	<i>Roger Thompson</i>	Set Lighting IA
	Akoni Kaanoi	<i>Akoni Kaanoi</i>	Set Lighting IA
	RACER MOODY	<i>Racer Moody</i>	Stand-In IA
	Keola Sa'a	<i>Keola Sa'a</i>	Transportation
	DIANE FRAUENHAZ	<i>Diane Frauenhaz</i>	SCRIPT SUPERVISOR
	Lance Hookano	<i>Lance Hookano</i>	Grip IA
	W. Jennings Fowler	<i>W. Jennings Fowler</i>	PROPERTY IA
	Brad Berrylin	<i>Brad Berrylin</i>	Actor
	Carla Bowen	<i>Carla Bowen</i>	PRODUCTION DGA
	FRANCIS CHAN	<i>Francis Chan</i>	Motor
	Anne Hoss	<i>Anne Hoss</i>	Costumes IA
	Jon T. Dahl	<i>Jon T. Dahl</i>	Transex

PRINT NAME:	SIGNATURE:	DEPARTMENT:
KEONA KAULU		Transportation
MIKE CANTON		Security
Earl Mitchell		Security
Bob Johnson		Elec.
Bruce Vollett		GRIP
HANNY LADAN		Production Mgr/AD
DANA K SATO		Art
MARTIN L GREENSARD		FLEX
Melody N. Lew		GRIP
Aileen Joy Levy		GRIP
Tomoko Stagg		Coordinator
Gail Uyeno		Coordinator
Ryan Mariz		Medic
PICK CRUM		Lighting
Scott Lisctor		GRIP
Don Tomack		Lighting
JASON FRATIS		ELECTRIC
Brandon Page		Coordinator
REID SMITH		GRIP
JAMES C LEVY		GRIP
ISAIA ROBINS		GREENS
Linda Lan		art dept
KAHUAKAILANI BROWN		SECURITY
CLYDE L. WONG		Greens/Props
WENDELL TITCOMB		CRAFT SERVICE
James Spruill		PROPS
Rebecca Iao		PROPS
John Reed		Transportation
Kenneth Smith		TRANSPORTATION
Jon Piper		PROP
LEE KANEAKUA		GRIP
PUNA TITCOMB		CS
Talisaa Niko		LABORER
BRIAN COSTA		PROPS
John Kungold		MEDIC

PRINT NAME:	SIGNATURE:	DEPARTMENT:	
Michael A Broady	<i>Michael A Broady</i>	SAT Medic	IA
JAMES THURSTON	<i>James Thurston</i>	YES Grip	IA
Colin Jones	<i>Colin Jones</i>	Sound	IA
Sonya Masinovsky	<i>Sonya Masinovsky</i>	PRODUCTION	DGA
Jul Kahan Jr	<i>Jul Kahan Jr</i>	PRODUCTION	IA
Steve Guehn	<i>Steve Guehn</i>	WLOPS	IA
ROBERT WEYMAN	<i>Robert Weyman</i>	STAND IN	
KETH FRANK	<i>Keth Frank</i>	Laborer	IA
KEONI WAKANEIUA	<i>Keoni Wakaneiu</i>	DRIVER	
Rober Anderson	<i>Rober Anderson</i>	Sound Mix	IA
Tony Nagy	<i>Tony Nagy</i>	Camera	600
TORRI TURKARI	<i>Tori Turkari</i>	CAMERA	600
GLENN GRIMES	<i>Glenn Grimes</i>	GRIP	IA
MIKE SCHWAKE	<i>Mike Schwake</i>	Grip	IA
JENN SARDINHA	<i>Jenn Sardinha</i>	Locations	
Charles Kramer	<i>Charles Kramer</i>	ELECTRIC	IA
IZABETH MASSINI-MARCA	<i>Elizabeth Massini-Marca</i>	Costume	IA
Joey Vidal	<i>Joey Vidal</i>		
MATHIAS WESSINGER	<i>Mathias Wessinger</i>		IA
LARRY TRAVERS	<i>Larry Travers</i>	Driver	
JACK BRAWLEY	<i>Jack Brawley</i>	Production Director	
John Griffiths	<i>John Griffiths</i>	Tempo	
NORMAN KAIS	<i>Norman Kais</i>	A.D.	DGA
A. HOWSE	<i>A. Howse</i>	Plugging Goggles	IA
JORGE GARCIA	<i>Jorge Garcia</i>	Actor	
SHANDLE MERSEPUKUH	<i>Shandle Mersepukeh</i>	Security	
IAN TRAUERS	<i>Ian Trauers</i>	LOCATIONS	
Gregory Dai Jr	<i>Gregory Dai Jr</i>	Camera	
SERGE NOFIELD	<i>Serge Nofield</i>	CAMERA	IA
STAN PANDAL	<i>Stan Pandal</i>	ELECTRICIAN	
Robert Lucille	<i>Robert Lucille</i>	Transportation	
Thornton Lukela	<i>Thornton Lukela</i>	Accounting	
Leon Wenzel	<i>Leon Wenzel</i>	Const.	
FRANK S LAUIKI	<i>Frank S Lauiki</i>	665	
Marles Kaahala	<i>Marles Kaahala</i>	665	
WILLIAM RISSO	<i>William Risso</i>	665	
LYLE GUETS	<i>Lyle Guets</i>	Cont.	
STANOR JENNINGS	<i>Stanor Jennings</i>	66	
MARY RASMUSSEN	<i>Mary Rasmussen</i>	LOCAL 44	
FRABBU KALINA	<i>Frabbu Kalina</i>	Driver	

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME:	SIGNATURE:	DEPARTMENT:
HENRY FORDHAM	[Signature]	IATSE 665
NATHANIEL E. DEARMORE	[Signature]	IATSE 665 / TEAMSTER 996
DANNE MUNA	[Signature]	IATSE 665
Michael R. Kabanuki	[Signature]	IATSE 665
Cory L. Bathke	[Signature]	IATSE 665
Drew Des Jarlais	[Signature]	IATSE 665
ALLEN MOZO	[Signature]	IATSE 665, 600, SAG
Danell Tachihara	[Signature]	IATSE 665
Francis "Sonny" Julian	[Signature]	IATSE 665 / medic
RANGAN WOLGAN	[Signature]	IATSE 665
Drew Des Jarlais	[Signature]	IATSE 665, IBEW 1260
CHRIS WICKING	[Signature]	IATSE 665, IBEW 1260
CHARLEY KAEQ	[Signature]	IATSE 665
CHRIS MURPHY	[Signature]	OPERA
Zachary Kim	[Signature]	665
Mike Weisbrod	[Signature]	665 / 600
KALIKO PALMIRA	[Signature]	665
DANIEL ROSNER	[Signature]	GRU 665
Tiffany Cheney	[Signature]	Set PA - IGA
LUKAS SENO	[Signature]	IATSE 665
Sonja Balmores	[Signature]	SAG Actor
Diez Canite	[Signature]	MODEL
Kelsey Campbell	[Signature]	Model
Nalani Bavelo	[Signature]	Model
Kiya Lee	[Signature]	Wordrobe
Tani Fujimoto	[Signature]	actress/model
Lezardo Kato	[Signature]	665 / wardrobe
Kristy Romero	[Signature]	MODEL
Kelly Chingne	[Signature]	Performer
Sarah Indye	[Signature]	model
Meredith Cardenas	[Signature]	model
Ashley von der Burg	[Signature]	model
Sophia Pan	[Signature]	Actress
Alanna Yoshitaka	[Signature]	model
CHELSEA RODRIGUES	[Signature]	Model
Mekihana Aki	[Signature]	model
Artita Tanaka	[Signature]	model
Eri Aihara	[Signature]	model
Sayaka Ogura	[Signature]	model

PRINT NAME:

SIGNATURE:

DEPARTMENT:

PRINT NAME:	SIGNATURE:	DEPARTMENT:
Cherise Wright	[Signature]	Model
Chantelle Saura	[Signature]	Model
Jennifer Kennedy	[Signature]	Talent
Cristina de la Rosa	[Signature]	Talent/Model
RICHARD DRAKE	[Signature]	PROP MASTER 9A65
Damon DARCHUCK	[Signature]	ART DEPT. 9A65
KEVIN WESTMILLER	[Signature]	ART DEPT. 9A65
YSEVOLD ULITSKY	[Signature]	PRODUCTION
Shoto Kubo	[Signature]	Production
Wesley Marjor	[Signature]	Production
SHANNON AVEGAZAR	[Signature]	PRODUCTION
ADRIANA J. Colbert	[Signature]	9A65/Hair
JOHBY. SHIMABUKU	[Signature]	cosmetologist
[Signature]	[Signature]	Manic Hair
KARANDA YOUNG	[Signature]	Sound 9A65
Brian Ruse	[Signature]	996
BERNARD BROWN	[Signature]	SPECIAL EFFECT
ARCHE BIKENA	[Signature]	SPECIAL EFFECTS
Shane White	[Signature]	SPECIAL EFFECTS
CHARLES RAYMOND	[Signature]	EFX
Fern N. Adams	[Signature]	EFX
JIM GRIFF	[Signature]	ELEC.
GOOBY	[Signature]	STAGE GRIP
Jui Seaman	[Signature]	Grip
Erico Kanan	[Signature]	Andir
DAN GARAB	[Signature]	SOUND/VIDEO
WILLIAM S. GILLES	[Signature]	Makeup
Timothy Chinn	[Signature]	Props
Gregory Poi Jr	[Signature]	Electric
STACY NEWHOUSE	[Signature]	STAGE SOUND
John Kendrick	[Signature]	Prod/Stage Sound/Elec
[Signature]	[Signature]	making/props/Stage
Joel Carmichael	[Signature]	Elec
RON EVANS	[Signature]	PRODUCTION GRIP
John Q. Adams	[Signature]	set medic/Marine
DAVID WALLACE	[Signature]	Grip/STAGE Elec
Curtis Wingerter	[Signature]	Stage/Prod
Charles Puller	[Signature]	Stage Prod
HARRY SAWYER	[Signature]	Stage

PRINT NAME:	SIGNATURE:	DEPARTMENT:
James Kim Moore		Film + Stage
Robert Wong		Trade Show
Darren Rodriguez		Trade Show
EVERETT GALISA		FILM
LARRY SMITH		FILM
Tom Carter	KAY CARTER	FILM/STAGE
Ben Shaffer	Ben Shaffer	Film/Stage
Terri L. Laigo	Terri L. LAIGO	Film/STAGE
MATTHEW K. LYONS	Matthew K. Lyons	STAGE/Social
ALEMA RYDER		STAGE
Melvin Pang	Melvin Pang	Film/stage
Patricia W.K. Pazirhan		STAGE/Rigs
PATRICK LUM		AUDIO
William Kostin		Stagehand
Edward Kostin		Chief Stagehand
Kim Shipton		CARP. Stagehand
Sandy Sandelin		Stagehand
Frank Atterka	FRANK ATTERKA	PROPS
Charles Roberts		Audio
James Takahashi	James Takahashi	Grip, Construction
AL OMO		STAGE
Jim Murphy	Jim Murphy	STAGE
Joseph R.R. Ushiroi III		
CAROL "CASEY" CAMERON	Carol Casey Cameron	stage/Film
FASTER K LOGAN		STUD
JUDITH MATSUMOTO	Judith Matsumoto	WARDROBE
Doug Kissel		Trade Show
RICHARD F. HOUPERT		Construction Keys
DAVID KAHHA CHOCK II	David Kahha Chock II	ELEC. / CONST.
JONATHAN FEEB		STAGE / FILM
RONALD EVANS	RONALD EVANS	STAGE / FILM
Wick Thompson		STAGE / FILM
JOHN LISO		STAGE / FILM
Barry Kamm		Stage /
STU MOULTS	JOHNNA REYNOLDS	STAGE / FILM
Alexander Aranda		GLS STAFF

PRINT NAME:

SIGNATURE:

DEPARTMENT:

EKEPATI DIKO	<i>Ekepati Diko</i>	DRIVER
Andrew Parry Key	<i>Andrew Parry Key</i>	DRIVER
ELIZABETH BARTON	<i>Elizabeth Barton</i>	SCRIPT SUPERVISOR
J. Nick Porreca	<i>J. Nick Porreca</i>	Accounting
Shawn Julian	<i>Shawn Julian</i>	labor
Michael Julian	<i>Michael Julian</i>	labor
Makani Bung	<i>Makani Bung</i>	stage
Sean Brizlin	<i>Sean Brizlin</i>	Lifeguard
Timothy Brande	<i>Timothy Brande</i>	Lifeguard
EUGENE TEARIGHT	<i>Eugene Tearight</i>	Lifeguard
NOAH WILLIAMS	<i>Noah Williams</i>	Security
Brian Julian	<i>Brian Julian</i>	labor
Kainoa Reaple	<i>Kainoa Reaple</i>	LABOR
HARVEY MILLER	<i>Harvey Miller</i>	labor
DUNCAN COSTA BRUM	<i>Duncan Costa Brum</i>	labor



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: James P. Karins
President and CEO
Pukoa Scientific

RE: Testimony in Opposition to HB1746

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

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

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

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

Pukoa Scientific is a 15 person company started in 2004 specializing in the interpretation of image and signal data to identify objects, threats or targets. Pukoa Scientific is in the dual use sector. Our average salary is over \$100,000, 12 of our 15 people are full time and 11 of those 12 reside in Hawaii. Of the 11 full time staff in Hawaii, 8 graduated from high schools in Hawaii, 10 graduated from University of Hawaii or Hawaii Pacific University and at least 4 worked on the mainland prior to finding work in Hawaii. We currently generate more than \$2.5M in revenue and pay over \$1.5M in salaries.

Sincerely,

/s/James P. Karins

James P. Karins
President and CEO
Pukoa Scientific
karins@pukoa.com



2600 Woodlawn Drive
Suite 143
Honolulu, HI 96813

PHONE: (808) 437-1560
FAX: (808) 237-6959
WEB SITE: <http://www.pukoa.com>



700 Bishop Street, Suite 2000 Honolulu, HI 96813

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Archinoetics, LLC opposes HB1746.

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

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

Archinoetics, LLC is a woman owned world class technology company focused on the research and development of human-centered technologies. Our current research and development projects include functional brain imaging systems, human fatigue and performance monitoring devices, intelligent algorithms based on genetic programming and biometric sensors, remote sensing, and specialized computing platforms. We were created in 2005 with the help of Act 221 which allowed my husband and I to make the leap of investing in our own company. Today we employ 30 software and hardware engineers and scientists from varying backgrounds. Over 1/2

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

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

Sincerely,

Traci H. Downs

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



700 Bishop Street, Suite 2000 Honolulu, HI 96813

February 25, 2009

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

FROM: Joe Cooper, CFO
Archinoetics LLC

RE: Testimony in Opposition to HB1746

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

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

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

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

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

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

Sincerely,

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

REAL-TIME GENOMICS, LLC

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Blair Stultz
President
Real-Time Genomics, LLC

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on these bills. Real-Time Genomics opposes HB1746

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

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

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

REAL-TIME GENOMICS, LLC

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

Sincerely,



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

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Roy Tjioe, Principal, Island Film Group

RE: Testimony in Opposition to HB1746

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

Island Film Group, a local film and television production company that relies on Act 221, opposes HB1746.

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

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

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

Thank you for the opportunity to testify.

Sincerely,

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



HB1746 - Relating to Taxation

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

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

FROM: Allen R Koenig, President & CEO, Claim Check

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on these bills. Claim Check opposes HB1746.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction or suspension of the credit or the carryover provisions prior to 2010 would affect investor confidence and reduce my opportunity to interest investors. This action will have a direct negative affect on the operations of my company.

Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years resulting in severe hardships to our company. Our projected plans related to this credit will be adversely affected to include future job opportunities.

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

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

We feel that HB 1451 provides a better approach.

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

Sincerely,

Allen R. Koenig, BSN, RN

President & CEO, Claim Check
808-533-1776 Roy@ClaimProfile.com

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1746

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

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

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

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

Thank you for the opportunity to testify.

Sincerely,

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



HB1746 - Relating to Taxation

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

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

FROM: Todd J. Robertson
President/CEO
Hyperspective Studios, Inc.

RE: Testimony in Opposition to HB1746

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

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

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

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

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

Thank you for the opportunity to testify.

Sincerely,

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



HB 1746-Relating to Taxation

DATE: February 26, 2009

☐ TIME: 3:00 PM

☐ PLACE: Conference Room 308☐☐

TO: House Committee on Finance☐

Representative Marcus R. Oshiro, Chair

☐ Representative Marilyn B. Lee, Vice Chair☐☐

FROM: Ricardo S Galindez, Island Film Group

☐☐ RE: Testimony in Opposition to HB 1746☐☐

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

restaurants, etc

- It provides for millions of dollars of free advertising

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

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

Sincerely,□□

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



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Norman Wayne Karo
CEO
Pipeline Micro

RE: Testimony in Opposition to HB1746

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

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

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

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

Hawaii-based Pipeline Micro is the developer of the world's smallest and most efficient liquid cooling systems for consumer electronics, including computers, laptops, and video graphics cards. Liquid cooling systems developed by the company use a patented thermal system design that dramatically improves heat transfer, stabilizes temperature, and enables products to run faster, perform longer, and use less energy.

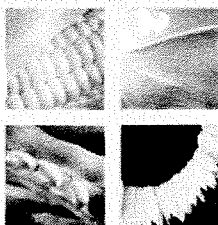
Pipeline Micro grew from 5 to 13 employees in 2008, and will grow to over 20 employees in 2009. We hire University of Hawaii graduates and are bringing world renowned talent into the State. Our customers are global electronics giants from the

Mainland and Japan. Act 221/215 has enabled us to take a "holy grail", breakthrough invention from the University of Hawaii and make products that are in high demand even in this recession.

Thank you for the opportunity to testify.

Sincerely,

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



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluafiti
HB 1746, Relating to Taxation,
House FIN Committee - Thursday, Feb. 26, 2009
Room 308, 3:00 pm – Agenda #6

Position: Oppose

Chair Oshiro, and Members of the House FIN Committee:

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

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

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

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

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

HCIA 2008-2009 Board of Directors

President

Adolph Helm

Vice President

Fred Perlak

Treasurer

John Anderson

Secretary

Alika Napier

Directors At Large

Mike Austin

Ray Foster

David Gilliland

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Kirby Kester

Paul Koehler

Leslie Poland

Martha Smith

Mark Stoutemyer

Jill Suga

Past President

Sarah Styron

Executive Director

Alicia Maluafiti



House of Representatives
The Twenty-Fifth Legislature
Regular Session 2009

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

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

RE: HB 1746 - Relating to Taxation

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

The Screen Actors Guild Hawaii Branch strongly opposes HB 1746 that would amend Act 88, referred to in the bill as Section 235-17 (Motion Picture, Digital Media and Film Production Income Tax Credit).

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

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

Thank you for the opportunity to submit testimony.

Glenn Cannon, President
Brenda Ching, Executive Director

SCREEN ACTORS GUILD

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

www.sag.org

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

FINTestimony

From: Bill Spencer [bspencer@hawaii.rr.com]
ent: Wednesday, February 25, 2009 8:11 AM
To: FINTestimony
Subject: Testimony related to HB 1746 to be heard February 26, 3009 3:00PM Room 308



805 Kainui Drive
Kailua, Hawaii 96734

HB1746 - Relating to Taxation

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

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

FROM: Bill Spencer, President, Hawaii Venture Capital Association

RE: Testimony In Strong Opposition of HB 1746

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

On behalf of the 1,500 members and friends of the Hawaii Venture Capital Association, let me express strong opposition to HB1746. The tax credit provisions of Act 221/215 are to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses.

Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives. Likewise it would severely impact Hawaii's reputation as a place to do business.

The Hawaii Venture Capital Association is one of Hawaii's oldest economic development trade associations devoted to diversifying Hawaii's economy, capital formation and Hawaii's entrepreneurs for last 21 years.

Thank you for your kind consideration of this testimony.

Sincerely,
/s/

Bill Spencer, President, Hawaii Venture Capital Association, 808-225-3579



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

RE: Testimony in Opposition to HB1746 Relating To Taxation.

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

Mr. Chairman and members of the Committee:

We oppose HB1746 as it relates to the Hawai'i Renewable Energy Tax Credit (HIRETC) contained in HRS 235-12.5, and welcome this to opportunity submit testimony in opposition to it as it affects the HIRETC; we take no position on the bill as it relates to other tax credits.

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

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

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

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

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

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

February 25, 2009

Page 2

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

Larry Gilbert
Managing Director
Sennet Capital LLC
737 Bishop Street, Suite 3170
Honolulu, HI 96813
Tel 808 457-1300
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Honolulu, Hawaii 96814-4500
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DataHouse



HB1746 - Relating to Taxation

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

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

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. DATAHOUSE CONSULTING, INC. opposes HB1746.

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



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

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

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in cursive script, reading "Lyanne M. Kimura". The signature is written in dark ink and is positioned above the typed name and title.

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

HAWAII FILM & ENTERTAINMENT BOARD



*Brenda Ching, Chair
Screen Actors Guild*

Chris Conybeare, Esq.

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

*Benita Brazier
Maui Film Commission*

*Walea Constantinau
Honolulu Film Office*

*Donne Dawson
Hawaii Film Office*

*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*

HOUSE COMMITTEE ON FINANCE

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

RE: 1746 - Relating to Taxation

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

The Hawaii Film and Entertainment Board, whose members include all of Hawaii's film unions, film commissions and leading industry associations, thank the legislature for its strong support of Hawaii's film industry but **oppose the portion of HB 1746** that would make changes to Act 88, referenced as Section 235-17.

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

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

In addition, Act 88:

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

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

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

Sincerely,
Brenda Ching
Chair

Attachments: Act 88 Petition; 2007 Act 88 ROI spreadsheet

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

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

Legend- base figures:

Blue = input figures

Green = formula figures

Black = formula figures with positive results

(Red) = formula figures with negative results

Total figures

Black = net gain to state

(Red) = net loss to state

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RE: Testimony in Opposition to HB1746

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

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

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

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

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

Thank you for the opportunity to testify.

Respectfully



Pat Bustamante
President



NATURAL POWER CONCEPTS

1515 Ualakaa Place
Honolulu, HI. 96822
Phone: (808) 944-9283 Fax: (808) 941-2503
E-Mail: larry@naturalpowerconcepts.com
Web: www.naturalpowerconcepts.com

HB1746 - Relating to Taxation

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

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

FROM: Larry Lieberman, CEO
Natural Power Concepts, Inc. (NPC)

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. NATURAL POWER CONCEPTS opposes HB1746.

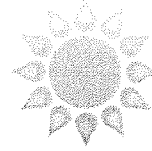
The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe,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

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

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

Thank you for the opportunity to testify.
Sincerely,

Larry Lieberman
CEO
Natural Power Concepts
808-741-7529



pacific
light & power

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

FROM: Kyle Hunker
Vice President of Finance
Pacific Light and Power, LCC

RE: Testimony in Opposition to HB1746□□

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

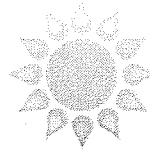
□□Thank you for the opportunity to testify on this bill. Pacific Light and Power opposes HB1746.

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

Pacific Light and Power believes that a better approach is contained in HB 1451.

Pacific Light and Power develops utility scale renewable energy projects for Hawaii. We use QHTB monies to realize Hawaii's renewable energy potential and in the process create jobs building and operating power projects.

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



pacific
light & power

Sincerely,

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

Cellular Bioengineering, Inc.

Invent. Disrupt. Inspire.

HB1746: Relating to Taxation

Date: February 26, 2009

Time: 3:00 p.m.

Place: Conference Room 308

To: House Committee on Finance

The Honorable Marcus R. Oshiro, Chair

The Honorable Marilyn B. Lee, Vice Chair

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

Re: Testimony in Opposition to HB1746

Aloha Chair, Vice Chair and Members of the Committee:


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

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

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

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

Sincerely,



1946 Young Street, Suite 288 • Honolulu, Hawaii 96826

Ph: 808.949.2208 • Fax: 808.949.2209

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February 25, 2009

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 2:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify in regards to the above-referenced bill. DRC hereby voices its opposition to those parts of HB1746 which repeal tax provisions contained in Act 221/215.

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

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

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

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

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



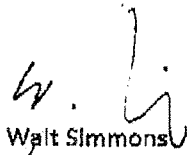
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DRC believes that a better approach is contained in HB 1451, which extends Act 221/215 to December 31, 2015. HB 1451 also provides for reasonable caps in tax credits. We have submitted separate testimony regarding that bill.


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

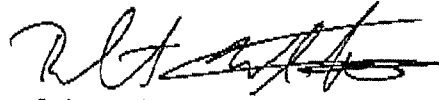
Thank you for the opportunity to testify on this important bill.

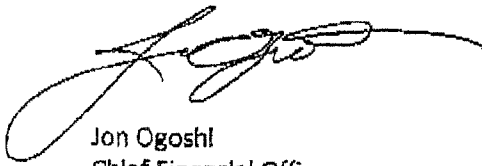
Sincerely,

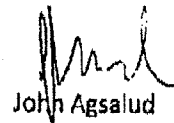

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Phone 521-4717
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Via Capitol Website

February 26, 2009

House Committee on Finance
Hearing Date: February 26, 2009, at 3:00 PM in CR 308

Comments Regarding HB 1746: Relating to Taxation.
(Temporary Suspension of Select Tax Credits)

Honorable Chair Marcus Oshiro Vice-Chair Marilyn Lee and Finance
Committee Members:

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide comments regarding HB 1746, which temporarily suspends selected stat tax relief measures enacted within the past six years fro a unspecified period.

HB 1746. HB 1746 proposes to temporarily suspend select tax credits adopted within the past six years from July 1, 2009 to December 31, 2015 including:

Hawaii Revised Statutes	Subject Matter
(1) §235-7(a)(13)	Excluded Income/Condo Fee Sale;
(2) §235-12.5	Renewable Energy Technology Tax Credit;
(3) §235-17	Motion Picture/Film Tax Credit;
(4) §235-19	Exceptional Tree Tax Deduction;
(5) §235-110.3	Ethanol Facility Tax Credit;
(6) §235-110.51	Technology Infrastructure Renovation Tax Credit;
(7) §235-110.9	High Technology Business Investment Tax Credit;
(8) §235-110.91	Research Activities Tax Credit;
(9) §235-110.93	Important Agricultural Land Tax Credit;
(10) §237-24.75(2)	Convention Center Operator General Excise Tax Exemption;

- (11) §237-24.75(3) Professional Employment Organization General Excise Tax Exemption; and
- (12) §239-6 Airlines/Certain Carriers Tax.

HB 1746 effective date is July 1, 2009.

LURF's Position. Although the State and nation are facing very difficult economic times it would be even more detrimental to take away some of the few existing incentives available that could help jumpstart Hawai'i's economy. The effects of a suspension of such tax credits will directly affect projects that have already finalized their budgets.

LURF requests that Subsection (9) §235-110.93 Important Agricultural Land Tax Credit and Subsection (2) 235-12.5 Renewable Energy Technology Tax Credit be deleted from this bill.

IAL Tax credits, which fall under HRS §235-110.93 are important to encourage farming and growing of local produce. Additionally, the IAL tax credit was intended to encourage farmers and landowners to voluntarily designate their agricultural lands as IAL to preserve prime lands for agricultural production. The IAL tax credit supports the new green thinking and the concept of sustainability – growing local produce makes us less dependable on outside resources.

Similarly, the **Renewable Energy Technology Tax Credit**, which falls under HRS §235-12.5 is also important as it provides incentives for homeowners and developers for renewable technologies that take away from the use of fossil fuels. Renewable Energy Tax credits were established in 1976 under Act 189 (amended 11 times) to encourage private investment in renewable energy systems and since then, these incentives have proven successful, beneficial and cost effective. The intent behind renewable energy technology tax credits remains the same since 1976 which has been to protect our environment, reduce pollution, make housing more affordable, and enhance Hawaii's economy. The suspension of the Renewable Energy Technology Tax Credits proposed by HB 1746 will detrimentally impact renewable energy technology in Hawaii and adversely affect current and future projects which involve renewable energy.

We understand the need to repeal tax credits; however, we are willing to work collaboratively with the legislature and state agencies to do a closer analysis to evaluate what tax credits are most valuable to stimulating Hawaii's economy and which went unused and could be deemed unnecessary or of lower priority.

Based on the above, we respectfully request that the above-mentioned Tax Credit sections be excluded from this proposed temporary suspension by HB 1746.

Thank you for the opportunity to testify.

TESTIMONY OF WILLIAM G. MEYER, III

HB1743

HB1746

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

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

RE: Testimony in STRONG OPPOSITION to HB1743 and HB1746

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

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

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

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

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

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

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

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

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

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

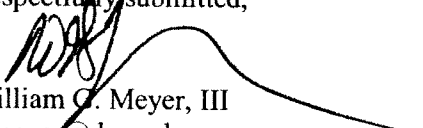
I cannot over-emphasize the devastating impact HB1743 would have on all sectors of Hawaii's creative community. It would wipe out the gains the industry has made over the last decade and turn the clock back 10 years in connection with efforts to build a vibrant and robust entertainment industry that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

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

I respectfully and strongly oppose both of these bills.

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

Respectfully submitted,

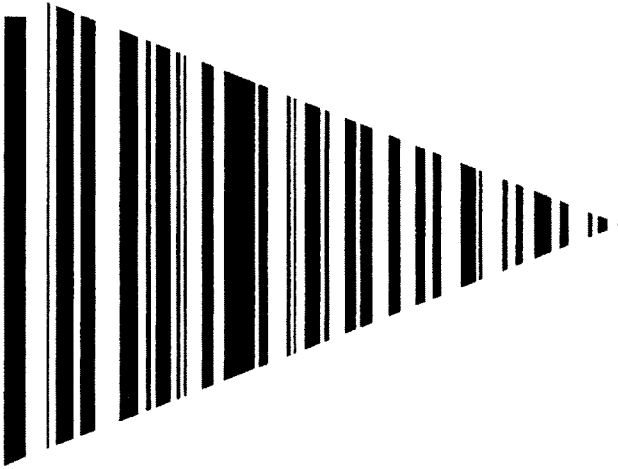


William G. Meyer, III
wmeyer@dwyerlaw.com
Telephone: 534-4412

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

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

January 2009



Executive Summary

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

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

Introduction

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

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

Description of the Film Production Tax Rebate Program

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

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

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

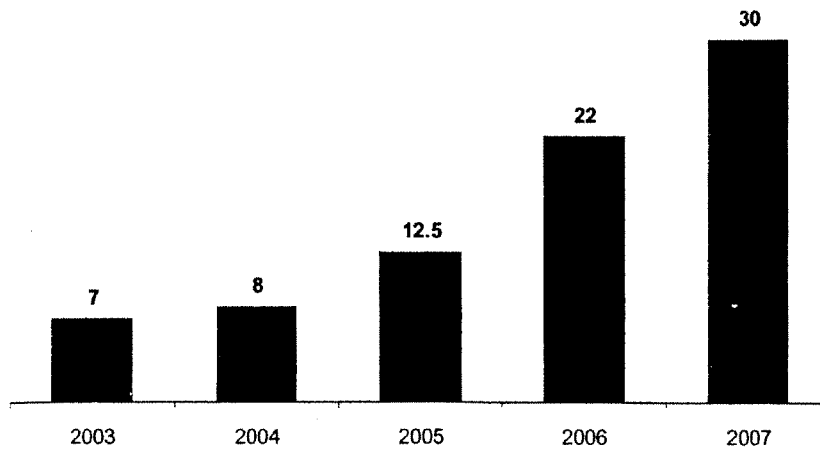
The New Mexico film production tax credit program has been successful in attracting an increasing number of films each year as shown in Figure 1. In 2007, 30 film projects qualifying for the credit were shot in New Mexico, a 36% increase from the 22 films that were shot in 2006 and more than four times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

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

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

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

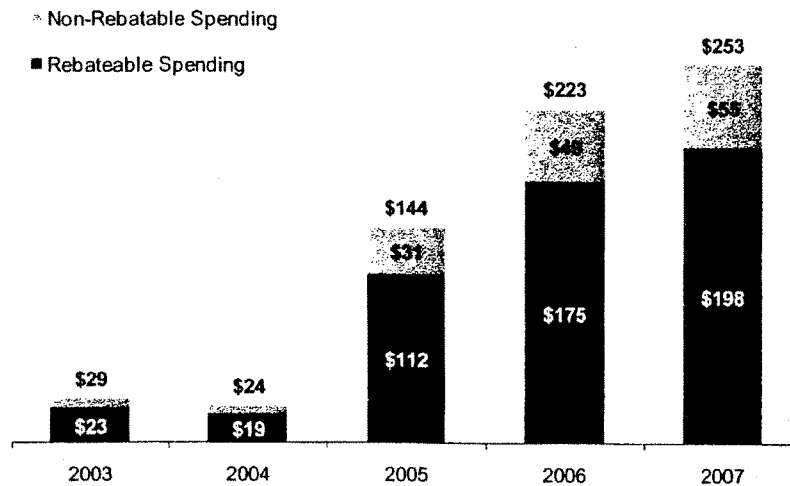
Figure 1: Number of Films Participating in the Credit Program, 2003-2007



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

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

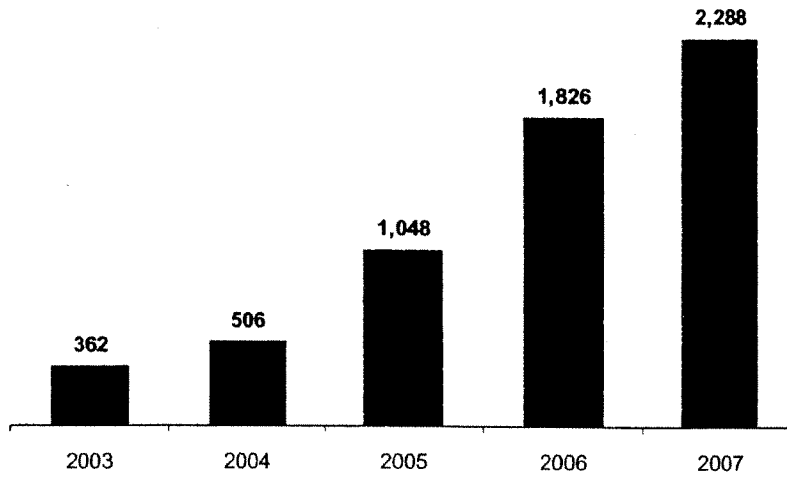
Figure 2: Annual Film Production Spending by Film Productions Participating in the Film Production tax Credit Program, 2003-2007



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

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

Figure 3: Employment in New Mexico Film Production Businesses*



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

Economic Impact of the Film Production Tax Credit Program

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

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

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

Data Used in the Analysis

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

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

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

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

Economic Impact of Increased New Mexico Film Production Activity

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

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

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

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

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

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

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

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

Table 2
Economic Impact of Film Production Activities in 2007

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

Impact of Film-Related Capital Expenditures in 2007

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

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

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

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

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

Table 3
Impact of Capital Investments in Studios and Equipment

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

The Impact of Film Tourism Spending in New Mexico

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Table 5
Economic Impact of Film Tourism**

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

Total Economic Impact of the Film Production Tax Credit Program

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

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

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

Fiscal Impacts of the Film Production Tax Credit Program

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

Fiscal Impact of Film Production Activities

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

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

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

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

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

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

Fiscal Impact of Capital Expenditures

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

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

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

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

Fiscal Impact of Film Tourism

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

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

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

New Mexico Public Return on Film Production Tax Credit Program

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

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

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

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

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

Testimony from MMA Renewable Ventures for Hawaii House Bills 1589 and 1746

MMA Renewable Ventures is a leading U.S. renewable energy project developer and financier and owns/operates systems in 10 states. In Hawaii, MMA RV owns and operates a 392 kW solar PV system at Lowes on the Big Island and is the majority owner in the 24 MW Hu Honua bioenergy project that will create hundreds jobs over its lifetime.

The two proposed bills HB 1589 and HB 1746 would significantly impair the deployment of renewable energy technologies in Hawaii. Project builders rely on the Renewable Energy Tax Credit as an essential contribution to project cash flow. Without this tax credit, many potential projects to build renewable energy systems would no longer be financially sound propositions. Indeed, many projects in various stages of construction, which were initiated based on Hawaii's commitment to provide tax credits, would have to be abandoned. This will cause immediate job losses and bankruptcies.

The just-passed American Recovery and Reinvestment Act is helpful to renewable energy, but its improved financial incentives amount to a partial offsetting of the deterioration of financial markets. The financial sector crisis has raised the cost of financing projects as capital has become more scarce, and many projects with higher costs or worse credit profiles can no longer be financed.

The Recovery Act's measures will fall short of returning market conditions to pre-crisis conditions for several reasons. The tax equity market, which invests to capture federal tax benefits, has shrunk significantly as financial firms like Lehman Bros and Merrill Lynch have gone bankrupt while the tax appetite of other firms is gone as losses have mounted. This has led to choppy market conditions in which it is harder to secure tax equity capital and the cost of the capital is much higher. The new Treasury grant program to replace the federal Investment Tax Credit should allow the present pool of tax equity to cover more projects. However, yields are not likely to fall to pre-crisis levels and projects with more risk may still be unfinanced-able. The re-fashioned Dept of Energy loan guarantee program has the potential support lower borrowing costs and the availability of credit to borrowers with lower credit ratings. However, DOE's administration of the program is still to be defined, so its benefit is not yet clear. Also, the transaction costs involved with applying for and meeting the conditions of the program are likely to be too high for smaller projects.

All states that seek to spur deployment of renewable energy systems provide financial incentives in parallel with federal incentives, because federal incentives alone are not sufficient. Indeed, Congress set federal incentive levels on the presumption that state incentives would play a role. With today's higher cost financing conditions, the contribution of both federal and state incentives is even more necessary. Even so, renewable energy system deployment has slowed.

We urge the House of Representatives to maintain the Hawaii Renewable Energy Tax Credit.

February 25, 2009

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

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

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

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

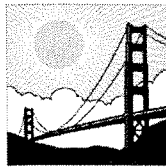
In addition to eroding investor confidence, HB 1743 would deal a crippling blow directly to the recording artists and other creative individuals who comprise and contribute to the State of Hawaii's copyrightable performing arts products by repealing and eliminating their current income tax exclusion.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

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

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

Sincerely,

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



THE
Vote Solar
INITIATIVE

Representative Marcus R. Oshiro
Committee on Finance

In Opposition to HB 1746

Hearing scheduled for February 26, 2009 at 3pm in House conference room 308

Testimony from: Gwen Rose, Vote Solar Initiative
gwen@votesolar.org, (415) 817-5060

My name is Gwen Rose, and I represent The Vote Solar Initiative, a nonprofit organization with members throughout Hawaii and the U.S. that aims to address global warming and energy independence by bringing solar energy into the mainstream. I would like to state my strong opposition to bill number HB 1746.

HB 1746 would suspend the state's solar tax credit from July 1, 2009 until December 31, 2015. A strong and robust solar market is critical to reducing oil imports, keeping energy dollars in the state and supporting the State of Hawaii's ability to balance the budget in the long-term. The state's solar tax credit enables Hawaii to capitalize on the job growth potential and economic gain associated with this burgeoning industry.

The tax credit currently plays a vital role in creating and maintaining new high-wage jobs, spurring economic growth, promoting consumer purchases of solar energy systems, lowering energy bills for consumers and businesses, and of course reducing global warming pollution. Suspending the state's tax credit at this time would be disruptive to the solar market at a time when companies are simply struggling to maintain jobs.

For these reasons, Vote Solar strongly opposes HB 1746.

Thank you for the opportunity to submit testimony.

A handwritten signature in cursive script that reads "Gwen Rose".

Gwen Rose
Deputy director



HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. Ocean Engineering and Energy Systems, Inc., opposes HB1746.

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

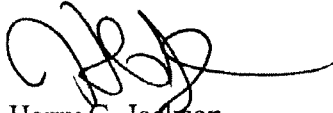
Ocean Engineering and Energy Systems, Inc., believes that a better approach is contained in HB 1451.

Our small business company is in the renewable energy sector providing local opportunity to develop and commercialize Ocean Thermal Energy Conversion technologies for Hawaii and other locations. Since we are in the early start-up phase of establishing our corporate presence and marketing our technology/ability to build these projects that provide electricity, fresh water and seawater air conditioning, Act 221/215 is our life source to provide the funding to keep our company operating! Act 221/215, in its

current format, makes investors excited about investing in our technology and it gives them a stronger incentive to make an investment here in Hawaii with our company instead of going somewhere else like Nevada, Texas or North Carolina to invest their dollars.

Thank you again for the opportunity to testify.

Sincerely,



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

808-954-6020

hjackson@ocees.com

creative **GYR** media

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

HOUSE COMMITTEE ON FINANCE

February 26, 2009 - 3pm

State Capitol, Conference Room 308

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it is a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

George Y. Russell

02/25/09

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

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair

FROM: Dr. Robert Yonover
President
SEE/RESCUE Corporation

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. SEE/RESCUE Corporation opposes HB1746.

The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years. As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives.

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

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

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

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

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

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

Thank you for the opportunity to testify.

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

HB1743 - Relating to Taxation

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

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

FROM: Dr. Robert Yonover



Turtle Bay Resort

true hawai'i

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

Re: HB 1746 - Relating to Taxation

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

I **strongly oppose the portion of HB 1746 that applies to Section 235-17**, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

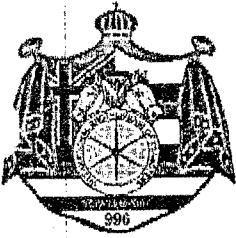
Mahalo,

Robert Boyle
Vice President & General Manager



57-091 Kamehameha Highway, Kahuku, Oahu, Hawaii 96731
Telephone 808-293-6000; Toll Free 800-203-3650
www.TurtleBayResort.com





HAWAII TEAMSTERS AND ALLIED WORKERS, LOCAL 996

Affiliated with the International Brotherhood of Teamsters

1817 Hart Street
Honolulu, Hawaii 96819-3205

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

HOUSE COMMITTEE on FINANCE

Hearing Date:

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

February 25, 2009

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

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

RE: TESTIMONY OPPOSING a PORTION of HB1746 (RELATING TO TAXATION)

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

The Hawaii Teamsters and Allied Workers Union, Local 996, strongly opposes the portion of HB 1746 which applies to Section 235-17. This is the basic refundable tax credit known as Act 88. We ask that you remove Section 235-17 from the measure as Act 88 has proven to be a revenue neutral and fiscally responsible credit. This is so significant in these times of economic scrutiny. Since its enactment eighteen (18) months ago, Act 88 has generated more than \$300 million dollars in direct expenditures into our state's economy at no cost to the state. This tax credit is based on a percentage of actual spending; in other words, if a company doesn't spend money here, it won't be eligible for a rebate. In addition, Act 88 generates hundreds of direct film industry jobs, supports our local merchants and vendors (clothing stores, food markets, entertainment, etc.), our visitor industry (airlines, hotels, restaurants, car rentals, etc.) and our communities (donations to public schools, charitable organizations, etc.)

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

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

Sincerely,

Jeanne C. Ishikawa
Business Representative, Hawaii Teamsters Local 996

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

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.



Margaret J. Doversola
Hawaii Casting Director

February 25, 2009

TO: (808) 586-6001

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

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on this bill. I oppose HB1746.

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

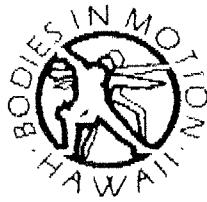
I believe that a better approach is contained in HB 1451.

Thank you for the opportunity to testify.

Sincerely,



Alfred B. Fernandes, CPA



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

FROM: Gilad Janklowicz
President of Gilad Productions

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

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

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

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

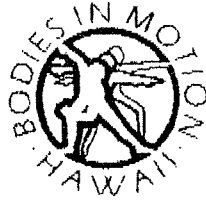
I believe that an effective economic stimulus like Act 221/215 is needed now more than ever

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

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

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

GILAD PRODUCTIONS, LTD.



arts industry.

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

Sincerely



Gilad Janklowicz

President

Gilad Productions

1833 Kalakaua Ave. Suite 904

Honolulu HI 96815

808-947-4911

Gilad@hawaii.rr.com

GILAD PRODUCTIONS, LTD.

1833 KALAKAUA AVENUE, SUITE 904 • HONOLULU, HI 96815 • PHONE (808) 947-4911 • FAX (808) 955-8161

WWW.BODIESINMOTIONWITHGILAD.COM

February 25, 2009

To: COMMITTEE ON FINANCE

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

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

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

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

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

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

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

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

Sincerely yours,

David Rosen

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

FINTestimony

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

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: rick brock
Organization: local 600 west coast
Address:
Phone: 310 344 4889
E-mail: rickbrock1@yahoo.com
Submitted on: 2/25/2009

Comments:

SUNPOWER

Room # 308

3:00 PM

February 26, 2009

House Committee on Finance

HB1746

Chair Oshiro, Vice Chair Lee 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 in opposition to **HB1746**.

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 HB1746 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. The Solar Industry understands the economic problems that Hawaii is experiencing and, thus, in other vehicles moving through the Legislation (i.e. SB464) is willing to align with other policy trends to reduce tax credits. In this case from 35% non-refundable to 24.5% refundable, in sync with the change that the President Obama and Congress recently took.

This Committee should align itself with the President Obama's stimulus initiatives by looking to tax credits to help stimulate the Hawaii economy. Tax credits attract \$100 millions of dollars of out of state funds into our economy and create jobs. Also, tax credits that support the solar industry will also reduce Hawaii's strong reliance on fossil fuels which will result in billions of dollars not being exported out of state for the purchase of fossil fuels from foreign sources. A majority of the installations will help the State, Counties, Dept of Defense, and non-profit entities to economically benefit from the volatile prices of fossil fueled electricity generation.

Thus, SunPower urges the Chair and this Committee to hold HB1746.

Mahalo for the opportunity to submit testimony in opposition.



My God ... It's Roland Cazimero LLC

PO BOX 274

Kaneohe, Hawaii 96744-0274

Malamapono1994@gmail.com

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

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

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

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

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

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

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

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

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

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

that a better approach is contained in HB 1451 HD1.

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

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

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

Sincerely,

Mrs. Lauwa'e Cazimero
Co-owner/Coordinator/Producer
My God ... It's Roland Cazimero
808-549-6671
malama pono1994@gmail.com

OPPOSITION TESTIMONY
For HB 1743 & 1746
February 26, 2009

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

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

Re: HB 1743 and 1746
Opposition Testimony

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

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

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

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

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

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

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

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

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

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

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

Ka`uhaneokekai Lee
The family of the late Kui Lee

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 12:21 PM
To: FINTestimony
Cc: dpkjh@hotmail.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Patricia Hastie
Organization: Individual
Address:
Phone:
E-mail: dpkjh@hotmail.com
Submitted on: 2/26/2009

Comments:

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

FINTestimony

From: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 25, 2009 8:06 AM
To: FINTestimony
Cc: strsws@mac.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM
Attachments: 221-215 Slideshow.pdf; 221-215 Handouts.pdf

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

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

Comments:

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 2:30 PM
To: FINTestimony
Cc: scott@AmericanFilmActor.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Scott Rogers
Organization: Individual
Address: 1111 D Wainiha Street HI
Phone: 808 779-4444
E-mail: scott@AmericanFilmActor.com
Submitted on: 2/25/2009

Comments:

If you really want to help the economy in Hawai'i, You MUST not only keep but increase, the tax incentives in Act 88 and Act 221/215. They create JOBS and bring in millions in secondary spending, not to mention millions of dollars in TV and film exposure. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

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

I strongly oppose the portions of HB1739, HB1743, HB1746, HB1583, H1588 and HB1589 (to be heard on 2/26 at varying times from 11am – 3pm) that apply to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

I do however support HB1451, also to be heard on Thursday, 2/26, seeking to extend Act 221 for 5 years. The importance of Act 221/215 in attracting film projects to Hawaii and helping to develop independent film projects in Hawaii can not be understated nor can the economic benefits to the industry and the State be overstated.

Thank you for the opportunity to provide these comments.

Art Rivers
Location Manager

FINTestimony

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

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: rick brock
Organization: local 600 west coast
Address:
Phone: 310 344 4889
E-mail: rickbrock1@yahoo.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 7:21 AM
To: FINTestimony
Cc: mcdenism@hotmail.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Denis Massey
Organization: Individual
Address: 1212 nuuanu Ave Honolulu HI
Phone: 8086944645
E-mail: mcdenism@hotmail.com
Submitted on: 2/26/2009

Comments:

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

HB1743 - Relating to Taxation□□

DATE: February 26, 2009

□TIME: 3:00pm□

PLACE: Conference Room 308□□

TO: House Committee on Finance□

Representative Marcus R. Oshiro, Chair

□Representative Marilyn B. Lee, Vice Chair□□

FROM: Mike Curtis, Hawaii Entrepreneur and Investor□□

RE: Testimony in Opposition to HB1746□3

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

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

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

Because credits are claimed over a five-year period, this bill would retroactively repeal credits from previous years.

As noted in the 9/08 DoTax study, these QHTB's spent \$1.4 billion in Hawaii between 2002 and 2007, and were responsible for over 4000 local jobs through either direct employment or contracted services. These expenditures and jobs created a revenue stream for the State of Hawaii. The loss of investment dollars and QHTB's will have a negative effect on Hawaii's economy and the State's

revenue at a time when job creation and diversification of Hawaii's economy should be a focal point of government initiatives. □□

Thank you for the opportunity to testify. □

□ Sincerely, □

Mike Curtis

808-292-6862

mcurtis@hawaii.rr.com

1829 Bertram Street Honolulu, Hawaii, 96816

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

DATE: February 25, 2009

TO: House Committee on Finance

FROM: Phil Kinnicutt
Kinnicutt Consulting, LLC

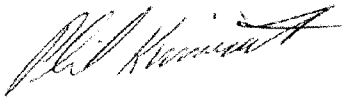
VIA FAX #: 808-586-8519

SUBJECT: Strong Opposition to HB 1746

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

I believe a better approach is contained in HB 1451

Respectfully,



Phil Kinnicutt

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

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

FAX: 586-6001

Re: HB 1746 - Relating to Taxation

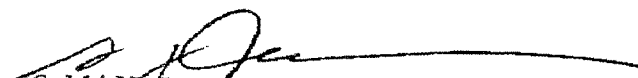
Dear Chair Oshiro, Vice-chair Lee and members of the committee:

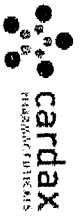
I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.


Sohbi Y. Reynolds



Cardax Pharmaceuticals, Inc.
5015 Kalia Parkway, Suite 401, Honolulu, HI 96815
Company: 808-537-1375 | Fax: 808-537-1375
www.cardaxpharma.com

February 24, 2009

HB1746 - Relating to Taxation

DATE: February 26, 2009

TIME: 3:00pm

PLACE: Conference Room 308

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

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

RE: Testimony in Opposition to HB1746

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

My name is David Watanumi, CEO of Cardax Pharmaceuticals, Inc. Cardax is developing a new class of drugs targeting the underlying cause of most chronic disease, including the number one problem for the Native Polynesian population: diabetes and heart disease. Cardax, along with both Hawaii Biotech, from which Cardax spun out, and Parthena Biopharma, also spun out from Hawaii Biotech, would not be in existence without Act 221. Combined all three companies have more than 75 high paying jobs and have received more than \$30 million in investor funding, almost half of which came from outside Hawaii, and \$35 million in grant funding since 2001.

Thank you for the opportunity to testify on this bill. Cardax Pharmaceuticals, Inc. opposes HB1746.

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

Cardax Pharmaceuticals, Inc. believes that a better approach is contained in HB 1451.

Thank you for the opportunity to testify.

Sincerely,

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

FINTestimony

From: mailinglist@capitol.hawaii.gov
nt: Wednesday, February 25, 2009 4:57 PM
ur: FINTestimony
Cc: candramaita@yahoo.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: comments only
Testifier will be present: No
Submitted by: candra maita
Organization: Individual
Address:
Phone:
E-mail: candramaita@yahoo.com
Submitted on: 2/25/2009

Comments:

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

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

FAX: 585-6001

Re: HB 1746 - Relating to Taxation

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

I strongly oppose the portion of HB 1746 that applies to Section 235-17, the basic refundable tax credit also known as ACT 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.

Kenneth A. Kauter
Producer
Creative Service Assoc.
Box 458, Hailua, Hi
96734

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

HB 1746 - RELATING TO TAXATION

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

My name is Ching Yuan Hu, and I serve as the associate dean and associate director for research with the University of Hawaii at Manoa's College of Tropical Agriculture and Human Resources (CTAHR). I am pleased to provide personal testimony on HB 1746. This testimony does not represent the position of the University of Hawai'i or CTAHR.

I oppose the HB 1746. The tax credit provisions of Act 221/215 were to be in effect until 2010 and investments were made on that statutory commitment. Any reduction, or suspension of the credit or the carryover provisions prior to 2010 would erode if not destroy investor confidence, would dry up investments, and, we believe, would lead to the demise of a number of qualified high tech businesses. Because credits are claimed over a five year period, this bill would retroactively repeal credits from previous years.

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

Thank you for the opportunity to testify on this bill.

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

I strongly oppose the portion of HB 1746 (to be heard on 2/26 at 3pm) that applies to Section 235-17, the basic refundable tax credit also known as Act 88 and ask that you remove its reference from the measure because it a fiscally responsible credit that is part of the solution and not part of the problem for the following reasons:

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

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

Thank you for the opportunity to provide these comments.



Art Rivers
Location Manager

66-392 D HALPELUA Rn.
HALPELUA, HI 96712
808/637-5682 OR 222-0672

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 7:32 PM
To: FINTestimony
Cc: milfilm@maui.net
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Mike Knowles
Organization: Millenium Films
Address: P.O. Box 183 Kihei, HI 96753
Phone: 808-874-0995
E-mail: milfilm@maui.net
Submitted on: 2/24/2009

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

Re: HB 1746 - Relating to Taxation

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

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

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

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

Thank you for the opportunity to provide these comments.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 24, 2009 3:17 PM
To: FINTestimony
Cc: snovak@pprmanagementservices.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Steve Novak
Organization: PPR Management Services, LLC
Address:
Phone:
E-mail: snovak@pprmanagementservices.com Submitted on: 2/24/2009

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

FROM: Steve Novak
President
PPR Management Services, LLC

RE: Testimony in Opposition to HB1746

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

Thank you for the opportunity to testify on these bills. PPR Management Services, LLC opposes HB1746.

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

PPR Management Services, LLC believes that a better approach is contained in HB 1451.

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

Sincerely,

Steve Novak
President
PPR Management Services, LLC

HAWAII STATE HOUSE OF REPRESENTATIVES
REGULAR SESSION OF 2009

COMMITTEE ON FINANCE

February 26, 2009
3:00 PM, Conference Room 308

HB1743 & HB 1746 – (Both measures entitled) RELATING TO TAXATION

Chair Rep. Marcus Oshiro, V. C. Rep. Marilyn B. Lee and Committee Members:

Good Afternoon. My name is Dante Carpenter, Director of Public Affairs for Carbon Diversion, Inc. (CDI). CDI strongly opposes those parts of HB1743 and all of HB 1746 which repeal or thwart the provisions of Act 221/215. It is simply the wrong strategy at a time when Hawaii needs an economic stimulus, not the equivalent of “a poke in the eye with a sharp stick!”

Please let the original enabling legislation with its sunset in December 2010 stay its course, at the very least. Do not let short-term thinking compromise long-term objectives. The State of Hawaii cannot afford to stop Act 221/215 just when it’s starting to pay off. These Tax incentives provided both responsive and responsible legislation in 2001 and 2003, respectively. And, they were created for Hawaii to expand business opportunities in activities other than Tourism (at all time low) and Military (beyond Hawaii control) and local and state government (?).

Carbon Diversion Inc. is a local Hawaiian company which has developed a hybrid gasification carbonization process which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. This results in lessened dependency on fossil fuels, landfills and can indirectly provide lower priced electrical energy to the grid.

Any reduction or suspension of the credit or carryover provisions prior to end-date 2010 would be detrimental to investor confidence in Hawaii! Further, it would undermine and lead to the demise of a number of qualified high tech businesses (QHTB’s). It’s obvious you (legislators) collectively will negate any “good intentions” of ACT 221/215 Incentives – which will include millions of dollars in investments and hundreds of jobs created to-date. Moreover, you’ll help stymie future growth potential at a time when Hawaii can least afford it!

Hawaii’s future depends upon economic diversification rooted in the seeds planted with the help of Acts 221/215. The cost is small indeed, when compared to the ultimate benefit. Let the entrepreneurs do their thing, and everyone will benefit.

We strongly urge you to file these bills!

Thank you very much

OPPOSITION TESTIMONY
For HB 1743 & 1746
February 26, 2009

To: The State of Hawai'i House of Representatives
Chair Marcus Oshiro
Vice-Chair Chris Lee and Members of the Committee

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

Re: HB 1743 and 1746
Opposition Testimony

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

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

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

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

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

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

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

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

There is too much to contend with in these hard economic times. The world financial crisis is affecting everyone. And we cannot continue to strip our people, businesses and other means of financial needs and survival.

Therefore, PLEASE DO NOT PASS HB 1743 and HB 1746, as we cannot afford to take anything anymore from anyone, or create bills or laws that will only sink our ships in Hawai'i's music, entertainment and film industry/businesses. We need to stay afloat and get through these tough economic times.

We STRONGLY OPPOSE HB 1743 and HB 1746 as the passage of these Legislation would have a devastating impact upon Hawaii's creative Community and our future. And we humbly ask your support for the sustainability of Hawaii's music, entertainers, and film/media industry.

Mahalo ke Akua, na `Aumakua, na Kupuna...Mahalo nui loa, Thank you very much for your time and consideration of this very important matter.

Ka`uhaneokekai Lee
The family of the late Kui Lee

leeohanahawaii@gmail.com
(808) 728-5663
P.O. Box 6085
Kane`ohe, Hawai`i 96744

PACIFICAP
GROUP

PACIFICAP GROUP, LLC
820 MBBKui Street, Suite 600
Honolulu, HI 96813
Direct: 808.237.5368 | Fax: 808.537.2189

February 26, 2009

*Testimony for Hearing before the
House Committee on Finance
Thursday, February 26, 2009, 2:00 pm*

*State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813*

*Re: Testimony in Strong Opposition to HB 1746
Relating to Taxation*

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

Thank you for the opportunity to submit testimony in STRONG OPPOSITION to HB 1746, which suspends the use of tax credits enacted within the past 6 years for an unspecified period. I respectfully request that you vote against passage of this bill.

I am Jeff Au, Managing Director and General Counsel of PacifiCap, Hawaii's largest locally based venture capital firm.

I strongly oppose this bill because it would effectively retroactively take away the use of the Act 221 High Technology Business Investment Tax Credit (the "Act 221 Investment Credit") for investments already made in past years.

We need to keep in mind that investors have to wait 5 years to receive all of the investment tax credits that they are entitled to for making an Act 221 investment. To have the State cut off the credits in the middle of this 5 year period, for investments made several years ago, would be like cutting off an agreed to installment payment on a car because I want to spend my money on something else, although I'm still driving the car around.

There is little doubt in my mind that if this bill becomes law, Act 221 investors will stop investing, not only now, but forever because they will have lost confidence in the State's willingness to honor its pre-existing commitments. It will undermine the confidence for investing in Hawaii generally and would likely also scare away non-Act 221 investors.

We need to keep in mind that the only thing more difficult than filling a deficit of cash is repairing a deficit of trust that has been violated.

Terminating the Act 221 Investment Credit will cut off the only source of cash that many local technology companies need to operate and survive. It will cause many of them to "starve to death," possibly resulting in job losses of \$100 million per year or more for hundreds of Hawaii workers.

Many young technology companies have little or no revenue while they conduct research to develop new technologies and products that they plan to sell. This process can take several years. During this period, these companies need investors to invest new cash each year to provide the money they need to continue their research and operations. Cutting off this source of capital before research and development is completed, and before companies reach profitability, can cause these companies to run out of money and fail, causing not only job losses, but also losses of all the money previously invested, as well as the loss of any "upside" potential for these companies, their workers, their investors and the State.

In short, this would create a "lose-lose-lose" scenario for all parties involved. It would be analogous to a parent cutting off food and support for a three year old child, before the child was mature enough to earn money on his own to support himself, thus causing the child to starve to death.

Tax Department data shows that in 2007, 177 Act 221 companies paid more than \$228 million in salaries and other job compensation, while 78.5% of them still were not profitable. If just 50% of Act 221 companies fail because of repeal of the Act 221 Investment Credit, more than \$100 million of jobs could be lost.

The retroactive January 1, 2009 effective date of this bill also could trigger numerous lawsuits against the State for violations of federal constitutional law.

Retroactively repealing the right to claim Act 221 Investment Credits **two years** before its original sunset date of December 31, 2010 will pull the financial rug out from under local tech companies and their investors who in good faith took a chance on Hawaii as a place to invest and try to grow their companies. It will irreparably harm Hawaii's reputation as a place to invest in and do business for decades to come.

Many of the kamaaina who returned to Hawaii and convinced their families and themselves that it was worth the risk of coming home to work and trying to contribute to our community will conclude that this was all a very, very big mistake.

Even if this bill does not ultimately become law, I fear the negative impact on Hawaii's reputation if your Committee passes out this bill without amendment. It will send a message to both local and outside investors that they cannot rely upon our State to honor its long-term commitments. It will tell Hawaii's investors, entrepreneurs and workers in high tech and all other industries that our State is willing to play "bait and switch" with their money, their companies, their livelihoods and their careers.

The current credit crisis and financial meltdown around the world demonstrates how critical investor trust and confidence is to continued investment and economic growth. Once undermined, this trust and confidence is extremely difficult to restore and can cause irreparable harm for many years to come.

We are all aware of the serious budgetary problems facing our State. However, we need to make sure that proposed solutions do not make existing problems of job loss and economic stagnation even worse. Starving to death dozens of promising companies with growth potential that currently employ hundreds, if not thousands of employees, is not the way to fix our economy. We need to avoid being "penny wise and pound foolish," and make sure that we do not "jump from the frying pan into the fire."

There are better ways to balance the State budget, such as collecting just a fraction of the \$1 billion of delinquent taxes each year, which totals several billion dollars including past years.

We also must keep in mind that under existing law, Act 221 already has a self-adjusting mechanism with respect to the State budget. As the economy slows, prospective investors make less money and have less money to invest. Their income tax liability also goes down, resulting in less need for and less utilization of tax credits.

The Department of Taxation's comprehensive study of the Act 221 Investment Credit published in September 2008 concluded that the benefits of Act 221 have far exceeded its costs:

- As of the end of 2007, more than \$1.2 billion had been invested in at least 333 Act 221 technology and media companies, which had already spent more than \$1.4 billion in Hawaii.
- These Act 221 companies created more than 4,000 employee and independent contractor jobs, which paid more than \$228 million in salary and other compensation in 2007 alone.
- These Act 221 high tech and media companies earned more than \$228 million in revenues in 2007 alone.
- All of these benefits, already realized long BEFORE most of these Act 221 companies have reached their full potential, have already far exceeded the costs of credits claimed from 1999 through 2006 of less than \$296 million (\$437 million including credits claimed from 1999 through 2007).

Based on DoTax's study, Act 221 is NOT the cause of the State's current budgetary problems. To the contrary, Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. It does not make sense to retroactively repeal the Act 221 Investment Credit at a time when our economy needs it the most.

Young technology companies require several years and multiple rounds of investments to reach their full potential. According to a January 3, 2009 *San Francisco Chronicle* article, venture-backed companies took an average of 8.3 years before going public in 2008. If capital from Act 221 is limited, we will risk prematurely killing many Act 221 companies and losing up to 7 years worth of past investments already made into these companies. To the extent that 78.5% of Act 221 companies in 2007 were not yet profitable and needed additional capital to survive,

Testimony in Strong Opposition to HB 1746
Relating to Taxation
House Committee on Economic Revitalization, Business and Military Affairs
Hearing Date: February 26, 2009
Page 4

more than a \$100 million of jobs per year could be lost if less than half of the Act 221 companies run out of money and fail.

Thank you very much for allowing me to submit this testimony today.

Respectfully submitted,

Jeffrey K. D. Au
Managing Director and General Counsel
PacifiCap Group, LLC

022609JAUFINSTRONGOPPOSITIONTOHB1746.022609Draft#1

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 9:15 PM
To: FINTestimony
Cc: sdalzell@hawaii.rr.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Shell Dalzell
Organization: IATSE
Address: 46-240 Aeloa St. HI
Phone: 8080-391-7200
E-mail: sdalzell@hawaii.rr.com
Submitted on: 2/25/2009

Comments:

Comments:

If you are serious about helping the economic picture in Hawai'i, you MUST keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 21/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. All of which make it easier and less expensive for film and television projects to be made in Hawaii. More important, however, is that Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Wednesday, February 25, 2009 11:58 AM
To: FINTestimony
Cc: alohairish@aol.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Irish Barber
Organization: Individual
Address: Mokuhano St Honolulu HI
Phone: 808-479-1770
E-mail: alohairish@aol.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 12:20 PM
To: FINTestimony
Cc: jsuapaia@1013integrated.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Jason Suapaia
Organization: 1013 Integrated Branding + Production
Address: 1013 Kawaiahao Street Honolulu, Hi
Phone: 593-8848
E-mail: jsuapaia@1013integrated.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 1:28 PM
To: FINTestimony
Cc: oswalds@oha.org
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Oswald K. Stender
Organization: Individual
Address: 1056 Maunawili Loop Kailua, Oahu, Hawaii 96734
Phone: (808)3484894
E-mail: oswalds@oha.org
Submitted on: 2/25/2009

Comments:

It would be a grave mistake to discontinue this program especially at this time with the current state of the economy nationwide. Now is the time to provide business opportunities and create jobs. This bill would give the impression that Hawaii is anti-business. Mahalo and aloha. Oswald K. Stender

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 3:56 PM
To: FINTestimony
Cc: dpzee@yahoo.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Daniel Ziegler
Organization: Individual
Address: 1924 Huea Pl Honolulu
Phone: 808 843-2321
E-mail: dpzee@yahoo.com
Submitted on: 2/25/2009

Comments:

Sometimes saving money can cost us money. The acts that provide incentives to companies around the world to film in Hawaii – acts 88 and 221/215 – bring us far more revenue than their cost in tax rebates. The film industry is a natural for Hawaii... profitable, renewable and clean. It also helps sell Hawaii as a tourist destination.

Let's not decimate these incentives in the name of politics.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 3:34 PM
To: FINTestimony
Cc: courtneytaryn@aol.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Ashley C. Smith
Organization: Individual
Address: 1609 Democrat St. #3 Honolulu, HI 96819
Phone: 808.306.7066
E-mail: courtneytaryn@aol.com
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 26, 2009 9:52 AM
To: FINTestimony
Cc: naomee3@hotmail.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Naomi Olson
Organization: Individual
Address: 745 Fort Street, 1614 Honolulu, HI
Phone: 808-954-7063
E-mail: naomee3@hotmail.com
Submitted on: 2/26/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 5:49 PM
To: FINTestimony
Cc: lou@maui.net
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Louis Di Liberto
Organization: Individual
Address: 574 Papau Hikina Pl. Kihei, HI.
Phone:
E-mail: lou@maui.net
Submitted on: 2/25/2009

Comments:

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 25, 2009 5:55 PM
To: FINTestimony
Cc: denbeckmick@hotmail.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: support
Testifier will be present: No
Submitted by: Becky Maltby
Organization: Individual
Address:
Phone:
E-mail: denbeckmick@hotmail.com
Submitted on: 2/25/2009

Comments:

Please keep Act 88 and Act 221/215 in effect. If these acts are lessened or eliminated, Hawai'i will lose upward of 100 million dollars of production per year. Additionally, these acts have created jobs, and brought millions of dollars in secondary spending into our state. They have also contributed to Hawai'i receiving millions of dollars in free advertising in TV and film. Act 88 and Act 221/215 have helped the Hawaii film and television industry grow dramatically. With this growth has come an increase in the number of industry professionals as well as facility and equipment infrastructure. Act 88 and Act 221/215 have been strong economic drivers for the Hawaii economy and support the creation of high-pay, high-skilled jobs for our current residents and future generations.

HAWAII STATE HOUSE OF REPRESENTATIVES
REGULAR SESSION OF 2009

COMMITTEE ON FINANCE

February 26, 2009
3:00 PM, Conference Room 308

HB1743 & HB 1746 – (Both measures entitled) RELATING TO TAXATION

Chair Rep. Marcus Oshiro, V. C. Rep. Marilyn B. Lee and Committee Members:

Good Afternoon. My name is Dante Carpenter, Director of Public Affairs for Carbon Diversion, Inc. (CDI). CDI strongly opposes those parts of HB1743 and all of HB 1746 which repeal or thwart the provisions of Act 221/215. It is simply the wrong strategy at a time when Hawaii needs an economic stimulus, not the equivalent of “a poke in the eye with a sharp stick!”

Please let the original enabling legislation with its sunset in December 2010 stay its course, at the very least. Do not let short-term thinking compromise long-term objectives. The State of Hawaii cannot afford to stop Act 221/215 just when it’s starting to pay off. These Tax incentives provided both responsive and responsible legislation in 2001 and 2003, respectively. And, they were created for Hawaii to expand business opportunities in activities other than Tourism (at all time low) and Military (beyond Hawaii control) and local and state government (?).

Carbon Diversion Inc. is a local Hawaiian company which has developed a hybrid gasification carbonization process which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. This results in lessened dependency on fossil fuels, landfills and can indirectly provide lower priced electrical energy to the grid.

Any reduction or suspension of the credit or carryover provisions prior to end-date 2010 would be detrimental to investor confidence in Hawaii! Further, it would undermine and lead to the demise of a number of qualified high tech businesses (QHTB’s). It’s obvious you (legislators) collectively will negate any “good intentions” of ACT 221/215 Incentives – which will include millions of dollars in investments and hundreds of jobs created to-date. Moreover, you’ll help stymie future growth potential at a time when Hawaii can least afford it!

Hawaii’s future depends upon economic diversification rooted in the seeds planted with the help of Acts 221/215. The cost is small indeed, when compared to the ultimate benefit. Let the entrepreneurs do their thing, and everyone will benefit.

We strongly urge you to file these bills!

Thank you very much

FINTestimony

From: mailinglist@capitol.hawaii.gov
sent: Wednesday, February 25, 2009 9:34 PM
To: FINTestimony
Cc: mauibb2002@yahoo.com
Subject: Testimony for HB1746 on 2/26/2009 3:00:00 PM

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

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Deborah Manzano
Organization: Individual
Address: 11 Waihili Place Kihei HI
Phone: 808-875-4774
E-mail: mauibb2002@yahoo.com
Submitted on: 2/25/2009

Comments: