

# LATE TESTIMONY

## Bill/Hearing Info

Bill: HB 2413

Date: 2/4/10

Time: 8 AM

Place: Rm 312

Committee: EBM

Chair: McKelvey

Vice Chair: Choy

- I support this bill,  
 I support this bill with reservation,  
 I oppose this bill

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

My name is David Watumull, CEO of Cardax Pharmaceuticals, a biotech company here in Hawaii. We are developing a new class of drugs that can help treat some of the major unmet medical needs of our time, including heart disease, liver disease, and diabetes. We invented this technology in Hawaii, have been issued 9 U.S. patents, and have been recently awarded with more than \$1 million in NIH funding. But, these breakthroughs would not have occurred without the State incentives in effect over the past decade. But, we understand that that in this time of budget crisis, we need to find new, more creative ways to help grow our industry and more importantly our tax base and economy at little or no cost. HB2413 accomplishes this goal. It attracts outside capital to our State and encourages the growth of local capital sources - all focused on growing the fastest growing and highest paying sector of our economy: science and tech.

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

Sincerely, 

Name: David G. Watumull

Title: President and CEO

Company: Cardax Pharmaceuticals, Inc.

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## **LATE TESTIMONY**

Written Statement of

**Karl Fooks**

**President**

Hawaii Strategic Development Corporation

Before the

**HOUSE COMMITTEE ON ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS**

Thursday, February 4, 2010

8:00 AM

State Capitol, Conference Room 312

In consideration of

### **HB 2413 RELATING TO ECONOMIC DEVELOPMENT**

Chair McKelvey, Vice Chair Choy and Members of the Committee:

HSDC offers testimony to highlight some concerns about specific provisions establishing the State Private Investment Fund (SPIF) and the implementation of the contingent tax credit financing mechanism in HB 2413. For the reasons provided below we recommend the approval of HB 2945 over HB 2413.

HB 2413 appears to establish the SPIF independent of HSDC. This creates implementation problems as there is no State entity providing administrative or fiscal support to the SPIF.

HB 2413 also requires the State to issue tax credits directly to the SPIF. As noted above, it is not clear what the legal status of the SPIF will be under HB 2413. It is recommended that the tax credits are issued to a State entity in order that the strongest case can be made that these are contingent tax credits and therefore the cost of the credits can be deferred.

We recommend that the governing board of the SPIF serve without compensation, except for the reimbursement of costs incurred in performing their duties. We recommend that the staff of the SPIF be exempt from Chapter 76. The language in section 211G-12 (b) referring to a legitimate call on the guarantee should be deleted. Section 211G-12 (c) should be deleted.

Thank you for the opportunity to submit testimony.