

SB 255

EDT

**Testimony to the Senate Committee on
Economic Development and Technology
Friday, February 6, 2009
1:15 p.m.
Conference Room 016**

RE: SENATE BILL NO. 255 RELATING TO INCOME TAX CREDITS

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

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). I am here to state The Chamber's support to Senate Bill No. 255, relating to Income Tax Credits.

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

HB 255 provides an income tax credit for employers when their employees telecommute for work.

Telework is a concept that changes the notion of work being a place to work being a process or activity. With today's affordable PCs, Internet access, on line services and software designed to support teleworking; businesses are in a position to leverage the concept.

During our economic crises, we must rely on our own initiatives as well as those of government to keep our businesses viable and our employees on the job. The teleworking strategy reaches beyond the economic boundary and includes social and environmental benefits:

- Reduces rent, parking, etc. costs
- Increases worker productivity
- Sustains work force and provides better life/work balance
- Eases personal commuting costs and stress
- Compliments Rapid Transit to alleviate transportation congestion
- Supports good environmental policy and reduces carbon footprint

Teleworking is the norm in the Mainland and increased productivity has been extensively documented. Hawaii's relatively small homes may not lend themselves to support home offices, so we need to use empty office space to create telework centers. GSA in Washington D.C. has eight buildings surrounding the belt way to support both federal and commercial teleworkers. We can do something significant now to relieve the congestion our Leeward employees endure.

1,000 Telecommuters

Annual Savings



fukunaga4 - Michelle

From: GM@HawaiiN.Com
Sent: Friday, February 06, 2009 12:09 AM
To: EDTTestimony
Subject: Supports SB 255

To: Senator Carol Fukunaga, Chair
Senator Rosalyn H. Baker, Vice Chair

COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Committee Date: Friday, February 6, 2009 1:15 pm Conference Room 016

From: John Bond, Ewa-Kapolei

I, John Bond fully support SB 255 to create a Telecommuting Tax Incentive to help develop a comprehensive plan that will encourage and expand Telework opportunities in Hawaii.

I believes that reducing harmful environmental impacts, traffic congestion, the dependence on fossil fuels, and encouraging a better life for people who commute to work in Hawaii is not only a very desirable quality of life issue, it has become a matter of absolute necessity in view of the great financial difficulties Hawaii and the United States now face.

This is by no means a futuristic and far away utopian dream! In fact methods and means to utilize Telework have increased phenomenally in the past few years while actual implimention costs have also dropped dramatically!

I recently spoke with the Washington D.C. GSA Telework Center Program Director and given an update on the program there. His view was that Telework Centers are successful there in cases where traffic congestion is the primary factor- such as is the case in Virginia. Telework Centers are currently 78% occupied by users every day. The mix is federal workers and private companies.

Hawaii can no longer continue to do "business as usual" and must quickly and actively seek all alternatives to reduce costs in providing government and public services. Telework Centers and Telecommuting are known and proven transportation alternatives and are already widely supported and encouraged by the Federal government.

Already the new administration in Washington, D.C. plans to expand and further promote and develop these avenues that offer substantial savings in time, energy and fuel costs.

Private enterprise has stepped up to the plate with many very innovative software programs and tools, very inexpensive web cams, and other computer and broadband internet technologies that offer absolutely no further excuses for delaying the implimentation of Telework Centers and Telecommuting in Hawaii.

What OTHER transportation alternative can you concieve of which can actually be IMPLIMENTED in just 6-12 months and axtually cost LESS and LESS over time!?

If you think there are Human Resource, Workplace and Union Issues- there are- but these can and ARE being resolved! We must face the fact that this IS the 21st Century and NOT the past century, and our current and very deep economic situation DEMANDS creative and intelligent solutions- not old re-treads!

Telework Centers already exist successfully on the mainland. Many US States have active Telework Centers and Telecommuting programs. These are partnerships of government,

universities and private enterprise. Hawaii has already conducted a successful Telework Center pilot program- and this was nearly TWO DECADES ago! Let's Dust This Off and Get Moving!

Commuters can save THOUSANDS of dollars and actually gain back over one FULL WEEK of their lives each month NOT spent in a grinding, polluted, frustrating "Commuter Hell". It DOES NOT have to be that way, folks!

Telework Centers are basically just like going to regular office jobs- but they are dispersed throughout local communities, usually only a few miles from where people actually live. Biking to work will be a real practical option for thousands of Oahu workers!

Look at this- take the gas money, lunch money and probably parking fees to work downtown and have Telework Center workers RE-INVESTING IT in the local community economy! Local stores, restaurants, services will flourish!

What happened to this 21st Century Hawaii State Plan?...

"We see... jobs created closer to homes, and homes clustered around employment centers. Those living in suburban communities will work in neighborhood TELEWORK centers, branch offices, close to their homes, state-of-the-art telecommunications links, and teleconferencing facilities.

Many residents will be able to live, work, and play in their own communities. Employee and family life quality will be enhanced as long as long work commutes are gradually eliminated."

Hawaii Statewide Transportation Plan -
Executive Summary 1998-2000

<<http://state.hi.us/dot/stp/execsummary.pdf>>

This plan evolved approximately 11 years ago, after a SUCCESSFUL One Year Telework Center project in Mililani PROVED Telework Centers was a viable work alternative. This IS the 21st Century now. Not everyone will have a job that can become a Tele-Commute job, but for those who must rush every day back and forth from a centralized downtown office, there IS a better WORKLIFE awaiting you in the near future.

In helping to solve West Oahu's traffic problems, and for all communities that have commuter traffic issues, some real thought should be given to Telework Centers and their proven community value on many levels.

Below are some actual Telework Centers in operation right now around Washington, D.C. They should give most people a pretty good idea of what a Telework Center looks like and how relatively easy it would be to get similiar operations up and running fairly quickly if local government made this a PRIORITY to help solve our incredibly bad- possibly WORST in the US traffic problems on H-1.

How many times have West Oahu neighborhood boards heard development plans that say people will have "jobs" at the local shopping centers rather than having to commute downtown? The FACT is- Jobs at Shopping Centers usually do NOT pay well, especially to support home mortgages and decent family living standards- OR- future jobs for their children.

Some of the more elaborate community development plans in West Oahu include Golf Courses, Daycare Centers, Community Recreation Centers, etc- but leave out one really big 21st Century community infrastructure requirement- Telework Centers. Telework Centers actually have MANY valuable purposes in a community, if our local and state governments would just look at them as a Smart Community Planning concept!

Telework Centers are often a PARTNERSHIP of government, an area developer and local private business. Government usually helps to encourage these centers by providing some tax incentives, grants or workforce members ready for telework. They are located usually near daycare centers, food courts, bus stops, bike paths and public parking areas.

There is also another consideration- Emergency Preparedness. Community Telework Centers can become local community CIVIL DEFENSE operations centers tied into Police, Fire, Rescue and State Civil Defense operations during an emergency. There is likely even Homeland Security funding for this as well.

In the D.C. area, the government "satellites" more of its workforce out to local communities, often just a few miles away from where people actually live. The area developer can get tax credits and other incentives to provide a good community location for a Telework Center. Local businesses can help provide business services and staffing to make sure the Telework Center meets the needs of its customers.

Everybody in the community WINS with a community Telework Center because it also acts as a New Business magnet.

Before the new UH West Oahu campus is built- the UH system should consider establishing a West Oahu Telework Center as a primary base office, providing workers and IT support staff for the larger community benefit during the years it will take to build the campus. This initial infrastructure could also provide other support like community training, digital multimedia and video teleconferencing support.

Personally, I would like to see ALL of the neighborhood boards have their meetings streamed LIVE over the internet, and made made available for later viewing in on-line archived format with accompanying government documents and links to developers websites showing their plans in digital multimedia formats.

I would also like to see a way that local citizens can take their own photos and videos- such as the recent flooding issues, and have these placed on a community website area where government officials can view them. I heard people talking about videos of backed-up streams BEFORE the floods had hit- and if those had been on-line- with the help of the local Telework Center- a lot of home flood damage might have been prevented before the rains came.

In the nearterm, the West Oahu Telework Centers could be set up in almost any available building that has good power, electrical connections, parking and high-speed broadband internet services. Emergency back-up power would also be a major asset.

Some examples below show how Telework Centers look and work around Washington, D.C. There is no reason why there could not be similiar Ewa and Kapolei Telework Centers, and similiar work centers in other Hawaii Communities around the Island of Oahu- or even statewide.

The Hagerstown Telework Center is a partnership between the City of Hagerstown and GSA. It is one of 14 Centers around the Washington metropolitan area, and part of the U.S. GSA Telework Program. The program consults, plans, and implements Telework Centers primarily focused on federal agency employees.

<http://www.hagerstowntelework.org/> At BSU's Telecommuting Center, you are closer to home yet still in the office. The capabilities of your remote office at the Center are endless! With all the latest in computer and office equipment, you will be on the leading edge of technology. The Center is furnished with ergonomic module components, Pentium Internet accessible computers, voice mail, laser printer, copier and fax machine, a lockable file for personal items, a conference room seating eight, scanner, shredder, microwave, refrigerator,

and other small general office equipment. Users are provided with on site technical assistance. All workstations have high-speed Internet connections and dial up modem access. Desktop to desktop connectivity is handled on an individual basis. The Telecommuting Center is open 24 hours, 7 days a week with peak hours of 6 a.m. to 4 p.m.

<http://www.bsu-telecommute.com/> The six NoCommute.org telework centers are part of a project sponsored by the General Services Administration. They represent a cooperative effort between the federal government, state and local government, academia and private sector. The centers are open to both federal employees as well as private sector employees. A wealth of information for the federal employee is available at www.telework.gov <http://www.telework.gov> (a site maintained by OPM and GSA).

The two centers along Interstate 66 (Manassas and Fairfax) and the one near Fairfax County Parkway (Herndon) are operated by George Mason University's Mason Enterprise Center and Lockheed Martin. The three centers along Interstate 95 (Woodbridge, Stafford, and Fredericksburg) are operated by the George Washington Regional Commission.

The main purpose of these centers is enabling people, who already have jobs, to avoid long commutes to their normal workplace (office). Not everyone who teleworks can or chooses to do so from their house. These centers provide an attractive alternative.

<http://www.nocommute.org/> GSA Telework Center Features: Intel Based PC's with Integrated CAC Card Reader, Microsoft Office Professional, High-speed Internet, State of the Art Firewall, Secure Wi-Fi (WPA Security), Digital Telephone System (Remote VM Access 24x7), On-site Technical Support (During Regular Business Hours), Reservation System, HP LaserJet Printers (Color & Black/White). Xerox Workcentre (Fax, Copy, Scan to E-mail), Shredder, Conference Room, Kitchenette (Microwave, Refrigerator & Water Cooler), Personal Mobile Storage Cabinets

<http://www.gotelework.org/> NetTech Centers Instant office is just that, Instant. No worries, no fuss. Instead of waiting on utilities to be turned on and getting office furniture delivered, you are ready to go the same day you sign your lease. Your new business home comes with everything you will need to make your venture a successful one. Digital phone system with voice mail that can be accessed from anywhere. Computers with flat screen monitors connected to a 3 MB fiber internet connection that makes connectivity a snap. Comfortable and functional work spaces in a variety of configurations all to meet your needs. You will be comfortable knowing that your clients are comfortable in our professional environment.

<http://www.nettechcenter.net/> Thrive in this professional environment that meets all your office and technical needs. Avoid traffic, commutes, and interruptions -- be productive with us!

<http://www.jctc.org>

Please support SB 255, as this will help get Hawaii MOVING again, improve the lives of thousands of Hawaii residents, save massive amounts of gas and energy costs and help bring back the Island Paradise that is the reason most people live here in the first place.

Sincerely,

John Bond
Let's Get Moving With Telecommuting

Senator Carol Fukunaga, Chair
COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY

Senate Bill 255

Monday, February 9, 2009

1:15 p.m. Conference Room 016, State Capitol, 415 South Beretania Street

Introduction

My name is Laurence A. Lee, and I am a local Software Developer. I am testifying on behalf of Senate Bill 255. I strongly oppose the passage of Senate Bill 255.

Content

I do not dispute the obvious benefits of Telecommuting and Coworking. In fact, as a Software Developer, I have actively enjoyed the option of working from home and avoiding Rush Hour Traffic for well over 10 years. However, it is my position that the State should not be asked to expend precious Tax Dollars as Business Tax Credits as a means of encouraging or increasing awareness of Telecommuting Benefits.

At a time when Schools and Public Libraries are being forced to cut back, and Community Programs are being shut down because the Non-Profits aren't receiving as much State Funding, the thought of the State reimbursing 75% of Equipment and Infrastructure costs (up to \$1200 per Participating Employee) in a Down Economy is poorly timed, and simply outrageous.

Let's look at hypothetical numbers. Take any white-collar employee's annual salary (the most likely candidates of a Telecommuting Arrangement), and multiply that salary by whatever factor you want to estimate the true cost to retain that employee. Compared against that number, it's clear that \$1200 per employee is a relatively small amount.

\$1200 per Participating Employee is a relatively small amount for such businesses, and more appropriately absorbed as Business Expenses; whereas a possible \$2 Million taken out the General Fund could have been directed toward another worthwhile State-Funded Program.

Of course, I'd love for the State to pay 75% of the costs of a fresh new laptop and a Coworking (Telecommuting) Space for myself or my colleagues. However, I simply ***cannot in good conscience*** accept that if it takes away a meal (or anything similarly essential) from someone who depended on a (now diminished) State-Funded program.

An Alternative Proposition

If the ultimate purpose of SB225 is to promote and encourage Telecommuting, the same \$2 Million in State Funds could be more effectively spent as Awareness Ads in Local Media; or as Tax Incentives for Businesses that create shared Telecommuting Office Spaces (aka "Coworking Spaces").

In Summary

The benefits of Telecommuting ***already exist*** and are well documented; the case for Telecommuting can already be made. The State should not extend Tax Credits as incentives to encourage Telecommuting. The State could more effectively achieve the same results through an Awareness Campaign, or by encouraging the construction of shared Telecommuting Office Spaces.

Businesses that can benefit from Telecommuting are among the "Haves" in Hawaii. Please don't support Tax Credit programs (which further benefit the "Haves") by taking away from the "Have Nots" that really need those resources.