



Comments to the Senate Committee on Ways and Means
Thursday, February 24, 2011
9:00 a.m.
Conference Room 211

L A T E

RE: SENATE BILL NO. 753 RELATING TO HIGH TECHNOLOGY

Chair Ige, Vice Chair Kidani, and members of the committee:

My name is Ian Kitajima and I am the Convener of Hawaii Dual Use Network. I strongly support Senate Bill 753 relating to High Technology. Here are three simple reasons:

- **Business must lead the recovery** – businesses must lead the recovery if it is to be meaningful and sustainable. SB753 supports companies who bring outside Federal research funding to Hawaii but there is no free lunch - the companies must first win the work, and do the work in Hawaii.
- **Create high value STEM careers** – that means supporting R&D companies, and the career opportunities they create by solving the world's toughest problems. We will lose our children and our culture if we don't create STEM career opportunities that match STEM education. SB753 creates and keeps promising STEM jobs and careers here in Hawaii for the next generation.
- **Get an ROI today** - a company must spend \$5 in qualified R&D within Hawaii before they can claim a \$1. And the wages and taxes paid by engineers and scientists are some of the highest.

For these reasons, I respectfully ask that you pass this measure.

Sincerely,
Ian Kitajima, Convener
Dual Use Network



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Written Statement of

Karl Fooks
President

Hawaii Strategic Development Corporation

L A T E

before the
SENATE COMMITTEE ON WAYS AND MEANS
February 24, 2011
9:00 AM
State Capitol, Conference Room 211

In consideration of
SB 753 SD1 RELATING TO HIGH TECHNOLOGY.

Chair Ige, Vice Chair Kidani, and Members of the Committee on Ways and Means:

The Hawaii Strategic Development Corporation (HSDC) supports SB 753 SD1, which reinstates the Research and Development Tax Credit, and concurs with the suggestions provided by the High Technology Development Corporation in separate testimony to further improve the bill.

The state tax credit for research activities sunset at the end of calendar year 2010. This tax credit program was an effective measure to support research and development activities that in turn, foster and encourage the innovation essential to create high-wage job opportunities in our economy. Over the past nine years, the tax credit claims under this program averaged approximately \$11 million a year. As the credit can only be claimed for actual expenditures made in Hawaii and only for 20% of the qualified expenditures, the cost of the program is partially offset by taxes paid on expenditures and payroll.

Thank you for the opportunity to submit testimony on this bill.

From: David G. Watumull [dwatumull@cardaxpharma.com]
Sent: Thursday, February 24, 2011 7:17 AM
To: WAM Testimony
Subject: SB 753

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RE: SENATE BILL NO. 753 RELATING TO HIGH TECHNOLOGY

Chair Ige, Vice Chair Kidani, and members of the committee:

My name is David G. Watumull and I am the President and CEO of Cardax Pharmaceuticals, Inc. I strongly support Senate Bill 753 relating to High Technology.

This refundable credit has been crucial to the justification we give our investors for locating our Company in Hawaii. It helps to level the playing field between higher cost Hawaii and other less expensive places to do business. The last two years have been extremely difficult for tech companies in Hawaii, first with the economic meltdown that dried up most of our venture capital, followed by the end of Act 221 that dried up angel investing, and now with the end of earmarks, it is extremely important that Hawaii retain this important incentive.

For these reasons, I respectfully ask that you pass this measure.

David G. Watumull
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