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To: [WAM Testimony](#)
Cc: achung@navatekltd.com
Subject: *Submitted testimony for HB2626 on Mar 25, 2014 09:05AM*
Date: Monday, March 24, 2014 7:35:40 PM

HB2626

Submitted on: 3/24/2014

Testimony for WAM on Mar 25, 2014 09:05AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Individual	Support	No

Comments:

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PACIFIC ALLIED PRODUCTS Ltd.
MADE IN HAWAII', FOR HAWAII' SINCE 1985



**Testimony to the Senate Committee on Ways and Means
Tuesday, March 25, 2014 at 9:05 A.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 2626 HD2 SD1 RELATING TO TAXATION

Chair Ige, Vice Chair Kidani, and Members of the Committee:

Pacific Allied Products Ltd. **strongly supports** HB 2626 HD2 SD1 Relating to Taxation.

I support this bill as part of the Chamber of Commerce's economic development package. There are approximately 1000 active manufacturers in the state that employ almost 17,000 people at an average compensation rate of \$42,896 or over \$6,000 more than the average private non-farm employee. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

We ask that the bill give a 20% tax credit to companies on their expenditures for manufacturing equipment and the training of their employees. We believe that this credit will help fuel manufacturing in Hawaii to grow and provide more products for both local consumption and export. There is movement to manufacture more back in the U.S. At the same time, Hawaii still has some competitive disadvantages. This credit will help companies in Hawaii to start or grow their operations.

According to the National Association of Manufacturers, every new manufacturing job created adds another 1.6 jobs to the local service economy, and for every dollar in manufacturing sales, another \$1.34 is added to the economy. Investments in manufacturing have a stronger impact than investments in most other economic sectors.

While we understand the Department of Taxation's concern over double dipping, we ask that the double dipping provision **not** apply for businesses planning to use the tax benefits of the Enterprise Zone Program. Many businesses utilize this program to start or help grow their business. While there may be some overlap with the manufacturing credit in this bill, the manufacturing credit is an investment credit for equipment and training, which for many will be a onetime expense. The Enterprise Zone Program is to attract and support businesses who invest in rural or depressed areas and is based on operational income. Limiting businesses to one tax program may hamper efforts to support manufacturing especially on the neighbor islands and certain rural parts of Oahu. Therefore we ask that the bill be amended to allow companies to

utilize both tax programs. Also we would appreciate language to make the credit refundable.

We humbly ask your support of this measure. Thank you for the opportunity to testify on this matter. Mahalo.



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Tuesday, March 25, 2014 at 9:05 A.M.
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RE: HOUSE BILL 2626 HD2 SD1 RELATING TO TAXATION

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Cut Collective LLC **strongly supports** HB 2626 HD2 SD1 Relating to Taxation.

I support this bill as part of the Chamber of Commerce's economic development package. There are approximately 1000 active manufacturers in the state that employ almost 17,000 people at an average compensation rate of \$42,896 or over \$6,000 more than the average private non-farm employee. Manufacturers helped Hawaii's economy by contributing nearly \$570 million in manufactured goods exported in 2012.

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