



Aloha Friday Beverage Company, Inc.
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February 24, 2014

Hawaii State Legislature
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: Testimony in Support of "SB3082-SD1: Manufacturing Tax Credit" With Amendments

Dear Hawaii State Legislators:

I am the founder and owner of a certified woman-owned small business that manufactures ready-to-drink bottled vitamin-enhanced waters and vitamin-enhanced iced teas. I initially launched my company in 2011 under a different name and had my beverages manufactured in California and shipped to Hawaii. But in early 2012, it became clear that customers and retailers preferred if I had them made here in Hawaii, so I found a commercial kitchen on Oahu that could produce my beverages and I have been making Aloha Friday Beverages in Hawaii since then and I hope to continue to do so herein.

I am writing to support "SB3082-SD1: Manufacturing Tax Credit" but I have two amendments to suggest.

Recommended Amendment #1: Change the Implementation Date.

Implementation of this act on July 01, 2050 is ridiculous and utterly useless to small businesses like mine that struggle daily to stay afloat and pray to live to sell another day. This bill is only useful to small business IF it can be enacted within a timely manner; i.e., 2014 or 2015. July 01, 2050 is 36 years away; that is a ridiculously useless date and is a virtual smack to the face for small business owners; essentially the message you send with that date is, "We'll give you the tax break, but you and your business certainly won't be around to ever use it".

Recommended Amendment #2: Tax Break for Shipment of all Manufacturing Cost of Goods

This bill should include a tax break specifically for small business owners (those who employ fewer than 30 employees) for shipping all cost of goods from the U.S. mainland to Hawaii for manufacturing their products. It is extremely expensive to make a product in Hawaii and it is extremely hard to compete with big businesses who can afford better shipping rates. It currently costs me \$0.22 per 16oz PET bottle plus an additional \$0.18 per unit just for shipping. Our ingredients and other production supplies cost an additional \$0.06 for a total of \$0.28 - just for shipping. That is why I propose a tax break for all shipping expenses, e.g., FedEx, UPS, Matson, shipping/freight forward services, for all manufacturing cost of goods including bottles, cans, boxes, ingredients, etc. Business owners would be required to provide receipts as evidence of their shipping costs along with their tax forms. This would allow small business owners to use the savings from shipping costs to increase wages and benefits for employees.

Should you need additional information or clarification, please contact me by phone at 352-2939, or email me at andrea@alohafridaybevco.com.

Sincerely,

Andrea Gall-Krasnick
Founder, Owner, President