



STATE OF HAWAII
DEPARTMENT OF TAXATION
830 PUNCHBOWL STREET, ROOM 221
HONOLULU, HAWAII 96813
<http://tax.hawaii.gov/>
Phone: (808) 587-1540 / Fax: (808) 587-1560
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Donovan M. Dela Cruz, Chair
and Members of the Senate Committee on Ways and Means

Date: Tuesday, April 3, 2018
Time: 10:00 A.M.
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: H.B. 2659, H.D. 1, S.D. 1, Relating to Economic Development

The Department of Taxation (Department) offers the following comments regarding H.B. 2659, H.D. 1, S.D. 1, for your consideration.

Among other things, H.B. 2659, H.D. 1, S.D. 1, creates a new income tax credit for qualifying businesses under the Kapolei Jobs Initiative pilot program, provided that not more than 20 businesses per calendar year may qualify. S.D. 1 has a defective effective date of July 1, 2112, but otherwise applies to taxable years beginning after December 31, 2018, and is repealed on December 31, 2028.

First, the Department notes that the House Committee on Economic Development & Business adopted the Department's suggestion to make the credit calculated on the amount of unemployment insurance premiums actually paid rather than the amount accrued and to require a net gain of one location in order to qualify for the credit. The Department further notes that the Senate Committees on Economic Development, Tourism, and Technology and Labor amended the measure eliminating the provision which allowed the credit to be carried over to future years until used, by blanking out the minimum salary that must be paid to at least half of the employees in order to be a qualifying business.

Second, the Department suggests requiring a net gain of ten employees in the State and a net gain of ten employees in the designated geographic area in order to be a "qualified business." Paragraph 2 of the current definition of "qualified business" only requires a net gain of ten employees if the business is already established in the designated geographic area. This suggestion is consistent with requiring a net gain of one location that was added in H.D. 1.

Finally, the Department will be able to implement this measure with its current effective date. Thank you for the opportunity to provide comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Website: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, April 3, 2018
10:00 a.m.
State Capitol, Conference Room 211

in consideration of
HB 2659, HD1, SD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on HB 2659, HD1, SD1. This measure, the Kapolei Jobs Initiative, allows companies that are in 96706, 96707, 96709 zip codes tax incentives for certain types of job creation. The goal is to encourage the development of jobs in Kapolei for Kapolei residents, who will then not need to commute into urban Honolulu.

Using the state tax code to the advantage of one part of the State over other areas, could have unintended consequences on other areas of the state who would also like a similar incentive program.

This initiative would require DBEDT to establish a whole new program including new reporting and tracking systems, as well as requesting more staff. No funds or positions are allocated for this initiative. DBEDT estimates that \$150,000 in each year of the biennium is necessary to implement this measure.

We are unable to ascertain the fiscal impact of this measure.

Thank you for the opportunity to provide these comments.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, UNEMPLOYMENT, Kapolei jobs initiative program

BILL NUMBER: HB 2659, HD-1, SD-1

INTRODUCED BY: Senate Committee on Economic Development, Tourism, & Technology;
Senate Committee on Labor

EXECUTIVE SUMMARY: Enacts a Kapolei jobs initiative similar to the current Enterprise Zone program, but with different requirements. We question why Kapolei is so special that this program is not being made available to other localities in the State that are economically worse off. We also question why this initiative is being given to retail businesses, which typically follow the population base and don't need an incentive to establish a physical location where the population is.

SYNOPSIS: Adds a new HRS chapter called Kapolei Jobs Initiative.

Defines a "full-time employee" as any employee, including a leased employee and an employee under a joint employment arrangement, for whom the employer is legally required to provide employee fringe benefits.

Defines a "qualified business" as a business that: (1) establishes or opens a new location within the designated geographic area (defined as the zip codes 96706, 96707, and 96709); (2) if opening a new location within the designated geographic area, has a minimum of ten full-time employees working at the establishment in the designated geographic area; or, if already established in the designated geographic area and expanding or building a new establishment in the same area, has a net gain of ten full-time employees; (3) provides gross annual salaries of \$ _____ or more to at least half of its employees at the establishment in the designated geographic area; (4) earns at least half of its gross annual revenue from its establishment in the designated geographic area; (5) is not participating in the state enterprise zone program pursuant to chapter 209E; and (6) excludes retail, except when greater than fifty per cent of sales are to Hawaii general excise tax licensees.

Adds a new section in HRS chapter 235 that provides for an income tax credit equal to 80% of the taxpayer's net income tax liability (liability attributable to activity in Kapolei) in the year of qualification, and a credit of 10% less in each of the subsequent four years for any income tax due.

Provides for an additional credit equal to 80% of the taxpayer's unemployment insurance contributions (attributable to activity in Kapolei) in the year of qualification, and a credit of 10% less for each of the subsequent four years.

States that all credit claims, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the tax credit may be claimed. Failure to do so constitutes a waiver of the right to claim the tax credit.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for the qualified costs incurred by the entity for the taxable year. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of the tax credit shall be determined pursuant to section 704(b) (with respect to partner's distributive share) of the Internal Revenue Code.

Provides that the director of taxation shall prepare any forms that may be necessary to claim a credit under this section, may require the taxpayer to furnish information to ascertain the validity of the claim for the tax credit made, and may adopt rules under chapter 91.

EFFECTIVE DATE: July 1, 2112; applies to taxable years beginning after December 31, 2018; repealed on December 31, 2028.

STAFF COMMENTS: The enterprise zone program in chapter 209E, HRS, was enacted as a cooperative program between the state and the counties to promote jobs in areas of high unemployment. Certain areas are designated as enterprise zones through joint action of the state and counties. In a zone, the state offers an income tax credit for the tax attributable to the eligible business conducted in the zone, which is normally applied on a sliding scale – 80% for the first year, 70% for the second, and so on until the credit is 20% for the seventh and last year in the program. It also offers an unemployment tax credit for the tax attributable to employees doing the eligible business in the zone, on the same sliding scale. Finally, the state offers a general excise tax exemption for the eligible business attributed to the zone. The counties also offer incentives, which vary by county. In return, the business commits to either maintain or increase the number of employees in the zone doing the eligible activity, depending on whether it was already in the zone upon designation or moved to the zone.

As business incentives go, the enterprise zone program is better than most. The incentive applies to a specific activity (here, creating and maintaining employment) targeted to the problem the program seeks to address. The incentive tapers off over time and then stops. It requires accountability, namely required reports to DBEDT, for a business to retain its eligibility. The business itself may need a different kind of assistance, such as financing, but the state is focusing on creating and maintaining jobs in areas that need them.

The program established by this bill is separate from the enterprise zone program, as one of the requirements to qualify for this program is no participation in the enterprise zone program.

We question why Kapolei is so unique and special as to merit an extraordinary incentive. Aren't jobs also necessary or desirable in Puna, or Hana, or Princeville, all of which have been designated enterprise zones because of the relatively high unemployment there?

As a technical matter, subsection (b) of the new income tax section provides credit for unemployment insurance "accrued and paid." This terminology is unclear because "accrued" normally refers to when an expense is recorded under the accrual method of accounting, and

“paid” normally refers to when an expense is recorded under the cash method of accounting. Using the term “paid” to refer to expenses as recorded under the taxpayer’s adopted method of accounting, as is done in section 209E-10, HRS, is accepted terminology and should be sufficient here.

In addition, subsection (c) of the new income tax section provides that tax credits provided for “shall only apply to taxable income of a qualified business attributable to the conduct of business within” Kapolei. Tax credits are applied to and reduce tax, not income; if the idea is to apportion the credit based on business activity, additional clarity is needed, such as changing the last sentence of subsection (c) to: “Tax credits provided for in this section may be allowed only for net income or unemployment taxes paid that are allocable to activity within the designated geographic area defined in section ____-1.”

Digested 3/29/2018

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

THE SENATE
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

NOTICE OF HEARING
Tuesday, April 3, 2018
10:00 a.m.
State Capitol
Conference Room 211

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and Members of the Committee:

We support HB 2659, SD1 which will establish a five-year Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region. This proposed measure also establishes a tax credit incentive.

More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. The Kapolei Jobs Initiative program will improve the quality-of-life for the community by allowing its residents to live and work in Kapolei; and it will provide much needed relief to individuals commuting on Oahu's highways during rush hour traffic.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on HB 2659, SD1.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

March 30, 2018

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
and members
Senate Committee on Ways and Means
Hawai'i State Legislature
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Support for HB2659 HD1 SD1, Relating to Economic Development

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We **support HB2659 HD1 SD1, relating to economic development**. The bill would establish a five-year Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

One key to successfully realizing "smart growth" on Oahu is to encourage more businesses to establish themselves in West Oahu, where the vast majority of the residential growth has occurred on this island in recent years. Businesses that establish themselves in or relocate to West Oahu will be able to avail themselves of the area's large customer base. Once the rail is operational, businesses in TOD areas will attract customers from other areas of the island as well.

We note that many of our members live in West Oahu (specifically zip codes 96706, 96707, and 96709) and have family members, friends, and neighbors who own, operate, or are employed by small businesses in the area. We expect that they will enjoy the opportunities that the "Kapolei Jobs Initiative Program" will bring.

Thank you for the opportunity to provide this testimony.

Mahalo,



Tyler Dos Santos-Tam
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Members, Committee on Ways and Means
Paula Yoshioka

From: Paula Yoshioka, Vice President, Government Relations and External Affairs, The Queen's Health Systems

Date: March 29, 2018

Hrg: Senate Committee on Ways and Means Decision Making; Tuesday, April 3, 2018 at 10:00 A.M. in Room 211

Re: **Support for H.B. 2659, H.D. 1, S.D. 1, Relating to Economic Development**

My name is Paula Yoshioka, and I am a Vice President at The Queen's Health Systems (QHS). I would like to express my **support** for H.B. 2659, H.D. 1, S.D. 1, Relating to Economic Development. This bill would establish a five-year Kapolei jobs initiative pilot program to increase the number of jobs in Kapolei by creating incentives for businesses to establish themselves in the Kapolei region.

There are four hospitals under QHS: The Queen's Medical Center – Punchbowl, The Queen's Medical Center - West Oahu, Molokai General Hospital and North Hawaii Community Hospital. The Queen's Medical Center - West Oahu (QMC-WO) is an additional location and division of The Queen's Medical Center (QMC) and serves the mission of QHS to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawaii.

QMC-WO is located west of Honolulu and serves the communities of Aiea, Pearl City, Mililani, Waipio, Waipahu, Ewa Beach, Kapolei, Makakilo, Nanakuli and Waianae. According to the 2010 U.S. Census, West Oahu is the fastest growing region on the island and by 2030, it is expected to be home to 50% of Oahu's residents. The West Oahu community continues to experience a high need for hospital-based care. As the only full service emergency hospital in the region, QMC-WO plays a critical role in supporting the health and well-being of the West Oahu community.

QHS believes this bill will provide our facilities with the resources to expand health care services in the Kapolei region to meet the growing community need. Thank you for your time and attention to this important issue.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



March 28, 2018

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
and Members of the Committee on Ways and Means
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members:

Testimony in Support
HB2659 SD1– Relating to Economic Development
Kapolei Jobs Initiative Pilot Program

The James Campbell Company LLC and its affiliate companies strongly **support** HB2659 SD1. This bill will establish a Kapolei Jobs Initiative pilot program to increase employment opportunities in the Kapolei region by creating incentives for businesses to be formed and locate in Kapolei.

Our organization has been intimately involved in implementing the State and County's public policy of directing growth to Kapolei since the policy was first enacted in the 1970's. We have come a long way since that time and in the 25 years since the first businesses opened their doors in this new city. However, employment growth continues to be a primary need to fulfill the vision of a true urban center to effectively balance the island's economic and community growth.

The Kapolei Jobs Initiative pilot program will help realize the State's long-standing policy to direct economic growth to the secondary urban center, create jobs in the Kapolei region and reduce traffic congestion island-wide. More jobs in the Kapolei Region are needed to keep pace with the area's population growth. This is unfortunately evident in the traffic congestion for tens of thousands of residents' daily commute to downtown Honolulu.

The Kapolei Region is home to O'ahu's landfill, industrial facilities and power generation plants and other necessary, but burdensome facilities that serve all of Oahu. Residents of West Oahu endure hours of traffic congestion because job growth is still maturing and catching up to residential growth after only 25 years. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I respectfully ask you to support this bill that will bring jobs to the Kapolei region as a part of fulfilling Kapolei's public policy mission.

Sincerely,

Stephen H. Kelly
Vice President

db:04001300\K10554

Michael (Mike) Golojuch, Sr.
92-954 Makakilo Drive #71
Kapolei, HI 96707-1340

March 29, 2018

The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair
and Members
Committee on Ways and Means

Hawaii State Capitol
514 Beretania Street
Honolulu, Hawaii 96813

RE: HB2659, HD1, SD1 RELATING TO ECONOMIC DEVELOPMENT

We strongly support HB2659. As the President, Palehua Townhouse Association, our association believes it is extremely important to establish the Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

We need additional jobs in the Kapolei Region to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

Thank you for letting me express our strong support for HB2659.

Sincerely,

Mike Golojuch, Sr., President
Palehua Townhouse Association



MK Kapolei Commons LLC
1288 Ala Moana Boulevard, Suite 208, Honolulu, Hawaii 96814

March 29, 2018

**TESTIMONY IN SUPPORT OF HB2659 SD1
RELATING TO ECONOMIC DEVELOPMENT**

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018
Time: 10:00 a.m.
Room Number: Conference Room 211
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of Kapolei Commons, I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Hedrick".

Todd Hedrick (B) CRX, CLS, CSM
Vice President, Leasing & Property Management

March 29, 2018

To: Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
and members of the Committee on Ways and Means

Re: TESTIMONY IN SUPPORT OF HB2659 SD1
RELATING TO ECONOMIC DEVELOPMENT

Submitted by: L. Candy Suiso
Program Director, Searider Productions @ Wai`anae High
Owner - Makaha Mangoes

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of Makaha Mangoes, a mango farm located in Makaha Valley and Searider Productions, a multi-media program at Wai`anae High School, I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many along the Leeward Coast of Oahu.

Sincerely,

L. Candy Suiso
Founder/Program Director, Searider Productions @ Wai`anae High School
Owner/Sales & Marketing, Makaha Mangoes



TESTIMONY IN SUPPORT OF HB2659 SD1
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018

Time: 10:00 a.m.

Room Number: Conference Room 211

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair Donovan M. Dela Cruz, Vice Chair Gilbert S C. Keith-Agaran and members of the Committee on Ways and Means (WAM),

On behalf of Urgent Care Hawaii, I am writing in SUPPORT of HB2659 HD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

Urgent Care Hawaii currently has one urgent care center in Kapolei. We employ 12 full time employees who specialize in healthcare. We opened our center in August of 2016 and are a full capacity in less than 2 years of operation. This initiative will support a second location in Kapolei to meet the needs of the residential and business communities.

During our course of recruiting healthcare professionals, the number one choice of location is Kapolei. Urgent Care Hawaii fully supports this bill that will both expand employment opportunities while at the same time, meeting the healthcare needs of the Kapolei community.

Sincerely,

DONNA SCHMIDT, CEO

US MED URGENT CARE, LLC

DbA URGENT CARE HAWAII

Locally-owned, Community-minded - Four Locations to Serve You

Pearl City 1245 Kuala Street; **Waikiki** 1860 Ala Moana Blvd; **Kailua** 660 Kailua Rd; **Kapolei** 890 Kamokila Blvd.

www.ucarehi.com 808-456-CARE(2273)

HB-2659-SD-1

Submitted on: 3/29/2018 1:23:30 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jim Owen	Testifying for Coral Crater LLC	Support	No

Comments:

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of Coral Crater LLC, I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

Jim Owen

CEO, Coral Crater LLC

HB-2659-SD-1

Submitted on: 4/1/2018 6:55:46 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S.C. Keith-Agaran, Vice-Chair and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2659 HD1 SD1**, regarding the Kapolei Jobs Initiative Pilot Program; Qualified Business; and Income Tax Credit.

The OCC on Legislative Priorities is in favor of **HB2659 HD1 SD1** and supports its passage.

HB2659 HD1 SD1 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it establishes a five-year Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region; and establishes a Kapolei jobs initiative tax credit incentive until 12/31/2028, effective on 7/1/2112.

Specifically, the DPH Platform provides that a "diversified and healthy economy in Hawai'i requires a well-educated and healthy citizenry. To encourage existing and new enterprise, we need to develop a combination of tax policies and credits, lending programs, and financial incentives that will attract the business community." (Platform of the DPH, P. 1, Lines 38-40 (2016)).

Given that **HB2659 HD1 SD1** establishes a five-year Kapolei jobs initiative pilot program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region; and establishes a Kapolei jobs initiative tax credit incentive until 12/31/2028, effective on 7/1/2112, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

Email: legislativepriorities@gmail.com, Text/Tel.: (808) 258-8889

HB-2659-SD-1

Submitted on: 3/30/2018 8:01:59 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Emery	Testifying for Associa	Support	No

Comments:

TESTIMONY IN SUPPORT OF HB2659, SD1 HD1

DATE: Tuesday, April 3, 2018
TIME: 10:00 A.M.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

Chair Dela Cruz, Vice Chair Agaran and the members of the Committee on Ways and Means,

On behalf of the National Kidney Foundation of Hawaii, I am writing in SUPPORT of HB2659 SD1 HD1 which establishes a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to start or open a new location in the Kapolei area.

The rapid population growth in Kapolei necessitates the need for more businesses in the area which will only improve the quality of life for families living on the West side of the island and help reduce traffic congestion.

For many years, Kapolei has been positioned as Oahu's second city. This bill helps support this goal by helping establish more jobs where people live.

I encourage you to support this bill that will bring jobs to the city of Kapolei. Thank you very much for this opportunity to testify.

Sincerely,

Glen Hayashida

Glen Hayashida
President and CEO
National Kidney Foundation of Hawaii

HB-2659-SD-1

Submitted on: 3/29/2018 9:33:40 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Shirley Swinney	Individual	Support	No

Comments:

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018

Time: 10:00 a..m.

Room Number: Conference Room 211

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown

Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

TESTIMONY IN SUPPORT OF HB2659 SD1
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the
Committee on Ways and Means (WAM)

Date: April 3, 2018
Time: 10:00 a.m.
Room Number: Conference Room 211
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM
Committee,

I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative
Pilot Program that offers incentives to increase the number of businesses willing to
establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the
second urban core, creating jobs, including living wage professional jobs, in the Kapolei
region. This will help reduce traffic congestion. More jobs in the Kapolei Region are
needed to keep pace with Kapolei's population growth. This is evident in the traffic
congestion caused by the number of people who still have to commute to downtown
Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life,
community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the
lives of many.

Sincerely,
Cheryl Jepsen
Ewa Beach Resident Owner

HB-2659-SD-1

Submitted on: 4/1/2018 9:23:56 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Hullerman	Individual	Support	No

Comments:

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018

Time: 10:00 a..m.

Room Number: Conference Room 211

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are

needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei area. We need them on this growing Westside community.

Sincerely,

Susan Hullerman

Waianae resident

HB-2659-SD-1

Submitted on: 3/30/2018 4:29:53 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Darrell Kicker	Individual	Support	No

Comments:

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei area.

This initiative will help the State realize its long standing policy of redirecting growth to the second urban core as it will create jobs, including living wage professional jobs, in the Kapolei area. More jobs in the Kapolei area are needed to keep pace with population growth in Kapolei and West Oahu. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei area will not only will this will help reduce traffic congestion, but it is a quality-of-life, community-building concern that affects employers and employees alike.

I live in Kapolei and I worked in Honolulu for over 10 years. Because I accepted a new job in Kapolei three years ago, I know from personal experience the positive effects of working closer to home. My quality of life has improved tremendously. I sincerely hope that others will have the same opportunity as I have to work closer to home.

I encourage you to support this bill that will bring jobs to the Kapolei area that that will positively affect the lives of so many.

Sincerely,

Darrell Kicker

Director of Admissions

Hawaii Tokai International College

HB-2659-SD-1

Submitted on: 3/30/2018 11:20:16 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Arlene Estrella	Individual	Support	No

Comments:

TESTIMONY IN SUPPORT OF HB2659 SD1

RELATING TO ECONOMIC DEVELOPMENT

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: [April 3, 2018](#)

Time: [10:00](#) a..m.

Room Number: Conference Room 211

Hawaii State Capitol

[415 South Beretania Street](#)

[Honolulu, Hawaii 96813](#)

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of _____ I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

Arlene

TESTIMONY IN SUPPORT OF HB2659 SD1
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018

Time: 10:00 a..m.

Room Number: Conference Room 211

Hawaii State Capitol

[415 South Beretania Street](#)

[Honolulu, Hawaii 96813](#)

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

Although I work as the Vice Chancellor for Academic Affairs at UH West O‘ahu, I am writing this as an individual who is a longtime resident of West O‘ahu. I am also writing this as a parent of school aged children whose future will likely reside in Kapolei. I am writing in SUPPORT of HB2659 SD1, which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

I know, firsthand, the improvement in one’s quality of life when you can live and work in the same region. For 34 years, I commuted to school or work in Town, from my home in West O‘ahu. Less than two years ago, I left my professor position at UH-Mānoa to work at UH-West O‘ahu, which happens to be only 10 minutes from my home in Makakilo. Now that I work closer to home, I’ve regained a couple of hours, every day. In the valuable time that I’ve recovered, I’m able to be a better father and husband. We also don’t have to resort to eating fast food due to the mental exhaustion that the daily commute would cause. We’d often resort to fast food as a convenient way to feed our family because we lacked the time to prepare healthier options. The change has personally resulted in better physical and mental health for my children and myself. I’m also able to perform better at my job.

In the future, as my children become adults, I hope that Kapolei will have the kinds of business opportunities for employment that will make it attractive for them to stay home, to live and work on the West Side.

Sincerely,

Jeffrey Moniz, PhD
Vice Chancellor & Professor
Resident of Kapolei
jeffmoniz@gmail.com

HB-2659-SD-1

Submitted on: 3/30/2018 9:20:34 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Rathbun	Individual	Support	No

Comments:

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of myself, I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

Kevin Rathbun

Ewa Beach Resident and Business Owner

To: Chair Donovan M. Dela Cruz, Vice Chair Gilbert S.C. Keith-Agaran and members of the Committee on Ways and Means (WAM)

Date: April 3, 2018

Time: 10:00 a.m.

Room Number: Conference Room 211

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair Donovan Dela Cruz, Vice Chair Keith-Agaran and members of the WAM Committee,

On behalf of myself Susan Rathbun, I am writing in SUPPORT of HB2659 SD1 which will establish a Kapolei Jobs Initiative Pilot Program that offers incentives to increase the number of businesses willing to establish themselves or open a new location in the Kapolei region.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs, including living wage professional jobs, in the Kapolei region. This will help reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,
Susan M. Rathbun
Escrow Officer – First American Title

HB-2659-SD-1

Submitted on: 3/30/2018 9:28:08 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alex Bresslauer	Individual	Support	No

Comments:

I am in favor of economic growth in Kapolei and thus support HB2659.