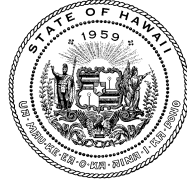


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Sylvia Luke, Chair
and Members of the House Committee on Finance

Date: Tuesday, February 28, 2017
Time: 1:00 P.M.
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 574, H.D. 1, Relating to the Pacific International Space Center for Exploration Systems

The Department of Taxation (Department) appreciates the intent of H.B. 574, H.D. 1, and provides the following comments for your consideration.

H.B. 574, H.D. 1, creates the Basalt Mining Tax, a tax imposed on every wholesaler or dealer of basalt cinder and trap rock on their business activities in the State, by adding a new chapter to the Hawaii Revised Statutes. The tax is equal to 0.2 percent of the wholesale price of basalt cinder or trap rock sold by the wholesaler or dealer, whether or not sold at wholesale, or if not sold, at the same rate upon the use by the wholesaler or dealer. The bill has a defective effective of July 1, 2038 and sunsets on December 31, 2030.

First, the Department notes that, in order to administer this new tax, various provisions need to be created in the new chapter, including provisions relating to:

- Obtaining a certificate of registration or license;
- Filing of periodic and annual returns;
- Remittance of payments;
- Penalties;
- Assessments;
- Overpayments and refunds;
- Appeals;
- Records that are required to be kept;
- Inspection or examination of records; and
- Disclosure of returns.

Second, the Department suggests that definitions are added for terms used in new section ___-1, including “wholesaler,” “dealer,” “wholesale price,” and “use.”

Finally, the Department requests that the effective date of this bill is amended to apply to taxable years beginning after December 31, 2020. This bill would require new licenses, forms, and instructions, as well as significant changes to the system. Because this bill would create a new tax, programming cannot begin until completion of the tax system modernization project, which is scheduled for completion in July 2019.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 574, H.D. 1

February 28, 2017
1:00 p.m.
Room 308

RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR
EXPLORATION SYSTEMS

House Bill No. 574, H.D. 1, establishes an excise tax on basalt cinder and trap rock sold by wholesalers or dealers; establishes a Basalt Materials Research Account (BMRA) within the Pacific International Space Center for Exploration Systems (PISCES) Special Fund into which the tax will be deposited; and repeals the basalt excise tax and BMRA on December 31, 2030.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be

financially self-sustaining. In regards to House Bill No. 574, H.D. 1, it is difficult to determine whether the proposed BMRA within the PISCES Special Fund would be self-sustaining and whether there is a clear nexus between basalt cinder and trap rock sales and the PISCES program.

Thank you for your consideration of our comments.



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Finance
Tuesday, February 28, 2017
1:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB574 HD1
**RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION
SYSTEMS.**

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

The High Technology Development Corporation (HTDC) **supports the intent** of HB574 HD1 that establishes an excise tax on basalt cinder and trap rock sold by wholesalers or dealers. Provides that the excise tax is paid into the Basalt Materials Research Account with the Pacific International Space Center for Exploration Systems Special Fund and sunsets December 31, 2030.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at promoting technology and innovation jobs.

Through applied research, PISCES has successfully manufactured innovative materials using Hawaiian basalt with applications both in space exploration and on-island, generating significant interest from the aerospace sector and the local business community.

PISCES' continued work to expand and develop products and markets (including basalt-based concrete, basalt rebar, basalt mesh, cording and fabric) derived from Hawaii's naturally occurring basalt will positively impact the demand for quarried basalt in the Islands with long-term economic benefits. While produced internationally, the lack of a domestic basalt material industry in Hawaii offers an untapped market that could yield profitable returns. Basalt-based products and materials have the potential to create new manufacturing opportunities while significantly reducing Hawaii's dependence on imported products. HTDC comments that an alternative funding source may be more appropriate.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 28, 2017

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE TY CULLEN,
VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON
FINANCE

SUBJECT: **OPPOSITION TO H.B. 574, HD1**, RELATING TO THE PACIFIC
INTERNATIONAL SPACE CENTER FOR EXPLORATION
SYSTEMS. Establishes an excise tax on basalt cinder and trap rock sold
by wholesalers or dealers. Provides that the excise tax is paid into the
Basalt Materials Research Account within the Pacific International Space
Center for Exploration Systems Special Fund. Sunsets December 31,
2030. (HB574 HD1)

HEARING

DATE: February 28, 2017
TIME: 1:00 p.m.
PLACE: Conference Room 308

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The General Contractors Association (GCA) is an organization comprised of over 500 general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA is in opposition to H.B. 574, HD1, Relating to PISCES which proposes an excise tax on basalt cinder and trap rock sold by wholesalers or dealers. The measure further provides that the excise tax is paid into the Pacific international space center for exploration systems special fund. While GCA appreciates the PISCES program, the proposed excise tax would be detrimental to the mining businesses and could impact the local availability of basalt cinder. Public works projects are one of the largest users of such basalt cinder and their projects may be impacted by such excise tax. Furthermore, the proposed excise tax does not appear to have clear nexus to the purpose it intends to fund.

The GCA urges the committee to defer of H.B. 574, HD1. Thank you for this opportunity to present our views on this very important measure.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 10:37 AM
To: FINTestimony
Cc: gavin.shiraki@hawaiiancement.com
Subject: Submitted testimony for HB574 on Feb 28, 2017 13:00PM

HB574

Submitted on: 2/27/2017

Testimony for FIN on Feb 28, 2017 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Gavin Shiraki	Hawaiian Cement	Oppose	No

Comments: I have worked within the construction materials industry for approximately 30 years and strongly oppose this bill. Any success that this research provides will not benefit the local economy. The huge energy footprint to manufacture these basalt products, labor cost along with the vast logistical land requirements will make it essentially impossible to work here in the state.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



Representative Sylvia Luke
Chair of the Committee on Finance
State Capitol Conference Room 308
415 South Beretania Street
Honolulu, HI 96813

Re: House Bill 574 HD1 RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATIONS SYSTEMS.

Chair Luke, Vice Chair Cullen and members of this committee,

The Hawaii Island Contractors Association, which represents over 150 businesses on the Big Island is in **strong opposition to HB 574**. The Pacific International Space Center for Explorations Systems (PISCES) is part of an international effort to study space. Their work may have merits, but establishing tax and regulatory burdens on the construction industry to support one research organization does not.

This bill, HB 574 HD1 establishes a targeted excise tax on rock products and rock product dealers – this includes quarries, crushing companies, concrete companies, asphalt companies, pre-cast companies, distributors and retailers who sell rock products, and will benefit only ONE research entity, PISCES. One large, important industry segment will be made responsible for an added tax and regulatory burden for one research entity.

This bill not only establishes the tax, but will set up an entire regulatory system for tracking, paying and reporting this tax that will add burdens to both industry and government alike. It also sets (or reinforces) a bad precedent for a non-profit group to target specific industries to pay for their research or enterprise. Rather than approaching the rock industry for support, this group is using legislative action to fund their activities, and allows for a back door increase to the general fund when the targeted limit is met. This is bad policy and makes for bad government. It is very possible that the cost of setting up the system to collect and distribute the tax will exceed the cost of the tax revenues generated for PISCES.

Government agencies are the largest consumer of basalt products and the majority of the cost of the tax and its collection will be therefore passed on to the taxpayers. Surely there are more efficient and transparent ways to fund PISCES.

I am strongly opposed to this bill and sincerely request that legislators not pass it.

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig Takamine", is written over a faint, circular blue stamp or watermark.

Craig Takamine
President 2016-2017



Grace Pacific LLC

A SUBSIDIARY OF ALEXANDER & BALDWIN, INC.

GP Roadway Solutions • GPRM Prestress • GLP Asphalt • Maui Paving

**HB 574 HD1
RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR
EXPLORATION SYSTEMS**

**JOSEPH SHACAT
MANAGER – ENVIRONMENTAL COMPLIANCE
GRACE PACIFIC LLC**

FEBRUARY 28, 2017

Chair Luke and Members of the House Committee on Finance:

I am Joseph Shacat, testifying on behalf of Grace Pacific LLC on HB 574 HD1, “A BILL FOR AN ACT RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS.” We respectfully oppose this bill.

The purpose of this bill is to establish an excise tax on the sale of basalt cinder and trap rock by any wholesaler or dealer. The monies collected from this excise tax will be used by the Pacific International Space Center For Exploration Systems in its development of basalt based products and materials.

While we understand the overall intent of this bill, we believe that it may have a negative impact on Hawaii’s aggregate production industry. At present, local aggregate production companies must compete with out of state imports of construction sand and asphalt aggregates. The imposition of a new Hawaii excise tax on basalt cinder and trap rock will put locally produced construction aggregates, which are primarily derived from basalt, at a competitive disadvantage to imported construction aggregates that are derived from granite. With much of the work in Hawaii’s construction industry operating in a low-bid environment, any increase in cost could have a substantial impact on the

ability of locally produced aggregates to compete with out of state imports. In addition, the imposition of this new excise tax may also increase the overall cost of construction in Hawaii.

Additionally, it seems that the bill might be difficult to administer as it is currently written. A large volume of construction aggregates are used by the producer (who would be considered either the wholesaler or dealer) for value-added products, such as ready-mix concrete or hot-mix asphalt. It's not clear how the wholesale rate would be established if the "wholesaler" uses these materials internally. Furthermore, it appears that the tax would be imposed at both the wholesale and retail (dealer) levels in the supply chain, effectively taxing the same goods twice. This would exacerbate the cost competitiveness issues outlined above.

Based on the foregoing, we respectfully request that this bill be held in Committee. Thank you for the opportunity to testify.



Wade H. Wakayama
President

February 27, 2017

To: The Honorable Sylvia Luke, Chair
and Members of the House Finance Committee

HC&D, LLC
2344 Pahounui Drive
Honolulu, Hawaii 96819
P. O. Box 29968
Honolulu, Hawaii 96820
Telephone: 808/832-9245
Facsimile: 808/832-9470
www.hcdhawaii.com

Re: **TESTIMONY OPPOSING H.B. 574 RELATING TO
THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATION SYSTEMS
February 28, 2017, 1:00 p.m., Conference Room 308**

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

Please accept my testimony on behalf of HC&D (formerly Ameron Hawaii) in strong opposition to H.B. 574, which proposed a tax on basalt cinder and trap rock wholesalers and dealers to be paid into the Pacific International Space Center for Explorations Systems (PISCES.)

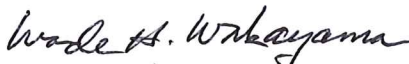
HC&D is one of Hawaii's largest construction material manufacturer and supplier, operating two basalt quarries, one each on Oahu and Maui. Nearly 100% of our products sold to the construction market for infrastructure, homes and buildings, contain basalt. This proposed bill will not only result in a 0.2% increase in the cost of a major component (basalt) in Hawaii's road, sewer pipes and systems, homes, schools, and most other building and construction projects in our State, it will also result in a financial burden as quarries, rock processing companies, concrete and asphalt producers, and precast product manufacturers deal with the administration requirements of licensing, filing periodic returns, payments, record keeping and audits needed to comply with the new tax. All the costs will continue to snowball as the domino effect hits independent rock haulers, building contractors and consumers, including home owners and the State itself.

Further, though I appreciate the intent of PICSCES's research, establishing tax and regulatory burdens on the construction industry will not only increase the already high costs of building anything in Hawaii, it will negatively affect the health of the entire construction sector and reduce economic growth in Hawaii. Targeting specific businesses such as ours, that have no relationship to the sole program being funded, is in my opinion, ill advised.

HC&D, LLC urges the Finance Committee to NOT hear this bill.

Thank you for the opportunity to submit testimony.

Sincerely,


Wade H. Wakayama
President

cc: Senator Thielen
Senator Tokuda
Representative Thielen
Representative Ito



JAS. W. GLOVER, LTD.

GENERAL CONTRACTORS

License No. ABC-3

From:

Michael Pearring
P.O. Box 871
Pepeekeo, HI 96783
808-935-0871

To:

State of Hawaii, Hawaii State House of Representatives
Committee on Finance
Rep. Sylvia Luke, Chair

RE:

House Bill 574 HD1 - RELATING TO THE PACIFIC INTERNATIONAL SPACE CENTER FOR EXPLORATIONS SYSTEMS.

Please accept my testimony in strong opposition to HB 574 HD1. I am strongly opposed to this bill and sincerely request that your committee not hear this bill and not pass it. A companion bill introduced in the Senate this year, SB 766, was killed after consulting with industry and I ask that the House Finance Committee do the same.

The Pacific International Space Center for Explorations Systems (PISCES) is part of an international effort to study space. Their work may have merits, but establishing tax and regulatory burdens on the construction industry to support one research organization does not. Government agencies are the largest consumer of basalt products and the majority of the cost of the tax and its collection will be therefore passed on to the taxpayers.

This bill, HB574 HD1, establishes a targeted excise tax on rock products and rock product dealers – this includes quarries, crushing companies, concrete companies, asphalt companies, pre-cast companies, distributors and retailers who sell rock products, and will benefit only ONE research entity, PISCES. One large, important industry segment will be made responsible for an added tax and regulatory burden for one research entity. Rather than approaching the rock industry for support, this group is using legislative action to fund their activities.

This bill not only establishes the tax, but will set up an entire regulatory system for tracking, paying and reporting this tax that will add burdens to both industry and government alike. It also sets (or reinforces) a bad precedent for a non-profit group to target specific industries to pay for their research or enterprise. This is bad policy and makes for bad government. It is very possible that the cost of setting up the system to collect and distribute the tax will exceed the cost of the tax revenues generated for PISCES.

Our company and our industry are strongly opposed to this bill and ask that the House Finance Committee not hear this bill and not pass it.

Sincerely,

Michael Pearring

Honolulu

P.O. Box 579 • Honolulu, HI 96809
tel (808) 591-8977 • fax (808) 591-8978

Hilo

890 Leilani Strret • Hilo, HI 96720
tel (808) 935-0871 • fax (808) 961-9237

Kona

P.O. Box 4116 • Kailua-Kona, HI 96745
tel (808) 329-4113 • fax (808) 326-6017

Lihue

P.O. Box 1929 • Lihue, HI 96766
tel (808) 245-3609 • fax (808) 246-6209



Written Statement of
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
HOUSE COMMITTEE ON FINANCE

February 28, 2017

1:00 p.m.

State Capitol, Conference Room 308

In Support of

**HB574 RELATING TO THE PACIFIC INTERNATIONAL SPACE
CENTER FOR EXPLORATION SYSTEMS**

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the Committee

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of HB574

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB574.**

The State of Hawaii has a genuine need to broaden its economic base. We now have a major opportunity to support and fulfill that necessity.

Through applied research, PISCES has successfully manufactured innovative materials using Hawaiian basalt with applications both in space exploration and on-island, generating significant interest from the aerospace sector and the local business community.

PISCES' continued work to expand and develop products and markets (including basalt-based concrete, basalt rebar, basalt mesh, cording and fabric) derived from Hawaii's naturally occurring basalt will positively impact the demand for quarried basalt in the Islands with long-term economic benefits. While produced internationally, the lack of a domestic basalt material industry in Hawaii offers an untapped market that could yield profitable returns. Basalt-based products and materials have the potential to create new manufacturing opportunities while significantly reducing Hawaii's dependence on imported products.

This bill will provide PISCES with the sustained, market-driven revenue it needs to continue developing cutting-edge, basalt-based products and materials that will directly benefit Hawaii's economy, and quarry and mining industries.

We strongly urge you to support HB574.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 27, 2017 8:25 AM
To: FINTestimony
Cc: jim.gomes@hawaiiancement.com
Subject: Submitted testimony for HB574 on Feb 28, 2017 13:00PM

HB574

Submitted on: 2/27/2017

Testimony for FIN on Feb 28, 2017 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Jlm Gomes	Individual	Oppose	No

Comments: Please accept my testimony in strong opposition to HB 574. This Bill was presented in a way to hide its true intent - to tax the Hawaii Basalt Industry for a non-profit organization's funding of future space exploration and thus I was not aware of the Bill's proposal until after the first hearing. The Pacific International Space Center for Explorations Systems (PISCES) is part of an international effort to study space. Their work may have merits, but establishing tax and regulatory burdens on the construction industry to support one research organization does not. This bill, HB 574, establishes a targeted excise tax on rock products and rock product dealers – this includes quarries, crushing companies, concrete companies, asphalt companies, pre-cast companies, distributors and retailers who sell rock products, and will benefit only ONE research entity, PISCES. One large, important industry segment will be made responsible for an added tax and regulatory burden for one research entity. This bill not only establishes the tax, but will set up an entire regulatory system for tracking, paying and reporting this tax that will add burdens to both industry and government alike. It also sets (or reinforces) a bad precedent for a non-profit group to target specific industries to pay for their research or enterprise. Rather than approaching the rock industry for support, this group is using legislative action to fund their activities, and allows for a back door increase to the general fund when the targeted limit is met. This is bad policy and makes for bad government. It is very possible that the cost of setting up the system to collect and distribute the tax will exceed the cost of the tax revenues generated for PISCES. Government agencies are the largest consumer of basalt products and the majority of the cost of the tax and its collection will be therefore passed on to the taxpayers. Surely there are more efficient and transparent ways to fund PISCES. I am strongly opposed to this bill and sincerely request that legislators not pass it. Sincerely, Jim Gomes General Manager, Hawaiian Cement, Cement Division.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Written Statement of:
Rodrigo Romo
Program Manager, PISCES.

Before the:
House Committee on Finance
February 28th, 2017
13:00
State Capitol, Conference Room 308
In Support of
HB574-HD1: Relating to the Pacific International Space Center for Exploration Systems

To: Chair Sylvia Luke, Vice-Chair Ty J. K. Cullen; and members of the committees.

Thank you for the opportunity to submit testimony with regards to **HB574-HD1**.

I am writing to indicate my support behind the original intent of the Bill which was to provide a sustained, market-driven revenue stream that could enable PISCES to engage in applied research activities that will result in a higher demand for locally mined basalt and potentially generate a new industry. However, after discussing the proposed method of generating these funds with members of the construction and quarry industries, we agreed that creating a new tax may not be the best way to achieve this goal and that the repercussions of a new tax may cause more of a harm to the local Hawaiian basalt industry than a benefit. PISCES is open to look at alternative ways to generate the funds necessary to continue the research in basalt.

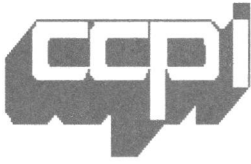
PISCES has been involved in basalt research during the last four years. Research has been done to study different ways in which local basalt, which is similar in composition to lunar regolith, can be manipulated and used in different applications. Through this work, PISCES has successfully designed and produced a variety of basalt-based materials proven to be stronger than residential concrete. One material we produced was tested and shown to be three times stronger than specialty concrete.

As a result, our work using Hawaiian basalt has generated interest in the Aerospace community as a means to utilize In-Situ Resources on the moon or Mars for construction of infrastructure. The same research has the potential to create new markets in the State of Hawai'i through the development of new applications and new materials such as sintered basalt pavers. These pavers can be made using the waste product of local quarries, turning a liability into an asset. In addition, materials like basalt fiber and fiber-derived products such as rebar, mesh, fabric and rope can be derived using locally mined basalt.

A handwritten signature in black ink that reads "R. Romo".

Rodrigo Romo
Program Manager
PISCES

LATE



Cement and Concrete Products Industry of Hawaii

2153 N. King St. # 327 Honolulu, HI 96819 Telephone (808) 848-7100

Website: www.ccpihawaii.org

Testimony in Opposition to HB 574 HD1 by Kirk Hashimoto, Executive Director of the Cement and Concrete Products Industry of Hawaii, February 27, 2017

2017
Chairman of the Board
Mike Pearring

Vice Chairman
Andy Boyd

Secretary
Gavin Shiraki

Treasurer
Wade Wakayama

Past Chairman
Jim Gomes

Executive Director
Kirk Hashimoto
kirk@ccpihawaii.org

Chair Luke, Vice-chair Cullen, and members of the 2017 Hawaii House Finance Committee:

Please consider this testimony in opposition to the bill imposing a tax on local sellers of basalt. The premise of the bill puts the burden of funding basalt research on the Hawaii basalt industry with the assumption that the industry will benefit economically and in turn promote growth to Hawaii's economy.

Basalt is the main source of aggregate in Hawaii. It is the rock used in construction drains and bases. It is the primary rock used in concrete and asphalt. Most of the concrete used to construct our infrastructure, foundations and buildings contains basalt aggregate. Implementing an industry specific tax will be very cumbersome to implement and enforce. It will likely result in an overall price increase to everyone who touched by one aspect or another of this material.

The concrete being researched is very exotic and will not likely see use other than in space exploration. Basalt products such as fiber and rebar are already being produced elsewhere as Hawaii is an expensive place to do business. An American producer of basaltic rebar is looking at manufacturing basalt fiber in Oregon which has a large supply of basalt and inexpensive hydroelectric power, two critical components to the manufacturing process. Advances in basalt manufacturing would likely benefit areas where more economically favorable conditions exist.

While we would also like to find ways to help Hawaii's economy to grow our industry to expand, putting a tax on the industry to fund this endeavor does not seem to accomplish the intent of the bill.

Kirk Hashimoto
Executive Director
Cement and Concrete Products Industry of Hawaii

Member Firms: BOMAT, Ltd / Jas. W. Glover, Ltd / Glover-Honsador, Kauai / GPRM Prestress, LLC / Hawaii Precast Inc. / Hawaiian Cement / Hawaiian Cement Halawa / Hawaiian Cement Maui / HC&D LLC- Oahu / HC&D LLC – Maui / Island Ready Mix Concrete, Ltd / O. Thronas, Inc. Ready Mix Concrete / TileCo. Inc. / Walker Industries, Ltd / West Hawaii Concrete / Yamada & Sons

Associate Members: BASF Admixtures / Downstream LLC / Grace Pacific Corp. / Haggith's Structural Scan & Inspection / Hawaiian Dredging Construction Co. / Hayre McElroy & Associates / HD Supply-White Cap / Jensen Precast / KSF Inc. / Miyake Concrete Accessories Inc. / OK Hardware & Construction Supply / Penhall Company / Puna Rock Co. / Simpson Strong Tie Co. / Wiss, Janney, Elstner & Associates Inc.



Cement and Concrete Products Industry of Hawaii
 2153 N. King St. # 327 Honolulu, HI 96819 Telephone (808) 848-7100
 Website: www.ccpihawaii.org

LATE

Testimony in Opposition to HB 574 HD1 by Kirk Hashimoto, Executive Director of the Cement and Concrete Products Industry of Hawaii, February 27, 2017

2017
 Chairman of the Board
 Mike Pearring

Chair Luke, Vice-chair Cullen, and members of the 2017 Hawaii House Finance Committee:

Vice Chairman
 Andy Boyd

Please consider this testimony in opposition to the bill imposing a tax on local sellers of basalt. The premise of the bill puts the burden of funding basalt research on the Hawaii basalt industry with the assumption that the industry will benefit economically and in turn promote growth to Hawaii's economy.

Secretary
 Gavin Shiraki

Treasurer
 Wade Wakayama

Basalt is the main source of aggregate in Hawaii. It is the rock used in construction drains and bases. It is the primary rock used in concrete and asphalt. Most of the concrete used to construct our infrastructure, foundations and buildings contains basalt aggregate. Implementing an industry specific tax will be very cumbersome to implement and enforce. It will likely result in an overall price increase to everyone who touched by one aspect or another of this material.

Past Chairman
 Jim Gomes

Executive Director
 Kirk Hashimoto
 kirk@ccpihawaii.org

The concrete being researched is very exotic and will not likely see use other than in space exploration. Basalt products such as fiber and rebar are already being produced elsewhere as Hawaii is an expensive place to do business. An American producer of basaltic rebar is looking at manufacturing basalt fiber in Oregon which has a large supply of basalt and inexpensive hydroelectric power, two critical components to the manufacturing process. Advances in basalt manufacturing would likely benefit areas where more economically favorable conditions exist.

While we would also like to find ways to help Hawaii's economy to grow our industry to expand, putting a tax on the industry to fund this endeavor does not seem to accomplish the intent of the bill.

*Kirk Hashimoto
 Executive Director
 Cement and Concrete Products Industry of Hawaii*

Member Firms: BOMAT, Ltd / Jas. W. Glover, Ltd / Glover-Honsador, Kauai / GPRM Prestress, LLC / Hawaii Precast Inc. / Hawaiian Cement / Hawaiian Cement Halawa / Hawaiian Cement Maui / HC&D LLC- Oahu / HC&D LLC – Maui / Island Ready Mix Concrete, Ltd / O. Thronas, Inc. Ready Mix Concrete / TileCo. Inc. / Walker Industries, Ltd / West Hawaii Concrete / Yamada & Sons

Associate Members: BASF Admixtures / Downstream LLC / Grace Pacific Corp. / Haggith's Structural Scan & Inspection / Hawaiian Dredging Construction Co. / Hayre McElroy & Associates / HD Supply-White Cap / Jensen Precast / KSF Inc. / Miyake Concrete Accessories Inc. / OK Hardware & Construction Supply / Penhall Company / Puna Rock Co. / Simpson Strong Tie Co. / Wiss, Janney, Elstner & Associates Inc.