



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

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

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Statement of  
**LUIS P. SALAVERIA**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON FINANCE**

Wednesday, February 22, 2017  
2:00p.m.  
State Capitol, Conference Room 308

in consideration of  
**HB 943**  
**RELATING TO ECONOMIC DEVELOPMENT.**

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

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB 943. 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.

DBEDT questions the fairness of using the state tax code to advantage one part of the state over all others, many of which have far fewer assets and resources than the Kapolei area. An alternative approach for Kapolei to consider would be a business attraction marketing program highlighting the assets Kapolei already has as a business investment location.

Additionally, this initiative would require DBEDT to establish a whole new program including new reporting and tracking systems as well as finding staff resources. No funds have been allocated to do this. DBEDT estimates that \$150,000 in each year of the biennium is necessary to implement this measure.

We defer to the Department of Taxation for the fiscal impact of this measure.

Thank you for the opportunity to provide this written testimony.

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: Wednesday, February 22, 2017  
Time: 2:00 P.M.  
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 943, Relating to Economic Development

The Department of Taxation (Department) appreciates the intent of the measure, defers to the Department of Business, Economic Development, and Tourism (DBEDT) on the merits of this bill and provides the following comments regarding H.B. 943 for your consideration.

Among other things, H.B. 944 creates a new tax credit for qualifying businesses under the Kapolei Jobs Initiative pilot program. The measure is effective upon its approval and applies to taxable years beginning after December 31, 2017, and is repealed on December 31, 2024. The House Committee on Economic Development and Business passed the measure unamended.

First, the Department notes that there is an aggregate cap of an unspecified amount in subsection (b). The Department has serious concerns about administering an aggregate cap because certifying an amount that a taxpayer may claim gives the wrong impression that the credit will not be examined and possibly reduced. The Department strongly suggests that the aggregate cap be deleted, or that the duty of managing the aggregate cap be assigned to another agency. It is not possible for the Department to keeping a running tally of credits claimed for this particular tax credit; generally, the computer system is designed to process thousands of returns simultaneously, offsetting taxpayers' aggregate credit claims against applicable taxable income.

In addition, procedures as to administering the aggregate cap should be specific, such as on a first come first served basis, or some sort of division of the allowed credit for requests that are received before a specified date.

Second, the Department recommends that once the cap is reached, any excess claims be allowed in the following year, but in no event beyond the sunset of the credit. The Department suggests the following language, instead of proposed section (h)(3), as follows:

(3) The taxpayer shall file such certificate with the

taxpayer's return. Any taxpayer who is not eligible to claim the credit in a taxable year due to the \$\_\_\_\_\_ cap having been exceeded for that taxable year shall be eligible to claim the credit in the subsequent taxable year, but in no event after December 31, 2024.

Finally, the Department notes that it is able to administer this measure with the current effective date.

Thank you for the opportunity to provide comments.



February 18, 2017

Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
House Committee on Finance

**Strong support of HB 943 - Relating to Economic Development.  
(Establishes 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. Establishes a tax credit, until 12/31/2024, as part of the Kapolei jobs initiative pilot program.)**

**FIN Hearing: Wednesday, February 22 2017, at 2:00 p.m., Conf. Room 308**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **strong support of HB 943**.

**HB 943.** This bill would establish a Kapolei Jobs Initiative Pilot Program that offers tax incentives to increase the number of jobs in Kapolei for businesses businesses to establish or relocate themselves in the Kapolei region and tax incentives for existing Kapolei businesses that add ten or more employees.

**LURF's Position.** HB 943 is necessary, because Kapolei has been designated as Oahu's "Second City," however, jobs in the area have not kept pace with the increase in population. LURF understands that, the State's enterprise zone program includes requirements and restrictions on the types of qualified businesses, which are believed to have limited the participation in the Leeward Enterprise Zone. The Kapolei Jobs Initiative Pilot Program proposed by this bill will be a win-win for the State and the Kapolei area, and will contribute to building communities that can live, work and play in the same areas.

For the above reasons, LURF **strongly supports** HB 943 and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.

# 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 943, SB1192 (Identical)

INTRODUCED BY: HB by CULLEN, AQUINO, LOPRESTI, SAY, YAMANE; SB by GABBARD, ESPERO, SHIMABUKURO, S. Chang, Ihara, Inouye, Keith-Agaran, Kidani, Ruderman

EXECUTIVE SUMMARY: Enacts a Kapolei jobs initiative similar to the current Enterprise Zone program under chapter 209E, but layered on top of it. The current bill may result in multiple incentives such as an income tax credit 160% of liability.

BRIEF SUMMARY: 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 \$25,000 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 \_\_\_% of the taxpayer’s net income tax liability (liability attributable to activity in Kapolei) in the year of qualification, and a credit of \_\_\_% less in each of the subsequent four years for any income tax due.

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

Provides that a maximum of \$\_\_\_\_\_ of tax credits in the aggregate for all eligible taxpayers may be used in any one taxable year.

Provides that the credit is not refundable, but may be carried forward a maximum of five consecutive years. Establishes an aggregate maximum of \$\_\_\_\_\_ per year that may be used by

all eligible taxpayers. 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:** Effective upon approval; shall apply to taxable years beginning after December 31, 2017; and shall be repealed on June 30, 2024.

**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.

**TESTIMONY IN SUPPORT OF HB943  
RELATING TO ECONOMIC DEVELOPMENT**



To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

RE: HB943; Wednesday, February 22, 2017;  
Conference Room 308; 2 pm

*Working together for Kapolei*

Honorable Chair, Vice Chair and Members of the FIN Committee,

On behalf of the Kapolei Chamber of Commerce, I am submitting this testimony **in SUPPORT of HB943** 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.

The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. The Chamber is a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

**We believe that this initiative is an evolution of the Enterprise Zone and it optimizes the rationale of the Enterprise Zone program.** The Kapolei Jobs Initiative Pilot Program not only realizes the State's long standing policy of redirecting growth to the second urban core, but it will create jobs in the Kapolei region and reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike.

I respectfully request your approval of HB943. Thank you kindly for allowing me to submit this testimony.

Sincerely,

A handwritten signature in black ink that reads "K Polk". The signature is written in a cursive, flowing style.

Kiran Polk  
Executive Director



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, February 22, 2017 at 2:00 P.M.  
Conference Room 308, State Capitol**

**RE: HOUSE BILL 943 RELATING TO ECONOMIC DEVELOPMENT**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of HB 943, which establishes 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; establishes a tax credit, until 12/31/2024, as part of the Kapolei jobs initiative pilot program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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.

We encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many. Thank you for the opportunity to testify.





**Testimony in Support of House Bill No. 943,  
Relating To Economic Development**

Date: February 22, 2017  
Time: 2:00 p.m.  
Location: Conference Room 308  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Aloha Chair Luke, Vice Chair Cullen and Members of the Finance Committee,

My name is Sweetie Nelson. I am the director of destination marketing for Ko Olina Resort Operators Association, representing the hotels, resorts and other commercial businesses at Ko Olina. We strongly support this measure, which would establish a seven-year Kapolei jobs initiative pilot program.

We at Ko Olina have grown increasingly concerned that the growth of the population in our region — which has been directed by the city's General Plan — has created a demand for employment that cannot currently be met by area employers.

In addition to the tremendous increase in residential housing, which has occurred and continues at a steady pace, the nearby Waianae Coast has one of the highest levels of unemployment in the state. Clearly, something bold needs to be done to deal with the combined issues of structural unemployment and increasing population.

The Kapolei Jobs Initiative Pilot Program provides the kind of incentives needed to generate greater business growth and the attendant boost in employment. The provisions of this legislation will increase the number of businesses willing to open their doors or add new branches in the area.

Moreover, this initiative represents a significant improvement over the current Enterprise Zone in its ability to create jobs in the Kapolei region and will help reduce one of our biggest problems: traffic congestion. This congestion is a direct result of too many from West Oahu having to commute to Honolulu and Waikiki for work every day.

The proposed measure will allow residents to live, work, learn and play near their homes. Because of the range of benefits it can provide, I encourage you to support this bill.

Mahalo for the opportunity to share our thoughts on this important legislation.

# Hawai'i Construction Alliance

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

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February 18, 2017

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
and members  
House Committee on Finance  
Hawai'i State Legislature  
Honolulu, Hawai'i 96813

## **RE: Support for HB943, Relating to Economic Development**

Dear Chair Luke, Vice Chair Cullen, 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 HB943, relating to economic development**. The bill would 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 and a tax credit until 12/31/2024 as part of the Kapolei jobs initiative pilot program.

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  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)



February 21, 2017

The Honorable Sylvia Luke, Chair  
The Honorable Ty J. K. Cullen, Vice Chair  
and Members of the Committee on Finance  
Hawaii State Capitol, Conference Room 308  
415 S. Beretania Street  
Honolulu, HI 96813

Dear Chair Luke and Vice Chair Cullen and Committee Members:

Testimony in Support  
HB 943 – Relating to Economic Development

The James Campbell Company LLC strongly **supports** HB 943. 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 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, Development

ga:04001300\K10495

Testimony of  
Christopher Delaunay  
Pacific Resource Partnership

State of Hawaii  
House of Representatives

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

HB 943 – Economic Development  
Wednesday, February 22, 2017  
2:00 P.M.  
State Capitol – Room 308

Aloha Chair Luke, Vice Chair Cullen and members of the Committee:

We support HB 943, 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 measure will also establish a tax credit as part of the Kapolei jobs initiative pilot program.

Currently, the job growth in Kapolei is not keeping up to pace with its population growth. The projected population growth in the Kapolei region is expected to grow to 170,000 in the next 20 years and thus, this job initiative program will alleviate some of the traffic congestion coming from the Kapolei Region and the surrounding areas. The Kapolei Jobs Initiative program will improve the quality-of-life for the community as well as for the thousands who sit in traffic every day.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on HB 943.

#### 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.*





**HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST**  
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300

**TESTIMONY OF HAWAII LECET  
CLYDE T. HAYASHI – DIRECTOR**

HOUSE COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

**NOTICE OF HEARING**

DATE: February 22, 2017  
TIME: 2:00 p.m.  
PLACE: State Capitol, Room 308

**TESTIMONY ON HOUSE BILL NO. 943, RELATING TO ECONOMIC DEVELOPMENT**

ALOHA COMMITTEE CHAIR SYLVIA LUKE, COMMITTEE VICE CHAIR TY J.K. CULLEN, AND COMMITTEE MEMBERS:

My name is Clyde T. Hayashi, and I am the Director of Hawaii LECET. Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify to **SUPPORT THE INTENT** of House Bill No. 943, which establishes the Kapolei Jobs Initiative Program. This bill offers incentives as a means to increase the number of businesses willing to establish and relocate to the Kapolei region. Kapolei has been designated as Oahu's "Second City", however, jobs in the area have not kept pace with the increase in population.

Hawaii LECET believes that the idea of a Kapolei Jobs Initiative Program is a good starting point to increase the number of businesses in Kapolei and fulfill its designation as Oahu's "Second City". The presence of UH West Oahu, the opening of the Kamakana Ali'i Shopping Center, construction of DHHL housing and the potential for more businesses, will transform Kapolei into a mixed-use district with commercial, industrial, retail, education, government and housing, to become a true "live, work, play" community. With the construction of the Honolulu Rail and the increase of jobs in the area, quality of life for many people will improve.

For these reasons, Hawaii LECET **SUPPORTS THE INTENT** of HB 943.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 8:44 AM  
**To:** FINTestimony  
**Cc:** stam@haseko.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sharene Saito Tam	Haseko	Support	No

Comments: TESTIMONY IN SUPPORT OF HB943 RELATING TO ECONOMIC DEVELOPMENT To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Honolulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, On behalf of Haseko, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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, Sharene Saito Tam Vice President

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.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 19, 2017 4:33 PM  
**To:** FINTestimony  
**Cc:** david@mygocenter.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/19/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Do	MyGoCenter	Comments Only	No

Comments: Honorable Chair, Vice Chair and Members of the FIN Committees, On behalf of MyGoCenter, I am writing to support HB943. We are a new business center in Kapolei servicing business owners and professionals in providing meeting room rentals, co-working office space and virtual offices. Our services at MyGoCenter directly impacts the growth of businesses, which will lead to more jobs in the area. I support this bill because it will give businesses a great incentive to start or expand their business to Kapolei which will lead to growth in the "second city." I believe this will drastically reduce traffic congestion on the island and will overall have a positive impact on our economic growth by having a friendly business and tourist friendly place to drive and commute in. I consider myself a business advocate for the city of Kapolei and I believe this bill will help to support massive job growth in West Oahu, which will benefit the economy of Hawaii. Mahalo for your consideration, David Do Chief Operating Officer MyGoCenter 590 Farrington Highway, Suite 504 Kapolei, HI 96707 (808) 429-2600 david@mygocenter.com

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



Queen's Court  
800 Bethel Street, Suite 501  
Honolulu HI 96813

Phone 808.587.7770  
Fax 808.587.7769  
[www.avalonhi.com](http://www.avalonhi.com)

February 21, 2017

TESTIMONY IN SUPPORT OF HB943  
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

Date: February 22, 2017  
Time: 2:00 p.m.  
Room Number: Conference Room 308  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Honorable Chair, Vice Chair and Members of the FIN Committee,

On behalf of Avalon Development Company, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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 'Laurie Ann K. Chan', written in a cursive style.

LAURIE ANN K. CHAN  
Executive Vice President





**TESTIMONY IN SUPPORT OF HB943  
RELATING TO ECONOMIC DEVELOPMENT**

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

RE: HB943; Wednesday, February 22, 2017;  
Conference Room 308; 2 pm

Honolulu Liquor Commission  
711 Kapiolani Blvd., Suite 600  
Honolulu, HI 96813

Aloha Honorable Chair, Vice Chair and Members of the FIN Committee,

On behalf of Lifeline Fire & Security, Inc. I am submitting this testimony **in SUPPORT of HB943** 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 (as I did twelve years ago).

**My understanding is this initiative is an evolution of the underutilized Enterprise Zone and HB943 optimizes the rationale of the Enterprise Zone program.** I believe HB943 is in line with the State's long standing policy of redirecting growth to the second urban core and will create jobs in the Kapolei region and further efforts to reduce traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike. I respectfully request your approval of HB943.

Mahalo nui loa for your time and consideration of this testimony,

Todd Bedford  
President  
Lifeline Fire & Security, Inc.  
*Local Office, Local Staff, Local Service Since 2002*



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LIC# C-24413

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 10:14 AM  
**To:** FINTestimony  
**Cc:** steven.w.scott@usa.g4s.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Steven Scott	Individual	Comments Only	No

Comments: TESTIMONY IN SUPPORT OF HB943 RELATING TO ECONOMIC DEVELOPMENT To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Honolulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, On behalf of G4S Secure Solutions (USA), Inc., I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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, Steven Scott Recruiter

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 8:22 AM  
**To:** FINTestimony  
**Cc:** emilygarciara@gmail.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Emily Garcia	Individual	Comments Only	No

Comments: Honorable Chair, Vice Chair and Members of the FIN Committee, As a resident of Kapolei, I am writing in SUPPORT of HB943 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. We need a more diverse range of jobs outside of the service industry. This initiative is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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, Emily Garcia

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TESTIMONY IN SUPPORT OF HB943  
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

Date: February 22, 2017  
Time: 2:00 PM  
Room Number: Conference Room 308  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Honorable Chair, Vice Chair and Members of the FIN Committee,

I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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,  
Rodney L Baptiste Jr  
BSA Compliance/Business Development Officer

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 7:41 AM  
**To:** FINTestimony  
**Cc:** susan.hullerman@gmail.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan Hullerman	Individual	Support	No

Comments: TESTIMONY IN SUPPORT OF HB943 RELATING TO ECONOMIC DEVELOPMENT To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Honolulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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 Hullerman Waianae resident

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 20, 2017 4:14 PM  
**To:** FINTestimony  
**Cc:** arlene0212@gmail.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Arlene Estrella	Individual	Support	No

Comments: TESTIMONY IN SUPPORT OF HB943 RELATING TO ECONOMIC DEVELOPMENT To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Honolulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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 Estrella Licensed Massage Therapist

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 20, 2017 4:01 PM  
**To:** FINTestimony  
**Cc:** bito@kraftfoods.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Bruce Ito	Individual	Comments Only	No

Comments: To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Honolulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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, Bruce Ito

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.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 20, 2017 3:39 PM  
**To:** FINTestimony  
**Cc:** dkicker@tokai.edu  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Darrell Kicker	Individual	Support	No

Comments: Honorable Chair, Vice Chair and Members of the FIN Committee, I SUPPORT HB943 to establish a Kapolei Jobs Initiative Pilot Program that will offer incentives to businesses to establish themselves or open a new location in the Kapolei region. I think that creating jobs in the Kapolei region and reducing traffic congestion is in everyone's best interest. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike. As a resident of Kapolei, I know from personal experience what a positive difference it makes to work nearer to home. I left my job at UH Manoa and took a job at Hawaii Tokai International College in order to eliminate the daily commute and to be able to spend more time with my family. I encourage you to support this bill that will bring jobs to the Kapolei region and improve the quality of life for many. Best wishes, Darrell Kicker Director of Student Services Hawaii Tokai International College 91-971 Farrington Hwy Kapolei, HI 96707 808-983-4202

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 19, 2017 7:21 AM  
**To:** FINTestimony  
**Cc:** reddy2rust@aol.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/19/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Judy McCluskey	Individual	Support	No

Comments: This would be good for the community

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.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Saturday, February 18, 2017 9:41 PM  
**To:** FINTestimony  
**Cc:** mikegolojuch808@gmail.com  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/18/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mike Golojuch	Individual	Support	No

Comments: I support HB943.

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TESTIMONY IN SUPPORT OF HB943  
RELATING TO ECONOMIC DEVELOPMENT

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

Date: February 22, 2017

Time: 2:00 p.m.

Room Number: Conference Room 308

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

Honorable Chair, Vice Chair and Members of the FIN Committee,

I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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,  
Attila Seress  
President, SOS Tech Solutions

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 21, 2017 11:39 AM  
**To:** FINTestimony  
**Cc:** tiare@hapahi.org  
**Subject:** Submitted testimony for HB943 on Feb 22, 2017 14:00PM

**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tiare Lawrence	Individual	Support	No

Comments: A great opportunity to increase job opportunities for the west side!

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TESTIMONY IN SUPPORT OF HB943

RELATING TO ECONOMIC DEVELOPMENT

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee

Date: February 22, 2017

Time: 2:00 pm

Room Number: Conference Room 308

Hawaii State Capital

415 South Beretania St.

Honolulu, Hawaii 96813

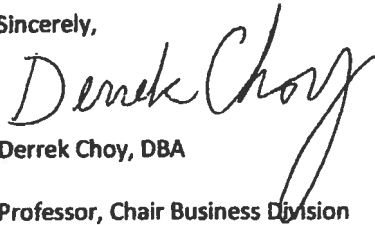
Honorable Chair, Vice Chair and Members of the FIN Committee,

On behalf of the Business Division, University of Hawaii-West Oahu, I'm writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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,



Derrek Choy, DBA

Professor, Chair Business Division

University of Hawaii-West Oahu

Phone: 808-689-2332

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 21, 2017 5:08 PM  
To: FINTestimony  
Cc: rathbunk001@hawaii.rr.com  
Subject: Submitted testimony for HB943 on Feb 22, 2017 14:00PM



**HB943**

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kevin Rathbun	Individual	Comments Only	No

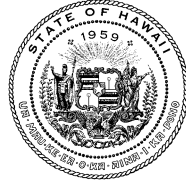
Comments: TESTIMONY IN SUPPORT OF HB943 RELATING TO ECONOMIC DEVELOPMENT To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the House Finance (FIN) Committee Date: February 22, 2017 Time: 2:00 p.m. Room Number: Conference Room 308 Hawaii State Capitol 415 South Beretania Street Hono lulu, Hawaii 96813 Honorable Chair, Vice Chair and Members of the FIN Committee, On behalf of myself, I am writing in SUPPORT of HB943 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 is an evolution of the current Enterprise Zone and will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing 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 Resident, Small Business Owner

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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

**LATE**

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

Date: Wednesday, February 22, 2017  
Time: 2:00 P.M.  
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 943, Relating to Economic Development

The Department of Taxation (Department) appreciates the intent of the measure, defers to the Department of Business, Economic Development, and Tourism (DBEDT) on the merits of this bill and provides the following comments regarding H.B. 943 for your consideration.

Among other things, H.B. 944 creates a new tax credit for qualifying businesses under the Kapolei Jobs Initiative pilot program. The measure is effective upon its approval and applies to taxable years beginning after December 31, 2017, and is repealed on December 31, 2024. The House Committee on Economic Development and Business passed the measure unamended.

First, the Department notes that there is an aggregate cap of an unspecified amount in subsection (b). The Department has serious concerns about administering an aggregate cap because certifying an amount that a taxpayer may claim gives the wrong impression that the credit will not be examined and possibly reduced. The Department strongly suggests that the aggregate cap be deleted, or that the duty of managing the aggregate cap be assigned to another agency.

In addition, procedures as to administering the aggregate cap should be specific, such as on a first come first served basis, or some sort of division of the allowed credit for requests that are received before a specified date.

Second, the Department recommends that once the cap is reached, any excess claims be allowed in the following year, but in no event beyond the sunset of the credit. The Department suggests the following language, instead of proposed section (h)(3), as follows:

(3) The taxpayer shall file such certificate with the taxpayer's return. Any taxpayer who is not eligible to claim the credit in a taxable year due to the \$ \_\_\_\_\_

cap having been exceeded for that taxable year shall be eligible to claim the credit in the subsequent taxable year, but in no event after December 31, 2024.

Finally, the Department notes that it is able to administer this measure with the current effective date.

Thank you for the opportunity to provide comments.





Hunt Development Group, LLC  
737 Bishop Street, Suite 2750  
Honolulu, Hawaii 96813  
Office: 808-585-7900



Representative Sylvia Luke, Chair  
Representative Ty Cullen, Vice Chair  
House Committee on Finance

**RE: HB 943 – Relating to Economic Development - IN SUPPORT**  
**Wednesday, February 22, 2017 – Agenda #1**  
**Conference Room 308; 2:00 PM**

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

Thank you for the opportunity to submit testimony in support of HB 943 which establishes 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.

We see this bill as an evolution of the state Enterprise Zone. Creating more jobs in the Kapolei region is needed in order to keep pace with Kapolei's population growth and will help reduce traffic caused by the amount of people driving into downtown Honolulu for work every day. This will give those living on the west side the opportunity to work closer to home and improve their quality of life.

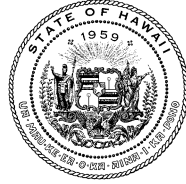
We ask for your favorable consideration of this measure.

Thomas Lee  
Senior Vice President  
Hunt Companies, Hawaii Division



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

**LATE**

Revised

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

Date: Wednesday, February 22, 2017  
Time: 2:00 P.M.  
Place: Conference Room 308, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 943, Relating to Economic Development

The Department of Taxation (Department) appreciates the intent of the measure, defers to the Department of Business, Economic Development, and Tourism (DBEDT) on the merits of this bill and provides the following comments regarding H.B. 943 for your consideration.

Among other things, H.B. 944 creates a new tax credit for qualifying businesses under the Kapolei Jobs Initiative pilot program. The measure is effective upon its approval and applies to taxable years beginning after December 31, 2017, and is repealed on December 31, 2024. The House Committee on Economic Development and Business passed the measure unamended.

First, the Department notes that there is an aggregate cap of an unspecified amount in subsection (b). The Department has serious concerns about administering an aggregate cap because certifying an amount that a taxpayer may claim gives the wrong impression that the credit will not be examined and possibly reduced. The Department strongly suggests that the aggregate cap be deleted, or that the duty of managing the aggregate cap be assigned to another agency.

In addition, procedures as to administering the aggregate cap should be specific, such as on a first come first served basis, or some sort of division of the allowed credit for requests that are received before a specified date.

Second, the Department recommends that once the cap is reached, any excess claims be allowed in the following year, but in no event beyond the sunset of the credit. The Department suggests the following language, instead of proposed section (h)(3), as follows:

(3) The taxpayer shall file such certificate with the taxpayer's return. Any taxpayer who is not eligible to claim the credit in a taxable year due to the \$ \_\_\_\_\_

cap having been exceeded for that taxable year shall be eligible to claim the credit in the subsequent taxable year, but in no event after December 31, 2024.

Finally, the Department notes that it is able to administer this measure with the current effective date.

Thank you for the opportunity to provide comments.