

February 18, 2009

**LATE TESTIMONY**

**HB727 - Relating to Technology Tax Credits**

**HB552 - Relating to the High Technology Business Investment Tax Credit**

DATE: February 17, 2009

TIME: 4:00pm

PLACE: Conference Room 329

TO: House Committee on Economic Revitalization, Business and Military Affairs

Representative Angus McKelvey, Chair

Representative Isaac W. Choi, Vice Chair

FROM: Joe Ferraro, FAIA, Principal

Ferraro Choi And Associates, Ltd

RE: Testimony In Strong Support of HB727

Testimony In Support of HB552

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

Thank you for the opportunity to testify on these bills. FERRARO CHOI strongly support HB727 because it would extend the sunset date of Act 221 to December 31, 2015. We also support the language clarification in HB552.

The Department of Taxation's comprehensive study of the Act 221 Investment Credit published in September 2008 concluded that the benefits of Act 221 have far exceeded its costs:

- As of the end of 2007, more than \$1.2 billion had been invested in at least 333 Act 221 technology and media companies, which had already spent more than \$1.4 billion in Hawaii.
- These Act 221 companies created more than 4,000 employee and independent contractor jobs, which paid more than \$228 million in salary and other compensation in 2007 alone.
- These Act 221 high tech and media companies earned more than \$228 million in revenues in 2007 alone.

Act 221 has been an effective stimulus for the economy, which has resulted in far more investment and job creation in Hawaii than the costs of the credits to the State. In a time of economic recession and a slowdown in tourism, our economy needs Act 221 now more than ever to stimulate and diversify our economy.

Ferraro Choi is an architectural firm formed in 1988 with 23 employees. Most of our clients are scientific and research related including NSF, NOAA, the University of Hawaii, NELHA and the DOE. However we also service smaller research entities such as APIC in Kakaako and work with small startups such as Safe Water Systems located at the Manoa Innovation Center. If this bill is allowed to become law, since our client base is almost exclusively research and educational oriented, we see it driving our base of clients and consultants out for the state or at least reducing jobs for our office. Hawaii needs more that tourism and the federal government's DOD to sustain our economy.

Thank you for the opportunity to testify on this important bill. We respectfully ask that you hold this bill.

Sincerely,

Name: Joe Ferraro, FAIA, LEED AP

Title: Principal

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## LATE TESTIMONY

I appreciate the opportunity to add to my testimony.

Yes, I would prefer seeing funds go to restore Healthy Start, a much needed early risk identification and prevention program, than seeing millions of dollars dropped into a tax credit for high tech companies...some of which do not deserve the rewards of Act 221.

But, I understand the 3 to 1 return in revenues to the state with this investment in high tech companies...companies given a chance to grow and add to our economy.

At the same time, the well documented 3 to 1 return in the prevention of child abuse and neglect must not be ignored. We need to offer families the support they critically need, so they can nurture their children, so that they grow up safe, healthy, and ready to learn ...so they can be ready to take those high tech jobs in the future, and contribute to society. So they don't land in expensive prisons and hospitals and mental wards and drug rehab.

As with high tech investments....an investment in the safety of our children today will save in the long term. Even in this spooky economic climate, we need to consider the long term.

As a decades long volunteer in the arena of child abuse prevention, I am sorry that the Administration has foisted a them against us mentality on both the social service network and the companies receiving credits under Act 221. There must be a way to intelligently invest in the future.

Mahalo for the time to clarify my testimony.



Linda Coble  
284-2000