



1515 Ualakaa Place
Honolulu, HI. 96822
Phone: (808) 944-9283 Fax: (808) 941-2503
E-Mail: larry@naturalpowerconcepts.com
Web: www.naturalpowerconcepts.com

HB727 - Relating to Technology Tax Credits
HB552 - Relating to the High Technology Business Investment Tax Credit

LATE TESTIMONY

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: Larry Lieberman, CEO
Natural Power Concepts Inc.

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. Natural Power Concepts (NPC) strongly supports 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.

Natural Power Concepts (NPC) is an alternative energy technology incubator headquartered in Honolulu, Hawaii. We are working diligently to design, develop and rapidly prototype and test a variety of innovative new renewable energy devices that are a perfect showcase for Hawaii's extraordinary natural renewable energy resources such as wind, waves, current flow, solar, and geothermal heat. We are partially funded through Act-221 investors and I believe it is likely we would have had to move the company to a competing Mainland location for ocean energy research such as California, Oregon, or Florida if we had not been able to secure funding here in Hawaii. NPC currently employs eight full time staff plus the near-full time services of several contractors and vendors.

Thank you for the opportunity to testify on this important bill.

Sincerely,

Larry Lieberman
CEO
Natural Power Concepts
808-741-7529
larry@naturalpowerconcepts.com

LATE TESTIMONY

TESTIMONY OF WILLIAM G. MEYER, III

HOUSE BILL 727 RELATING TO TECHNOLOGY TAX CREDITS

and

HOUSE BILL 552 RELATING TO THE HIGH TECHNOLOGY BUSINESS INVESTMENT TAX CREDIT

DATE: February 17, 2009
4:00 P.M., Conference Room 329

TO: House Committee on Economic Revitalization, Business & Military Affairs
Representative Angus L.K. McKelvey, Chair
Representative Isaac W. Choy, Vice Chair

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

Thank you for the opportunity to submit testimony on these bills. I strongly support HB 727 because it would extend the sunset date of Act 221 to December 31, 2015. I also support the language clarification in HB 552.

My name is William G. Meyer, III. I am a Honolulu attorney and my practice is limited to intellectual property matters, including entertainment law. I represent both national and local television and motion picture producers and production companies. My practice area includes advising entertainment companies regarding the availability of entertainment industry related tax incentives, including the incentives available pursuant to Act 221/215 and Act 88.

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

House Committee on Economic Revitalization, Business & Military Affairs
Re: HB 727 and HB 552
February 17, 2009
Page 2

economic recession and a slowdown in tourism, our economy needs Act 221 now more than ever to stimulate and diversify our economy.

Thank you very much for allowing me to submit this testimony today.

Sincerely,

William G. Meyer, III
wmeyer@dwyerlaw.com
(808) 534-4412

LATE TESTIMONY

From: Michelle Pietsch [Michelle@mfss.org]
Sent: Tuesday, February 17, 2009 2:48 PM
To: EBMtestimony
Subject: I am opposed to proposed House Bill 727

Dear Legislators,

I would like to submit my opposition to the proposed House Bill 727 which will negatively affect funding to programs like Healthy Start.

Healthy Start is on Governor Lingle's list for elimination in the new fiscal year because she needs to cut the States budget deficit. We are **desperately** trying to save this **valuable and critical support service to vulnerable families** but we are told there is no money to save it...I beg to differ if bills like 727 can be approved. Why would we want to support a bill such as this when our **most needy suffer?** With the increase in financial stressors and reduction of support services the needs of the family are increasing. We need to fund programs that will support, educate and protect our most vulnerable **first!** The future of our State depends on the health of our Keiki today! Please oppose House Bill 727 for the sake of our most vulnerable!

Respectfully,
Michelle Pietsch

CONFIDENTIALITY NOTICE: This communication is intended only for the use of the addressee. It may contain information which is privileged or confidential under applicable law. If you are not the intended recipient or the agent of the recipient, you are hereby notified that any dissemination, copy or disclosure of this communication is strictly prohibited. If you have received this communication in error, please immediately notify the sender at 808.242.0900 or via return internet electronic mail to the sender's address and expunge this communication without making any copies. Thank you for your cooperation.

LATE TESTIMONY

From: Ingelia Puspita White [ingelia@hawaii.edu]
Sent: Tuesday, February 17, 2009 3:04 PM
To: EBMtestimony
Subject: HB727 & HB727 - Relating to Technology Tax Credits

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: Ingelia White Ph.D.
Title: Assoc. Prof. Botany/Microbiology

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. I 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.

Act 221/215 impacts my students for getting employment

Thank you for the opportunity to testify on this important bill.

Sincerely,

Name: Ingelia White Ph.D.
Assoc. Prof. Botany/Microbiology

Phone: (808) 236 - 9102

LATE TESTIMONY

From: Robert Howe [r.howe@akamaicapital.com]
Sent: Tuesday, February 17, 2009 2:46 PM
To: EBMtestimony
Subject: Testimony in support of HB727 and HB552

TO: House Committee on Economic Revitalization, Business and Military Affairs
Representative Angus McKelvey, Chair
Representative Isaac W. Choi, Vice Chair

FROM: Robert C. Howe, Chief Executive Officer, AKAMAI Capital LLC

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. AKAMAI Capital strongly supports 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.

AKAMAI Capital, LLC is in investment management, training young people in Asia-focused listed equity investment, in the hopes that Hawaii can evolve a competitive cluster in asset management, primarily Asia-focused, over the next 10-15 years. Some of our students are interested in private equity investing, and if they wish to pursue that field in Hawaii, there need to be a critical mass of venture companies in the State. We believe Act 221 has served its purpose in stimulating formation and growth of venture and technology companies.

Thank you for the opportunity to testify on this important bill.

Sincerely,

Robert C. Howe, CFA
Chief Executive Officer
AKAMAI Capital, LLC
629 Kailua Road, Suite 207 Kailua, HI 96734
p 808.263.0081 f 808.263.0082 c 808.203.9908