Testimony before the
House Committee on
Finance

H. B. 2867- Relating to Taxation
Wednesday, February 17, 2010
3:00 p.m., Conference Room 308

LATE

By: Lon Okada
Hawaiian Electric Industries, Inc.

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Lon Okada and I am testifying on behalf of Hawaiian Electric Industries ("HEI") and its subsidiaries, including Hawaiian Electric Company, Inc. ("HECO") and American Savings Bank ("ASB").

HB 2867 proposes to temporarily repeal various tax credits and deductions, effective January 1, 2010 through December 31, 2015. The company opposes this bill, in part, due to its stifling effect on the local economy and on Hawaii's clean energy initiatives.

The major credits with which HEI is concerned are the low income housing tax credit, the renewable energy technologies credit (35% credit for wind and solar powered systems), and the capital goods excise tax credit.

The repeal of credits does not affect entitlement to unused amounts of credit accrued prior to the repeal. However, credits that would have been earned during the six years in which the law is repealed will be permanently lost.

Low income housing tax credits encourages private sector development of affordable housing. The temporary repeal of the credit will discourage private development and require more public resources to fund affordable housing at a time when public funding is scare.

In addition, this bill appears to eliminate low income housing credits for investments made prior to the repeal. The yield on a low income housing investment anticipates receipt of credits over a 10 year period in return for providing affordable rents over the same period. Repealing the credits midstream while burdened with the restrictions on the use of the housing unit is neither equitable nor fair.

The renewable energy technology credit was enacted to encourage the use of alternative fuels. Over the past few years, the state has confirmed this policy decision with the establishment of the "Hawaii Clean Energy Initiative" with the Department of Energy and the "Energy Agreement," with HECO. Both agreements are consistent with the statutory requirements set for moving Hawaii off its dependence on imported fossil fuels. Losing the renewable energy technologies credit for five years will certainly limit the number of potential renewable energy producers in Hawaii. This would have a direct impact on HECO's ability to meet the statutory renewable energy requirements and its Energy Agreement with the state.

The repeal of the capital goods excise tax credit for six additional years discourages capital acquisitions at a time when it should be encouraged to kick start our economy. At HECO, our responsibility to provide reliable electrical service does not allow us to defer our capital investments for very long. Consequently, the loss of the capital goods excise tax credit will ultimately increase the cost of providing electrical service to our customers. This increased cost will eventually be passed on to our customers, resulting in higher electric bills, as well as higher prices for all consumer goods and services at a time when we can least afford it.

In this light, the state has the arduous task of evaluating its priorities for balancing its budget, moving off oil dependency and encouraging a speedy recovery of the state's economy. All these policy concerns should be considered in conjunction with the revenue concern addressed by HB 2867.

For the foregoing reasons, HEI opposes portions of HB 2867.

Thank you for this opportunity to testify.

FINTestimony

rom: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 17, 2010 9:49 PM
To: FINTestimony
Cc: df@mauiventure.net
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: David B. Fisher
Organization: Individual
Address: PO Box 792138 Paia, HI
Phone: 808-269-1031
E-mail: df@mauiventure.net
Submitted on: 2/17/2010

Comments:
I am writing in strong opposition of HB2867 which would repeal various income tax credits and deductions.

I have written and deleted several versions of why you should drop HB2867, but I do not want to be rude, negative, alarmist, patronizing, or long-winded, so I will simple say stop HB2867 since it will serious damage our economy and our potential for recovery.

Respectfully,

David B. Fisher
Haiku, Maui

LINDA LINGLE
GOVERNOR

BARBARA E. ARASHIRO
ACTING EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
POST OFFICE BOX 17907
Honolulu, Hawaii 96817

EXECUTIVE ASSISTANT

Statement of
Barbara E. Arashiro
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON FINANCE

February 17, 2010 3:00 P.M.
Room 308, Hawaii State Capitol

In consideration of
H.B. 2867
RELATING TO TAXATION

The Hawaii Public Housing Authority (HPHA) opposes H.B. 2867 which would, in part, eliminate the Low Income Housing Tax Credit (LIHTC) for the next 5 years.

The LIHTC is a vital tool in plans for redeveloping HPHA properties in need of significant rehabilitation, in addition to its role in the development and rehabilitation of non-governmental affordable housing. Financing plans for redevelopment of public housing and other affordable housing projects include use of the LIHTC to attract private investment. Without the LIHTC additional low-income affordable housing projects will be delayed and in many cases will not be started at all. The social and financial costs of homelessness due to lack of affordable housing will likely, in the end, be larger than the cost of continuing the LIHTC.

HI SciTech
HAWAII SCIENCE & TECHNOLOGY COUNCIL

Bill	**HB2867**
Date	**February 17, 2010**
Time	**3:00pm**
Place	**Conference Room 308**
Committee	**FIN**
Chair	**The honorable Representative Marcus R. Oshiro**
Vice Chair	**The honorable Representative Marilyn B. Lee**

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

Hawaii Science and Technology Council (HSTC) strongly oppose HB2867.

On behalf of HSTC, we strongly oppose HB2867. Repealing various income tax credits and deductions will harm a lot of our members and their companies.

Thank you for your time and consideration.

Respectfully yours,

Jamie Ayaka Moody
Government Relations
Hawaii Science & Technology Council
733 Bishop Street. #1800
Honolulu, HI 96813

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 17, 2010 9:54 AM
To: FINTestimony
Cc: detlev@nova-sol.com
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Detlev Even
Organization: Individual
Address:
Phone:
E-mail: detlev@nova-sol.com
Submitted on: 2/17/2010

Comments:
Cancelling Act 221 Tax Credits will seriously jeopardize the tech industry that generates important jobs for Hawaii.

FINTestimony

‾rom: mailinglist@capitol.hawaii.gov
ent: Wednesday, February 17, 2010 9:55 AM
To: FINTestimony
Cc: brianhill@hawaii.rr.com
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Brian Hill
Organization: Individual
Address: 818 Koko Isle Circle Honolulu, HI
Phone: 808 395-7807
E-mail: brianhill@hawaii.rr.com
Submitted on: 2/17/2010

Comments:
I work in the high tech industry in Honolulu. Although I am not in management, I believe my company struggles to make a profit and may not be able to do so without the current tax credits. Help my company and other high tech companys to be profitable and help diversify the local economy by keeping the current tax credits for this industry.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 17, 2010 10:17 AM
To: FINTestimony
Cc: spoilerpunk7@yahoo.com
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Dane Neves
Organization: Individual
Address: HI
Phone:
E-mail: spoilerpunk7@yahoo.com
Submitted on: 2/17/2010

Comments:
This bill will directly impact the Hawaii film industry on a major negative level. The film industry has consistently generated beyond-amazing revenue for the state of Hawaii and, therefore, should be protected at all costs.

PacifiCap
Group

PacifiCap Group, LLC
820 Mililani Street, Suite 600
Honolulu, HI 96813
Direct: 808.237.5388 Fax: 808.537.2188

February 17, 2010

Testimony for Hearing before the
House Committee on Finance
Wednesday, February 17, 2010, 3:00 pm

State Capitol, Conference Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Re: Testimony in STRONG OPPOSITION to HB 2867
Relating to Taxation

Chair Oshiro, Vice-Chair Lee, and Committee Members:

Thank you for the opportunity to submit testimony in STRONG OPPOSITION to HB 2867. I respectfully request that you vote to hold this bill and <u>against</u> its passage.

This bill proposes to repeal various income tax credits and deductions.

My primary objection to this bill is its potential illegal and unconstitutional retroactive repeal of the High Technology Business Investment Tax Credit (commonly known as the "Act 221 Investment Credit") under Section 235-110.9, Hawaii Revised Statutes ("HRS"), for investments that already have been made. By repealing and completely wiping this law off the books, this bill would make it impossible for the Tax Department to administer, and make it impossible for investors to continue to earn over the five year statutory period after their investment, the Act 221 Investment Credits to which they are entitled.

I am Jeff Au, Managing Director and General Counsel of PacifiCap, Hawaii's largest locally based venture capital firm. Over the past ten years, PacifiCap has invested in more than two dozen Hawaii high tech and media companies, which collectively have raised more than $500 million in investment capital.

I am also a practicing attorney licensed in both California and Hawaii and have actively analyzed, structured, negotiated, documented and closed dozens of venture capital, high technology and alternative financing transactions, in both Silicon Valley and Hawaii, for more than twenty years.

<u>Unconstitutional Retroactivity</u>:

In my professional opinion, and in the professional opinions of several very experienced senior State officials, attorneys and CPA's with whom I have discussed this issue, the retroactive nature of this bill would be illegal and (among other things) in violation of the U.S. Constitution to the extent that it repeals Act 221 Investment Credits that could otherwise be claimed in 2010 and future years for investments that already have been made.

Under Act 221, investors must wait five years to be able to earn all of the potential credits from their investments.

Repealing these credits after investments have been made, but before the five year period has passed, would be like me buying a car on a 5 year installment payment plan, deciding to stop making payments after a couple of years, but still expecting to drive the car around for 5 years without getting sued or having the car repossessed.

Financial Crisis Does Not Justify Ignoring or Breaking the Law (Which Can Cost the State More Money):

We all are acutely aware of the State's current budget shortfalls and financial crisis. However, even the worst financial crisis does not justify ignoring or breaking the law.

If someone loses his job and desperately needs money to feed his family, pay his mortgage or pay medical bills, it is still no excuse or justification for him to break the law and steal from others or to sell drugs to get more cash.

Your Committee should keep in mind that passing legislation or taking actions that are later found to be illegal by the courts will not save the State money but will instead cost the State more and make the budget deficit worse.

Just last week, your Committee had to authorize more than $1.5 million under HB 2523 to settle legal claims brought against the State and the Aloha Tower Development Corporation. And let's not forget the tens of millions of taxpayer dollars that were wasted on harbor modifications and other costs for the Superferry, not to mention the hundreds of millions of dollars lost by private investors and our State's economy, because, in the opinion of the Hawaii Supreme Court, the State Administration and Legislature did not follow the law.

I mention these sad episodes from our recent past not to re-live the pain and embarrassment that they brought to our State, but so that we can all learn from them to avoid making similar mistakes in the future, and in the present.

If there is a difference with this bill and Act 221 Investment Credits, it is that they involve not just one company or one potential plaintiff, but rather hundreds of companies and thousands of investors who could sue the State, with whom reaching a settlement would be much more difficult, given the extremely large number of parties involved.

In short, you should not vote for this bill if you do not want to be held responsible for subjecting the State to a tsunami of potentially thousands of lawsuits, which will be beyond the control of anyone to be able to stop, once it begins.

State's Economic Benefits from Act 221:

But you don't have to be a lawyer to have the common sense to know that it would be wrong for the State to deny investors the credits that were promised to them in exchange for their investments and to simply "take their money and run" after the State has benefited from the cash that they invested.

In spite of all of the negative political speeches made against Act 221, the factually inaccurate and misleading "studies" by the Tax Review Commission, the half-truths and negative press spin from DBEDT and others, and the uncertainty caused almost every year by attempts to change Act 221 in the Legislature that our State's economy, business reputation and credibility have suffered from for almost a decade now, I suppose that we all should nevertheless be very thankful at how successful Act 221 has been, in spite of such determined and sustained efforts to discredit and undermine it, led by a relatively small number of, what I like to call, "Act 221 Haters."

In December 2009, the Department of Taxation reported that **more than $1.37 billion dollars** of cash had been invested in more than 370 Act 221 high tech and media companies between 2000 and 2008, with total projected costs to the State budget for credits to be claimed for these nine years worth of investments being **less than $776 million**, with **total cash invested exceeding the costs of credits by more than $594 million.**

In 2008 alone, **more than $265.7 million was invested in at least 203 Act 221 companies**, which **spent more than $378.2 million in Hawaii** and **paid more than $235.1 million in job compensation** in 2008 alone.

You also should not scapegoat Act 221 for the State's current budget deficit. In many years prior to 2009, the State had budget SURPLUSES of several hundred million dollars (as much as $700 million in 2006 alone), even AFTER taking into account the costs of Act 221 tax credits. You also know that the primary cause of the current State budget deficit is a substantial drop in General Excise Tax revenues, and that Act 221 Investment Credits do not even apply to General Excise Tax.

IMPOSSIBLE to BOTH Increase Jobs AND Reduce State Budget Deficit Without Private Sector Company Investment and Growth:

In spite of our differences, I think most of us in this room can find common ground in agreeing that our State's top economic priorities this year are to 1) create and preserve jobs and 2) balance the State budget.

But if you focus on State government jobs alone, these two objectives are in direct conflict with each other. The more State government jobs you create or preserve, the bigger your State budget deficit will be, and the more you try to reduce the State budget deficit, the more State jobs will have to be cut or furloughed.

It will be virtually impossible for the State to escape this "no-win" "Catch-22" without the growth of private sector companies and jobs, which are funded from new private investment, revenues and profits, and not just increased taxes.

In a very severe economic downturn as we are now experiencing, our State economy needs more than ever tax incentives such as Act 221, which attract and leverage private sector dollars to create jobs and sustain businesses that can independently earn revenues to stimulate our economy, at just a fraction of the costs to our State budget, as compared to more government spending, which must be 100% funded from our State budget year, after year, after year, with no end in sight, other than from State employee layoffs and furloughs.

Only by growing private sector companies and jobs can we increase jobs in our community without increasing our State's budget deficit.

But if the Legislature and Administration take actions that lead private companies and investors to believe that the State cannot be relied upon to honor its long term commitments; that it will play "bait and switch" with our money and take away promised credits after our money is invested; and that the warm "Aloha" that welcomed us to invest in Hawaii will quickly transform into "Say Aloha to your money," in disregard of the Rule of Law and basic principles of fairness after our companies and money are stuck here, market forces will quickly dictate that fewer and fewer private investors and companies will want to invest and do business here; fewer and fewer kamaaina will want to come home, and more and more of us who already have returned, will be forced to once again start to reconsider the heart-wrenching decision of whether it's once again, time to leave.

Thank you for the opportunity to testify.

Respectfully submitted,

Jeffrey K. D. Au
Managing Director and General Counsel
PacifiCap Group, LLC

021710JAUFINSTRONGOPPOSITIONTOHB2867#1

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 17, 2010 1:29 PM
To: FINTestimony
Cc: pablopaz@hawaii.edu
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Pablo Paz
Organization: Individual
Address: 2585 Dole Street, Hale Noelani A302 Honoulu, Hawaii
Phone: (505) 690-2242
E-mail: pablopaz@hawaii.edu
Submitted on: 2/17/2010

Comments:
I do not think we should kill any incentives in Film Production in Hawai'i, but we should rather expand our endeavors into this branch of the economy, because it is one facet of infrastructure that actually has positive earning potential. Students are being trained right now to work in these fields, and without these incentives, than they will be left out in the cold and forced off the islands with no work.

Hawai'i Association of REALTORS®
www.hawaiirealtors.com

The REALTOR® Building
1136 12th Avenue, Suite 220
Honolulu, Hawaii 96816

Phone: (808) 733-7060
Fax: (808) 737-4977
Neighbor Islands: (888) 737-9070
Email: har@hawaiirealtors.com

February 16, 2010

The Honorable Marcus R. Oshiro, Chair
House Committee on Finance
State Capitol, Room 308
Honolulu, Hawaii 96813

RE: H.B. 2867 Relating to Taxation

HEARING: Wednesday, February 17, 2010 at 3:30 p.m.

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

I am Craig Hirai, a member of the Subcommittee on Taxation and Finance, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,800 members in Hawai'i. HAR **opposes** H.B. 2867 to the extent it repeals the state low-income housing tax credit under HRS §235-110.8 associated with federal credits which are subject to the state housing credit ceiling under IRC §42(h)(3)(C) or a subaward under Section 1602 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

HAR has historically supported mechanisms to help increase the supply of low and moderate income affordable housing such as the Rental Housing Trust Fund Program which can help integrate the use of mixed-income and mixed-use projects, special purpose revenue bonds, low-interest loans, block grants, low-income housing tax credit programs and deferred loan programs to provide rental housing opportunities.

HAR believes that it is in the best interest of the State to support funding sources that will facilitate the use of the full amount of the state housing credit ceiling under IRC §42(h)(3)(C), including low-income housing tax credit taxable general obligation bond "exchange" bills such as S.B. 1118, S.D.2, H.D.2, that has been held over in conference from the 2009 Legislative Session.

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.

HAWAII FILM & ENTERTAINMENT BOARD

COMMITTEE ON FINANCE

February 17, 2010 – 3:00 pm
State Capitol, Conference Room 308

RE: HB 2867 – RELATING TO TAXATION

Dear Chair Oshiro, Vice Chair Lee and members of the committee:

The Hawaii Film and Entertainment Board, whose members include all of the film industry labor unions, associations and film commissions **STRONGLY OPPOSE the portions of HB 2867 that relates to the film because the industry is a proven REVENUE GENERATOR.**

As was reported to the legislature in September 2009, **the state has received almost $20 million in tax revenues in 2007 and 2008, an average of $10 million per year. This is a NET gain figure and takes into account the expense of the production tax credit.** The basic refundable tax credit for production was enacted in July of 2006 and has shown immediate and significant returns for the state at **NO COST TO THE STATE.**

The industry is responsible for $375 million in direct spending into Hawaii's economy, and when the indirect and induced impacts are factored in, **the film industry has generated nearly $500 million of economic activity in 2007-2008 alone** using the very conservative multiplier of 1.29.

2010 is on track to be a near record-breaking year of $220 million of direct film industry spend and is on track to again, **provide another $10 million of tax revenues for the st**ate because of the production tax credit. We respectfully request you remove the film references from HB 2867 so this kind of revenue generation can continue.

Thank you for the opportunity to provide these comments.

Brenda Ching,
Chair

Attachments: 2007-2008 Econ Impact, Direct and Indirect expenditures; 2007-2008 Tax Revenues Generated (summary); 2007 Econ Impact Detailed spreadsheet; 2008 Econ Impact Detailed spreadsheet

c/o SCREEN ACTORS GUILD • 949 Kapiolani Blvd., Suite 105 • Honolulu, HI 96814 • PH: (808) 596-0388 • FAX: (800) 305-8146

Economic Impact

The Film Industry is a part of the solution

Total Direct and Indirect impact:

2007	(based on $229 M spend)	$304 million
2008	(based on $146 M spend)	$194 million
Total Economic Impact 2007-2008		**$498 million**

Multiplier of 1.29 and revenue calculation provided by DBEDT- READ; Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist; Based on direct spend figures provided by DBEDT-FIB

Note: "Film Industry" is used in a generic sense and represents film, television, commercial and new media

Tax Revenues Generated

Year	Direct Spend	Tax Revenues Generated
2007	$229 million	$ 11.3 million
2008	$146 million	$ 8.06 million
		$19.37 million into State coffers

Major projects:

Forgetting Sarah Marshall	Oahu
LOST	Oahu
Tropic Thunder	Kauai
Indiana Jones 4	Big Island
Pirates of the Caribbean 3	Maui / Molokai

Direct and Indirect economic formulas provided by Dr. William Boyd, UH Economist

2007 Economic Impact estimates - Act 88 and non-Act 88 Scenario

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15%	x estimated split	$11,592,208
NI cost	20%	x estimated split	$15,456,277
	$77,281,387	Oahu split	
	$77,281,387	NI split	
		Total Act 88 cost:	$27,048,486
		Indirect Impact (Production Spend x multiplier)	$294,997,152
		Indirect revenues generated =	$66,317,189
		Indirect revenues x Revenue calculation =	$8,621,235
		total direct and indirect impact	$303,618,387
		multiplier	1.29

Annual Production Spend	$228,679,963		
Act 88 Spend	$154,562,775	% of Act 88 total	67.589120%
non-Act 88 Spend	$74,117,188	% of non-Act 88 total	32.410880%
			100.000000%
Annual Tax Revenues	$29,728,395	Revenue calculation @	13.00%
Rebate Cost	$27,048,486	Oahu and NI figures	
subtotal (cost to state)	$2,679,910	(net gain/net loss)	
Indirect Impact	$8,621,235		
+ cost to state	$2,679,910		
TOTAL	**$11,301,144**	**(net gain/net loss)**	

Legend- base figures:
Blue = input figures
Green = formula figures
Black = formula figures with positive results
(Red) = formula figures with negative results

Total figures
Black = net gain to state
(Red) = net loss to state

Hawaii Film and Entertainment Board

2008 Tax Incentive Economic Impact Analysis for Act 88

Oahu split calculated at	50%		
NI split calculated at	50%		
Oahu cost	15%	x estimated split	$7,035,000
NI cost	20%	x estimated split	$9,380,000
	$46,900,000	Oahu split	
	$46,900,000	NI split	
		Total Act 88 cost:	$16,415,000
		Indirect Impact (Production Spend x multiplier)	$188,340,000
		Indirect revenues generated =	$42,340,000
		Indirect revenues x Revenue calculation =	$5,504,200
		(3) total direct and indirect impact	$193,844,200
		(1) multiplier	1.29
Annual Production Spend*	$146,000,000		
Act 88 Spend**	$93,800,000	% of Act 88 total	64%
non-Act 88 Spend	$52,200,000	% of non-Act 88 total	36%
Annual Tax Revenues	$18,980,000	(2) Revenue calculation @	13.00%
Rebate Cost	$16,415,000	Oahu and NI figures	
subtotal (cost to state)	$2,565,000	(net gain/net loss)	
Indirect Impact	$5,504,200	(net gain/net loss)	
+ cost to state	$2,565,000		
TOTAL	**$8,069,200**	**(net gain/net loss)**	

Legend- base figures:
Blue = input figures
Green = formula figures
Black = formula figures with positive results
(Red) = formula figures with negative results

Total figures
Black = net gain to state
(Red) = net loss to state

* Honolulu Advertiser 5/18/09; quote by Donne Dawson, Film Industry Branch
** draft figures provided by DBEDT - Film Industry Branch

(1) Multiplier figure provided by: DBEDT
(2) Revenue calculation figure provided by: DBEDT
(3) Direct and Indirect economic formulas provided by: Dr. William Boyd, UH Economist

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 17, 2010 8:47 AM
To: FINTestimony
Cc: rick@nova-sol.com
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Rick Holasek
Organization: NovaSol
Address: 1001 Bishop St., suite 2950 Honolulu, HI
Phone: 808.441.3666
E-mail: rick@nova-sol.com
Submitted on: 2/17/2010

Comments:
Eliminating all credits is short sighted and will cause further future financial shortfalls due to lowered revenues statewide.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 17, 2010 11:29 AM
To: FINTestimony
Cc: selwyn.yee@nova-sol.com
Subject: Testimony for HB2867 on 2/17/2010 3:00:00 PM
Attachments: save_act_221.txt

Testimony for FIN 2/17/2010 3:00:00 PM HB2867

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: Selwyn Yee
Organization: Individual
Address: 60 north beretania st., #2007 honolulu, hi 96817
Phone: 808-441-3629
E-mail: selwyn.yee@nova-sol.com
Submitted on: 2/17/2010

Comments:

Dear Members of the Legislature:

I am deeply concerned that you are considering the cancellation of Act 221 and the the research tax credit.

As an engineer and scientist working in Hawaii at Novasol, the viability of technology companies is the reason I live here.

There are many reasons why cutting Act 221 and related technology incentives is bad:

1. Hundreds of tech workers such as myself may have to move out of state, thus taking state tax revenue with them.

2. Further moving toward a one-industry economy based on tourism means harder economic slumps when tourism goes down.

3. Loss of federal dollars and research dollars from out of state.

4. The exodus of skilled tech workers today means the lack of tech talent tomorrow. This will result in the hiring of expensive out-of-state consultants when the Hawaii economy finally recovers.

I fear cutting Act 221 and other tech incentives sends a strong anti-business message to out of state investors.

Thank you for listening.

Sincerely,
Selwyn Yee