

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Thursday, August 29

SBH Sunrise Networking Breakfast Jan Kaeo

Dale Carnegie Hawaii
The Pineapple Room @
Macy's Ala Moana • 7 – 8:30 am

Friday, September 20

6th Annual SBH Foundation Awards Waiialae Country Club • 5 – 8 pm

Aloha Darlyn, Welcome Janayhe!

Our “Queen of SBH,” Ms. **Darlyn Evangelista**, completed her final day with SBH as our Office Manager/Administrative Secretary on July 31. Darlyn was with us for 8½ years, a record, and a testament for her ability to put up with Sam Slom for so long!

Darlyn has moved from her home in Hawaii Kai to Oregon where her son Dylan attends college. Like so many (too many) island residents, she is forced to relocate because of costs of living and limited economic choices.

SBH members, the public and small business owners, thank her for all her leadership and wish her well.

As of August 1 our new SBH Assistant is local gal, **Janayhe Self**, an accomplished Realtor Associate, who brings experience in advertising, marketing, event planning and back office management. Janayhe is a member of Waikiki Toastmasters, an accomplished public speaker and has been serving as president of the Hawaii Kai Chamber of Commerce.

Darlyn's slippers will be hard to fill but we think Janayhe is up to the task. You will meet her at our next SBH event.



SBH Photo Grid: Top left SBH Director Jack Schneider and SBH Sunrise Speaker for this month, Jan Kaeo of Dale Carnegie Hawaii. Top right: July's SBH Sunrise Speaker Shawn Dohmen. Bottom left: National talk radio show host Rusty Humphries spoke to more than 100 conservatives at last month's Hawaii Republican Assembly's lunch. Longtime SBH Office Manager Darlyn Evangelista (right) left Honolulu this month with her son Dylan to start a new life in Oregon.

SBH Sunrise Forum Features Jan Kaeo

The monthly SBH Sunrise Networking Breakfast Forum continues Thursday, August 29, in the Pineapple Room, Macy's Ala Moana (3rd Floor), from 7 – 8:30 am.

In addition to networking, introductions and special announcements, the Sunrise event features a full buffet breakfast, program and free parking.

Jan Kaeo, who will be our speaker, has spent most of her career in sales and marketing. For 11 years, she worked for several major media firms in Honolulu, Cox Radio, KGMB 9 and KHON TV2. She was part of the startup sales force when 15 Craigsides was opening and became the Director of Marketing for Arcadia Community Service. Most recently, Kaeo became the Hawaii leader for Dale Carnegie.

Want to do more business even in these tough economic times? Then come to Sunrise!

July's speaker was **Shawn Dohmen**, creator of the highly successful retail discount IdCard..

The SBH forums are open to the public. Advance paid reservations are required.

Each participant is introduced, can plug their business, and bring materials.

The complete cost for SBH members and their guests remains \$25 per person. For non-members and those paying at the door—seats are limited—the cost is \$35.

For details go to www.smartbusinesshawaii.com or call Janayhe at SBH, 396-1724, or send in the reservation form on page 7. You can also reserve online at: smartbusinesshawaii.com/index.php/events/rsvp



Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Hawaii Statehood occurred on August 21, 1959 with passionate enthusiasm and joy after a 94% positive vote for Statehood. Statehood, or Admission Day, was established as a paid state holiday in Hawaii decades ago. Problem is, for nearly the last two decades, Hawaii officials have been fearful of actually openly celebrating the day or verbalizing any pride in being an American because of discontent among certain Native Hawaiian activists. Several years ago, it got ugly. I know because I sponsored the event when no one else would. After that, I suggested eliminating this day as a paid government holiday since the government no longer wants to acknowledge the benefits of being the 50th State. The law was changed, but only to designate the third Friday in August as another government day off to go to the beach, shopping, or have protests against the USA, etc. This Statehood Day, August 16, celebrate quietly and privately. Me, I'm still proud to be an American.

No "Freedom Tower" for us. The replacement for the World Trade Center, originally named "The Freedom Center," will not be called that because the Chinese office occupants objected to the name. The building, whose costs have ballooned to more than \$4 billion, has had completion delayed from 2011 to 2014 to 2016.

Hilo Hattie's. The July 17 SBH Pau Hana was a lot of fun. Mahalo to **Mark Storfer** and Hilo Hattie, Hawaii's premiere Hawaiian apparel and gift store.

The SBH Young Entrepreneurs group is now up and running. Annual dues are only \$75 if you are under 30. Contact me directly (SBH@lava.net), go online (www.smartbusinesshawaii.com), or call Janayhe at 396-1724 for details. Welcome aboard!

Park Names Camara. The newly opened Park Restaurant, in the Aqua Lotus Hotel (formerly the W Hotel), at Diamondhead, has named Dante Camara as Manager. Previously the manager at Hoku's restaurant at The Kahala Hotel & Resort, Camara brings an extensive and storied career in restaurant management to his new position at Park. Camara grew up in Honolulu and later spent his college years in Rhode Island.

No Merger? The Justice Department has filed suit seeking to block the \$11 billion merger of **American Airlines'** parent corporation, **AMR**, and **US Airways Group**, saying the combined company would reduce competition

in local markets and result in higher airfares. American and US Airways compete directly on more than 1,000 routes where one or both offer

Spam Musubi. Join the rest of Hawaii as we celebrate our most cherished grain at the 4th Annual Rice Festival on Sunday, September 1, 2013 from 12:00 p.m. – 5:00 p.m. at Ward Centers. Admission is free, so get your chopsticks out and bring your appetite for a one-day taste trip to kick off National Rice Month. Help build a record sized Spam Musubi.

Sizzle Fizzled. The Sizzler Restaurants, wonderful memories for most of us over the years in the Dillingham, Waikiki and Aikahi locations, last month closed after filing bankruptcy. The owners cited the "high cost of doing business in Hawaii" as the reason.

Flying the Coop. Also last month, Kentucky Fried Chicken closed in Niu Valley and Kapahulu Avenue. This followed the closure on Keeaumoku Street. Where have all the chickens gone?

New Chamber President. Sherry Menor-McNamara will succeed **Jim Tollefson** as President of the Chamber of Commerce of Hawaii at the end of this month.

I Love Liliha. The annual "I Love Liliha Street Festival" now celebrating its 10th year, will begin August 25. Fun run, music, food—don't forget the cocoa puffs—are all a part of this community entertainment event.

Read Your E Blast every Wednesday. What? Not receiving your weekly electronic SBH E Biz News? More than 15,000 business owners do receive it. It's complimentary. Ad space available too. Call Janayhe at 396-1724.

Kaero to Speak at SBH Sunrise: Jan Kaero, marketing specialist and Dale Carnegie Hawaii manager, will address SBH members and their guests Thursday, August 29, at the Pineapple Room, Macy's, Ala Moana, 7-8:30 am. Reservations: Call Janayhe at 396-1724.

Tune in Panos. SBH Director and UH Engineering Prof, **Dr. Panos Prevedouros**, is a weekly guest on Rick Hamada's Tuesday morning radio show every Tuesday, 7:05 – 8 am. Tune in!

SBH wants you as an SBH Member. Is your business a member of SBH? No? Lots of benefits. Strong networking organization. Call SBH today (808-396-1724) or go online to **www.smartbusinesshawaii.com**.

Be sure to also visit and like us on **Facebook** (Smart Business Hawaii) and follow us on **Twitter** for the latest updates.



City Considers Rename of Street to Honor Lex Brodie

City Councilmember **Ann Kobayashi** recently let us know that a proposed resolution to rename part of Coral Street after SBH founder and entrepreneur **Lex Brodie** has been written. The resolution was drafted after a resolution to do the same was proposed by Senator Sam Slom in the State Legislature this past session.

Lex Brodie was the founder of Smart Business Hawaii and was a well known businessman and community leader. His Lex Brodies' tire repair shops have become a successful business with one of the most well known locations at the corner of 701 Queen and Coral Streets in Honolulu.

The text of the draft resolution is currently not on the City Council's website since there is no number and the fact that the proposal was scanned from a paper copy to PDF which means nothing can be cut and pasted from the said document.

The proposed reso is now on our website as a downloadable PDF.

<http://smartbusinesshawaii.com/images/uploads/Draft-Reso-Coral.pdf>

SMALL BUSINESS NEWS

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Small Business Hawaii (SBH), was founded in 1975, by Lex Brodie. SBH is a private, independent, non-profit [501 (c) (6)] statewide association of nearly 2,000 business members.

SBH Foundation Announces 6th Annual Business Awards Banquet

The Small Business Hawaii Entrepreneurial Education Foundation (SBH Foundation) has announced its SBH All Star Business Awardees for 2013. The banquet will be held at the **Waialae Country Club on September 20 starting at 5:00 pm.**

Awardees are chosen by SBH Foundation Directors from nominees received from SBH members and community leaders and voted upon annually.

SBH Awards are based upon business success, educational involvement and community leadership.

The 2013 Awardees include:

Lex Brodie Business Person of the Year
John Carpenter
Island Slipper Company

Jean Fukuda Civic Leadership Award
Vicky Cayetano
United Laundry Services, Inc.

Young Entrepreneur of the Year
Skylar Soares – HiSky Sun Caps

George Mason
Outstanding Business Reporting
Steve Petranik
Editor, Hawaii Business Magazine

SBH Business Boosters
Ryan Ozawa & Burt Lum
ByteMarks Cafe

SBH Success All Stars
Signe Godfrey
Olsten Staffing & Professional Services

Clark Hatch
Clark Hatch Fitness Center

Mark Storfer
Hilo Hattie

SBH Educator of the Year
John Sosa
Principal, Kaiser High School

SBH Life Achievement
Leadership Award
John Henry Felix – HMAA



Young Entrepreneur Skylar Soares

You will want to join and support these successful business owners and hear their inspiring stories.

Reservations, sponsorships and auction information is available from SBH (Malia at 306-3161) or Janayhe at 396-1724.

A reservation form also appears on page 4 in this issue of *SB News*.

Hawaii Third Highest in Per Capita Interest Costs

By **Malia Zimmerman**
HawaiiReporter.com

Last year, Hawaii spent more than \$175 per person — \$244 million in all — just to fund its interest payments, the third highest rate per person in the country.

Truth in Accounting, a Chicago-based financial watchdog group, found that among the 50 states, only Connecticut and Massachusetts paid more per person to manage their debt than Hawaii.

“From 2005 to 2012, interest expense for the state government in Hawaii rose from \$170 million to \$244 million,” said Jeff Wysong, a research analyst for Truth in Accounting. “The \$244 million represents almost 4 percent of Hawaii’s total revenues.”

“Rising interest expense amidst falling interest rates is not a good sign for state government financial health. If interest rates rise, they might place a great strain on state’s budget,” Wysong added.

Wysong said interest expense has risen significantly among state governments since 2007, despite a substantial fall in market interest rates.

State records show Hawaii’s state government had \$4.2 billion of outstanding general obligation bonds in fiscal year 2005, according to Kalbert Young, director of the state’s Department of Public Finance. At the conclusion of fiscal year 2012, Hawaii had \$5.4 billion in outstanding general obligation bonds.

Young disagrees this is an “excessive” rate of growth for debt compared to other states, and said Hawaii has sold a good portion of its bonds realizing a premium.

“When interest rates are low, as they have been over the last 4 to 5 years, good-credit bonds with 4 percent to 5 percent coupons typically sell for a premium, meaning that bond holders will buy the bonds by paying more upfront than the face value of the bond,” Young said. “In Hawaii’s case, when bonds sell at a premium, the premium is used to pay future debt service, meaning that the general fund (the Legislature a la tax-payers) do not have to pay more towards appropriating for debt service.”

This nuance is not visible to Truth In Accounting analysts by looking exclusively at appropriated debt service in the annual

budget, Young said.

“The last GO bond transaction in November 2012 netted more than \$65 million in premiums. The 2011 GO transaction netted more than \$105 million in premiums. All of the premium was received as ‘unanticipated revenue’ and subsequently appropriated by the Legislature towards future debt service,” Young said.

There are other factors to consider, he said. The state capital finances a greater portion of facilities such as schools and prisons, and the state has been on an aggressive capital investment campaign for the last few years. During the economic recession in Hawaii between 2005 and 2010, the state restructured existing debt by postponing principal repayments.

“This definitely did not help the interest expense duration levels, but was probably necessary considering the fiscal revenue declines the state was experiencing,” Young said. “This was a textbook strategy of a good number of municipals and states back then.”

Since Young became the finance director for Hawaii in 2010, he directed the addition

Continued on page 4.

Former Filipino Chamber President Sentenced

Former Filipino Chamber of Commerce President **Stephen Callo** was sentenced in U.S. District Court to 30 days in federal prison and three years probation and will have to pay a \$3,000 fine.

Callo, a CPA, earlier pleaded guilty to committing wire fraud and lying about his income in 2006 to secure a \$550,000 home loan. In a deal with federal prosecutors, Callo pleaded guilty and had 13 other charges dropped that were tied to his involvement in Hawaii's most expansive mortgage fraud case.

Callo and 13 others were charged in August 2010 with wire fraud, conspiracy and making false statements on loan applications for 90 Oahu properties leading to subprime mortgage lenders being defrauded out of millions of dollars over a 5-year period spanning from 2003 to 2008. According to federal prosecutors, Estrellita Garo Miguel allegedly masterminded the scheme through his company, Easy Mortgage Corp.

Honolulu FBI Special Agent **Tom Simon** said: "Simply put, certified public accountants should not be involved in financial fraud schemes. It's a profession that relies on integrity and the public's trust. If a CPA tells you financial figures are accurate, you should be able to rely on that as the gospel truth."

"It's very disappointing that Mr. Callo would betray his own profession's ethical standards by lying about financial data for his own personal gain. The Honolulu FBI will be referring this case to regulatory authorities for administrative sanctions that may include stripping Mr. Callo of his CPA license and professional designation." Callo is the second past Filipino Chamber of Commerce president to plead guilty to fraud in recent months.

Jason Pascua, a former Democratic House candidate and US Army Reservist, pleaded guilty in federal court in May 2013 to defrauding \$1.6 million from nearly three-dozen victims. Pascua was the Filipino Chamber of Commerce president and also worked with the Japanese Chamber of Commerce.

Hawaii's Business Climate on **News Behind the News**.

Watch the video with Sam Slom and Malia Zimmerman.

smartbusinesshawaii.com/index.php/news/article/TV-8-2013/

Per Capita Interest Costs

Continued from Page 3.

of about \$1.2 billion of new-issued general obligation debt while the state has retired between \$400 to \$600 million in outstanding debt.

The state will spend \$24 billion over the next biennium budget for its operating funds.

In the City & County of Honolulu, where the majority of Hawaii's 1.2 million residents live, the city spends 19 percent of its \$2 billion operational budget on debt service.

Honolulu City Council Budget Chair Ann Kobayashi said if the city builds its proposed \$5.2 billion elevated steel rail project, that number could rise as high as 24 percent compared to 13 percent in good years.

Hawaii already has the highest overall cost of living and cost of doing business designation in the country. The state is among the overall highest taxed in the nation. Funding the local government falls on 78 percent of the working population not employed by government in Hawaii.

Originally published in HawaiiReporter.com

<http://www.hawaiireporter.com/?p=403812>

Hawaii Reporter Gets SPJ Awards

Investigative reporter **Jim Dooley** was presented with the highest Society of Professional Journalists' honor, the SPJ Public Service Reporting Award for his series on prisoners released on the state's HOPE Probation program who then committed additional violent felonies. Hawaii Reporter also won SPJ's highest Government Reporting award and was a finalist in SPJ's Investigative Reporting award category for a series of reports on the missing University of Hawaii's missing \$200,000. Hawaii Reporter also won a first place award for Best Multi Media Presentation for the investigation into underage sex trafficking at several businesses located at 350 Ward Avenue. Another finalist award went to Hawaii Reporter for Best Overall News Site, which includes presentation and design. Cartoonist **John Pritchett** won an award for his cartoon, Victoria Secret Service.



The 2013 Hawaii All Star Small Business Awards

Friday, September 20, 2013 • 5:00 pm to 8:00 pm • Waiialae Country Club

Name: _____

Firm: _____ Phone: _____

Cost: \$100 per person • Table Sponsor: \$1,000 (8 – 12 seats per table)

Please reserve _____ (# of seats) Enclosed is my payment for \$ _____.

Please make checks payable to **SBH Foundation**, a 501(c)3 Hawaii Non Profit Corporation, and mail to SBH, 6600 Kalaniana'ole Highway, Suite 212, Honolulu, Hawaii 96825.

Or call SBH at 396-1724 to charge by phone. All major credits cards accepted.

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Farm Producers Already Enjoy Reduced Tax Rates

By **Lowell Kalapa**, President, Tax Foundation of Hawaii

One of the measures introduced during the last Hawaii legislative session would have exempted from the general excise tax the sale of fresh farm produce that is intended for human consumption within the state. In order to claim the exemption, the farmer would have to register with the department of taxation and pay an annual fee.



Apparently the sponsors of the exemption intended the measure to encourage the sale of locally grown produce by exempting the sale of that produce from the 4% general excise tax. While it may have sounded like a good idea, the proposal did, in fact, reflect ignorance about the tax and how businesses operate in the state. Apparently the proposal made the assumption that such farm fresh produce is sold only at so-called "farmers' markets" and the produce is sold to the final consumer and, therefore, is subject to the full retail rate of 4%.

Contrary to the perception, it is more than likely that most locally grown produce is sold to wholesalers, retail markets, or food establishments.

Electric Vehicles Here to Stay

By **Panos Prevedouros**, PhD

According to the MIT Review *Electric Vehicles are Here to Stay*. Yes, but the case for them is not particularly strong and their market penetration will be small for a very long time, for two big reasons.

One is **EV's marginal environmental benefit**.

The infographic clearly shows that the big improvement comes when a gasoline-powered vehicle is converted to hybrid: Its emissions drop from 0.87 pounds of CO₂ per mile to 0.57 pounds per mile.

All the fuss to get to EV cuts CO₂ down only to 0.54 pounds per mile (and probably leaves a much bigger problem with battery recycling at the end.) In addition this estimate does not likely account for all the charging infrastructure that is being installed from scratch.

The second reason is **the affordable price of fuel, gasoline in particular**. It will be priced at around \$4 per gallon for a long time thanks to major forces that work against major price increases, such as:

Hydraulic fracturing of fracking for natural gas extraction, which curbs the demand for oil by vast amounts. (In 2000 fracking yielded 1% of the natural gas production in the US. In 2010 it yielded 20% of the production. A breakneck acceleration in such a capital intensive industry thanks to my fellow Greek and father of fracking George Phydias Mitchell.)

Sustained oil prices in the \$50 to \$100 per barrel make expensive explorations affordable, so a healthy supply of oil will be available to satiate the increasing demands of the developing world.

Substantially decreased demand for gasoline due to the popularity of high mpg vehicles (CAFE requirements and sales success of hybrids and plug-in hybrids; can't buy a Hummer anymore.)

Less travel due to persistent high unemployment and mega economic downers such as debt, deficit, bankrupt cities and countries, and looming pension and health care social costs in the US.

Continued public and private investment in renewable sources of energy.

The early drafters of the general excise tax recognized this and accorded farmers the lesser 0.5% rate as the bulk of the farm production would be resold either through supermarkets or food establishments. Only with the recent advent of "farmers' markets" have many farmers sold their produce to final consumers and, therefore, must pay the 4% rate on those sales. Although some may argue that exempting these sales of produce by those who grow that produce will help the local industry, it should be remembered that the general excise tax is levied for the privilege of doing business in the state.

Thus, exempting the sales of locally grown produce sold by farmers puts retail grocers, who may also be selling locally grown produce together with imported produce, at a disadvantage as the grocer will continue to pay the 4% tax on sales made to customers of the grocery store.

It should be remembered that the use of the tax system for such purposes is an inefficient means to accomplish such goals. Generally, exemptions from the excise tax are granted in recognition that the imposition of the tax would impose an unusual burden or would otherwise cause the taxpayer to do business in an inefficient manner just to circumvent the tax. Exemptions from the general excise tax are also granted because the entity is a nonprofit organization or if the tax imposed would have a severe economic impact on the state's economy. Thus, the proposal to exempt sales of locally grown produce by farmers meets none of these criteria and could not be justified.

When the farmer's produce is sold to retailers, such as grocery stores or to wholesalers, the rate imposed is 0.5% or 50 cents on a \$100 sale. Thus, it is not the cost of the tax that adds to the price of locally grown products as much as it is the external factors such as the cost of land, labor, and regulatory compliance. Granting a general excise tax exemption to the farmer will not significantly reduce the cost of the produce.

If the concern is that locally produced farm products are much more expensive than imported products, consumers and lawmakers need to recognize that it is not the cost of the tax which makes local produce more expensive as much as it is all of the other costs incurred by farmers from labor to regulations and compliance with various standards established by state laws. Instead of attempting to give away the state treasury with such myopic tax breaks, lawmakers need to pay more attention to the overall economic climate of the state which currently suffers from a continuing burden of taxes and regulations.

Lawmakers should remember, giving a tax break to one type of activity comes at a cost to all other taxpayers not so favored unless they are willing to effect a commensurate decrease in state spending. So one has to ask what is the unusual burden of taxes borne by this particular industry or activity or is this proposal nothing more than pandering to the fad industry of the day which in the case of this particular proposal is support of the "farm to table" rage.

When the legislature convenes in the next few months, high on their agenda should be the question of how to improve the state's business climate by reducing the cost of doing business in Hawaii. Indeed, Hawaii has earned the dubious honor of being at the bottom of the barrel when it comes to being a business-friendly state. The plethora of overly burdensome and complex regulations, the strangle of permits required to do business in the state, the numerous labor regulations and the threat of substantial hikes in the minimum wage all add to the cost of locally produced goods as well as to the cost of just surviving in the 50th State.

Tax Reform Should Put Consumers, Not Banks, First

By **Patricia Wesenberg**

As tax reform picks up speed in Congress, special-interest groups are storming Capitol Hill to ensure that they get favorable tax treatment. Fortunately, some groups -- like credit unions -- are looking out for the interests of hard-working Americans in this tax reform debate.

For years, big banks have been trying to saddle their non-profit credit-union competitors with new taxes. They see a congressional tax reform push as their best chance to sneak such taxes in.

Consumers should hope that the big banks don't succeed. New taxes on credit unions would pick the pockets not just of their 96 million predominantly middle-class customers -- but those of all Americans, by reducing competition in the financial services sector.

Credit unions and banks offer many of the same services -- like checking accounts, savings accounts, and home mortgages. But they couldn't be more different in philosophy and structure.

As non-profit financial cooperatives, credit unions exist solely to benefit their member-owners. They do so by charging low or no fees and offering higher interest rates on savings and lower rates on loans. They've advanced that mission since the 1930s, when Congress authorized their creation and granted them non-profit status.

And while credit unions are exempt from federal and state income tax, they do still pay property, sales, and payroll taxes.

Banks, in contrast, are obligated to maximize profits for their shareholders. And profitable they are, with some of the highest margins of any industry. Sometimes they generate those profits on the backs of their customers -- by not offering them the best deal.

Today, roughly 40 percent of Americans belong to credit unions. They've proven especially valuable for middle-class families, small-business owners, low-income seniors, and others looking to avoid the fees that have proliferated at banks.

The majority of credit unions don't have minimum balance requirements. Nearly three-quarters of credit unions offer free checking, compared to just 39 percent of banks. Competitive pressure from credit unions has no doubt forced many banks to rethink their fees -- or eliminate them altogether.

Credit unions also best banks on interest rates. The average rate for a one-year certificate of deposit at a credit union, for example, is 50 percent higher than that offered by the average bank.

Thanks to these more favorable rates, credit-union members realized between \$4.3 billion and \$8 billion in economic benefits per year between 2005 and 2011. And by moderating the pricing behavior of banks, credit unions delivered \$10 billion annually

in benefits to all consumers.

But those benefits would vanish if credit unions were to lose their non-profit status -- and be forced to pay federal income taxes. They'd essentially become for-profit banks. Fees and interest rates would go up for all consumers -- not just those at credit unions.

A credit-union tax would also generate miniscule levels of revenue. Although 96 million Americans belong to credit unions, they hold just 6 percent of all financial assets in the United States.

In fact, scrapping the credit-union tax exemption would barely generate \$0.5 billion in revenue in 2013, according to an analysis by Congress' Joint Committee on Taxation. This represents just 0.008 percent of the projected federal budget deficit for 2013.

Yet the economic impact of such taxes would be disastrous. For every dollar in new credit union taxes, the government wipes out ten dollars in member benefits.

The federal tax code certainly merits reform. But lawmakers must ensure that they don't unwittingly line the pockets of the banking industry at the expense of average Americans. Slapping credit unions with new taxes would do just that. It's time to ensure that doesn't happen.

Patricia Wesenberg is the Chairman of the Credit Union National Association and President and CEO of Central City Credit Union in Marshfield, Wisconsin.

State Optimistic On Economic Growth

In its third quarter 2013 economic report, the Department of Business, Economic Development & Tourism (DBEDT) forecasts a higher economic growth rate for 2013 than its previous projections made in May this year. The current forecast for 2013 real gross domestic product for Hawaii is a 2.6 percent growth rate.

Hawaii's unemployment rate dropped to 4.9 percent during the first half of 2013 from 6.2 percent a year ago. The private sector added 9,600 jobs to their payroll, resulting in a 1.5 percent growth in total non-agriculture wage and salary jobs. Due to the furloughs of Federal civilian workers, the current personal income growth in 2013 is now expected to grow at 4.5 percent - lower than the projection made in previous quarter.

Click here for link to more information.

Schatz: "Ridicule Global Warming Opponents"

By **Dustin Hurst**, Watchdog.org

Skeptics of man-made global warming need to be "ridiculed" said U.S. Sen. Brian Schatz, Democrat from Hawaii who spoke at last month's Netroots Nation gathering in San Jose, Calif.

"These people have to be ridiculed," Schatz said at the gathering of liberal activists. "They have to be run out of town rhetorically."

So much for tolerance and civil discourse, a supposed hallmark of America's supposedly peaceful progressive movement.

Schatz, appointed to fill the vacancy caused by Sen. Daniel Inouye's passing last year, is a global warming alarmist who believes in his heart that climate change is man made and solvable.

Earlier this year, Schatz worked with Democrats to write a "discussion draft" of legislation that would impose fees -- known as taxes outside the Beltway -- on carbon emissions.

The group didn't outline how they'd plan to spend their treasure, likely to be in the billions each year. They suggested, though, that the money be redistributed to low-income families or used to invest in green technologies.

Schatz also filed an amendment to the immigration reform bill moving through the U.S. Senate that would grant legal status to immigrants displaced by global warming.



New HRA Officers

The board of directors of the Hawaii Restaurant Association (HRA) announced new officers for the upcoming year. Inducted by retiring chair, **Tom Jones** (Gyotaku Japanese Restaurants), the following officers have been elected to serve from July 1, 2013 to June 30, 2014:

Chair – **Bryan Andaya**, Vice President and Chief Operating Officer, L&L Franchise Inc.

Chair Elect – **Dirk Koeppenkastrop**, Ph.D., Founder and Co-owner, Il Gelato Hawaii

Vice Chair – **Pat Kashani**, Owner, Auntie Pasto's (Beretania)

Treasurer – **Eron Read**, Director - Restaurant and Retail Development, Kona Brewing Company

Secretary – **Tushar Dubey**, President, Hokulani Bake Shop

Six new directors also have been elected to the HRA board of directors, representing both restaurant members and allied members. The new directors include **Patrick Dolan** (Dixie Grill), **Tushar Dubey** (Hokulani Bake Shop), **Pat Kashani** (Auntie Pasto's), **Len Delekta** (Image Apparel Hawaii), **Kevin Matsuda** (Hawaii National Bank), and **Gerda Tom** (Aloha Shoyu).



SBH SUNRISE

Thursday, August 29, 2013 • 7:00 – 8:30 a.m.

Pineapple Room, Ala Moana • Breakfast / Free Parking

Jan Kaeo, Dale Carmegoie Hawaii

“Customer Servicing Tips”

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk Aug. 29. Your guests welcomed at member price. Refunds until August 28.

Advanced Paid Reservations Required by August 27, 2013.

Complete Breakfast Buffet and Free Parking (Ala Moana 4th floor) included

Name _____

Firm Name _____ Phone _____

Address _____ City/Zip _____

My Guest(s) _____

(Firm) _____

Enclosed is my check for* \$ _____, for _____ (number) people @ \$25 per member and their guest(s) who pay in advance.*

Print, clip and mail with a check to “SBH Sunrise” to:

Small Business Hawaii,
6600 Kalaniana'ole Hwy. #212
Honolulu, HI 96825

*The charge is \$35 for non-members, and at the door, provided space is available.

Print, clip and mail with check to: **SMALL BUSINESS HAWAII • Hawaii Kai Corporate Plaza**
6600 Kalaniana'ole Hwy., #212 • Honolulu, HI 96825 • Phone (808) 396-1724 • FAX (808) 396-1726

Attached is my check for \$ _____ (regular annual membership dues are \$200; \$350 for 2 years • \$75 annually for Young Professional & Retired member). Annual membership dues may be tax deductible to your organization under IRS Code Section 501(c) (6). Please check with your tax advisor. Billing is annual on the anniversary of my last payment. I am applying for membership and understand SBH does not sign up anyone for medical or benefits only; I agree to actively support the goals of SBH and actively participate in SBH activities. I certify that all information on this form is current and accurate.

PLEASE TYPE OR PRINT • Hawaii GET# (required except for “friend of SBH”) _____

Name: _____ Date: _____

Firm: _____ Title: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ FAX: _____

Optional: Home Page URL http:// _____ E-Mail: _____

Membership Category: Regular Member **Young Professional** Retired member Friend of SBH

I Do DO NOT wish to be listed in the SBH Referral Directory. Category: _____

Medical Desired: Kaiser HMAA Referred By: _____

SIGNATURE: _____

IF YOU MEAN BUSINESS... PLEASE JOIN SMART BUSINESS HAWAII



SBH Members @ Pau Hana

SBH members had a good time at the first Pau Hana event of the year held on July 17 at Hilio Hatties' factory store in Iwilei. Photos by Barbara Marumoto.

When Welfare Pays Better than Work

By **Michael D. Tanner**, Cato Institute

The federal government funds 126 separate programs targeted towards low-income people, 72 of which provide either cash or in-kind benefits to individuals. State and local governments operate more welfare programs.

Of course, no individual or family gets benefits from all 72 programs, but many do get aid from a number of them at any point in time.

The Cato Institute released a new study looking at the state-by-state value of welfare for a mother with two children.

Nationwide, the study found that the value of benefits for a typical recipient family ranged from a high of \$49,175 in Hawaii to a low of \$16,984 in Mississippi.

The study also found that the wage-equivalent value of benefits for a mother and two children ranged from a high of \$60,590 in Hawaii to a low of \$11,150 in Idaho.

There are 33 states and the District of Columbia where welfare pays more than an \$8-an-hour job. In 12 states and DC, the welfare package is more generous than a \$15-an-hour job.

Join SBH Young Entrepreneurs

Are you a young Hawaii entrepreneur, between the ages of 18 and 30? Then SBH invites you to join the SBH Young Entrepreneurs.

Decades ago, Smart Business Hawaii (SBH) reached out to Young Entrepreneurs with special business programs, membership and benefits. It was the first Hawaii business organization to do so.

In May, the SBH Board voted unanimously to re-establish a special place within SBH for younger business owners or employees who want to own their own business someday. There are special programs, business events, social networking and programs designed by young people.

Mentors will include Hawaii Pacific University professors **Ken Schoolland** and **Bob Sigall** and several of their student leaders.

The SBH Young Entrepreneurs is now up and running. Annual dues are only \$75 if you are under 30, go online (www.smartbusinesshawaii.com), send in the reservation form on page 7 or call **Janayhe** at 396-1724 for details.



Conservatives Show Up for Lunch with Rusty Humphries

Smart Business Hawaii was the co-sponsor of the **Hawaii Republican Assembly's** successful luncheon with nationally syndicated radio talk show host **Rusty Humphries** at the Waialae Country Club on July 19. Humphries met with many of the 100+ people who came to hear him speak on a number of topics of interest to conservatives.

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