

## SBH Members Seek Elective Office



**Ed Case (D)**

Candidate for US Senate



**John Carroll (R)**

Candidate for US Senate

With the Saturday, **August 11 Primary Election** approaching, several current members of Smart Business Hawaii including the husband and wife **Capelouto** team, have announced their candidacy for various public offices in Hawaii. Two SBH members, former U.S. Rep. **Ed Case** and former State Senator **John Carroll** are seeking the high profile U.S. Senate seat that is being vacated by Senator Daniel Akaka as he retires at the end of his term. Case and Carroll are both longtime members of SBH.

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## Milton Friedman's 100th Birthday Will Be Commemorated

On Tuesday evening, July 31, SBH will join the Grassroot Institute of Hawaii (GRIH) and Hawaii Reporter to co-sponsor a 100th birthday tribute to Nobel Laureate Economist **Milton Friedman**. It recognizes the centennial birth of one of the greatest free market economists.

The public, educators and students are all welcome.

The Grassroot Institute of Hawaii annually sponsors a recognition for Friedman. Previously, these events have been luncheons. This special dinner event reflects the special nature of this year's event. Having a buffet at Camp Smith—with its spectacular panorama views of Honolulu and awesome sunset—is icing on the cake.

Make your reservations early and be sure to bring a guest or two. Contact Grassroot Institute of Hawaii for more information and



*Continued on page 3.*

## Senate Candidate Ed Case to Speak at Sunrise

Congressman and candidate for the United States Senate **Ed Case** will be the next special guest speaker at the SBH Sunrise Networking Breakfast, **Thursday, July 26**, in the Pineapple Room, Macy's Ala Moana (3rd Floor), from 7 – 8:30 am.

Case represented Hawaii in the U. S. House of Representatives from 2002 to 2007. He served on the House Committees on Budget, Small Business, Education and Agriculture. He is a former SBH director, served in the State House of Representatives from 1994 to 2002 and is a business and real estate lawyer by profession.

Last month, "Broken Trust" co-author and anti-rail federal lawsuit plaintiff **Randy Roth**, spoke on the status of the federal lawsuit and coming trial August 21.

SBH members and their guests pay \$25 (in advance) for networking, the program, a complete buffet breakfast and free parking. The public is welcome to the SBH Networking Sunrise. Advance reservations are required and are first come, first serve.

The cost is \$35 at the door if space is available.

Call Darlyn at SBH 396-1724 for reservations or mail the reservations form on page 11. You can also register on line: <http://smartbusinesshawaii.com/index.php/events/rsvp>.

### SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Thursday, July 26

**SBH Sunrise Networking Breakfast**  
**Ed Case, U.S. Senate Candidate**  
Macy's Pineapple Room  
Ala Moana Center • 7 – 8:30 am

Tuesday, July 31

**Milton Friedman's**  
**100th Birthday Bash**  
Camp Smith, Aiea • 5 – 7:30 pm

Friday, September 21

**5th Annual SBH**  
**Foundation Business Awards**  
Waialae Country Club • 5:30 – 8 pm

SmartBusiness  
HAWAII

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**Hawaii Tax System Misconceptions ..... Page 9**

**Bye, Bye Miss American Liberty • See Page 6.**



# Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Happy Birthday, Milton! SBH will join the Grassroot Institute of Hawaii (GRIH) and

Hawaii Reporter to co-sponsor a 100th birthday tribute to Nobel Economist **Milton Friedman** on Tuesday evening, July 31. It recognizes the centennial birth of one of the greatest free market economists. See story on page 1.

**SBH Members Running.** Several members of SBH have thrown their hats into the ring and will run for various elective offices in August. Check out the list on page 3. We need more business-experienced candidates in elective office.

U.S. Senate Candidate **Ed Case** (D) will keynote the next **SBH Sunrise Networking Breakfast** in the Pineapple Room, at Macy's Ala Moana Center, Thursday, **July 26**. Call Darlyn at SBH for details and reservations at 396-1724 or send in the form on page 11.

No Corner Turned Yet. The Hawaii economy continues to be mired in recession. Business, especially small business, finds the going still tough despite record (gross) gains in the visitor industry and some other sectors. Construction still on the bench. It will be a long summer.

Party! More than 120 people joined to honor and celebrate **Hawaii Reporter.com**, on its 10th anniversary on June 1. Congratulations to **Malia Zimmerman** and her staff — wishing them the best for another 10+ years.

Fly With Me. During the past month, **Hawaiian Airlines** began direct Honolulu – New York City (JFK) air service and **United** followed with an announcement about direct Honolulu – Washington, D.C. (Dulles) flights. Only a few East Coast cities are not directly linked to Honolulu including Boston and Philly. This will mean more business, visitors and hopefully conventions for Hawaii.

**Become an SBH Member.** Is your business a member of SBH? No? Lots of benefits. Strong networking organization. Call Darlyn today (808-396-1724) or go online to [www.smartbusinesshawaii.com](http://www.smartbusinesshawaii.com).

Apple for UH. Distinguished scientist and academic leader **Dr. Tom Apple**, currently provost at the University of Delaware, will become chancellor of the University of Hawaii at Mānoa. Apple will succeed **Virginia Hinshaw**. The UH Board of Regents approved Apple's appointment. There was some discussion about the need for a new Chancellor and Apple's hefty salary (nearly \$435,000-plus) but in the end he gained unanimous approval.

Coaches Speak Up. A Town Hall meeting arranged by **Senator Pohai Ryan** at Kaiser High School featured legislative updates by Ryan, Rep. **Gene Ward**, Councilmember **Stanley Chang** and myself, but the real draw were UH coaches, **Norm Chow** (football) **Mike Trapasso** (baseball) new Women's Basketball Coach, **Laura Beeman**, and Athletic Director **Jim Donovan**. Even Governor **Neil Abercrombie**, not known for his athletic prowess, made an appearance.

Walgreens Debuts. The new **Walgreens** at Koko Marina Shopping Center debuted last month. A **Petco Grooming Center** shared nearly half the space with the drug store giant. It is the former site of **Foodland**. Reacting to concerns and negative feelings last year about the loss of Foodland, the new Walgreen's features an expanded array of grocery and food products.

**E-Car Subsidy Gone.** A state government subsidy program that provided Hawaii motorists with up to \$4,500 for the purchase of electric vehicles ended prior to the expiration date (November, 2012) because higher than anticipated demand drained the fund. Since January of 2011, the state issued more than 450 rebates amounting to nearly \$2 million until the program ended earlier in May. The state Department of Business, Economic Development and Tourism had extended the program twice, adding an additional \$150,000 in January and \$350,000 in March.

Got an App? Hawaii Apps, a local mobile applications company, opened in June. Punahou grad **Melialani "Meli" James** and three other principals—Communications Pacific CEO **Kitty Lagareta**, Bonterra Renewable Energy & Solar Power principal **Andrew Yani** and technology consultant **Steve Hochart**—launched the company. James also helped develop an interactive iPad book. Hawaii Apps will focus on businesses, government, and community.

What? Not receiving your weekly (Wednesday) electronic copy of SBH Views & News? More than 10,000 business owners do receive it. It's complimentary. Call Darlyn at 396-1724.

Be sure to note our country's founding 236 years ago this July 4. Celebrate your freedom! Have a great Independence Day.

Want more local business information? Please visit the several SBH websites at: [www.smartbusinesshawaii.com](http://www.smartbusinesshawaii.com), [www.educate808.com](http://www.educate808.com) and [www.sbhfoundation.org](http://www.sbhfoundation.org).

## Independence Day with No Fireworks?



The announcement earlier that Kailua, after 63 years, would not be able to put on its annual July 4 fireworks display after its parade was a real blow. The economy and the cost of the display are the culprits.

The 5-year old Maunaloa Bay Foundation Independence Day is struggling also. Maunaloa Communities Foundation is one of 40 organizations to receive a 2012 City-Hawaii Tourism Authority grant to promote its Independence Day at Maunaloa Bay Festival. The event still needs to raise \$50,000 in order to present the annual community celebration of friends, family and freedom at Maunaloa Bay Beach Park. Sponsorships are still available and range from \$1,500 to \$10,00 and include company logo on poster, Web site and all event promotional materials, plus hanging of banner at event.

The community supports the event with their dollars in amounts from \$20 to \$2,000. For more information, call 2012 Event Chair **Dianne Gleis**, 224-8357.

## 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 is dedicated to improving Hawaii's business climate, creating a better Hawaii through private, competitive enterprise, and promoting, educating, and effectively representing small business, while advocating tax reduction, lower business costs and job creation incentives to diversify Hawaii's economy.

SBH invites comment small business issues in Hawaii. Send them to Small Business Hawaii by the 10th of the month for the next issue. SBH accepts advertising only from SBH member firms. Call SBH for details on advertising.

## Council of Revenues Downgrades Forecast

Late May's quarterly State Council of Revenues meeting kept its 12% rate of tax growth for fiscal year 2012 which ended June 30, 2012. Personal income tax revenues were down but General Excise Tax take is up. There were several possible reasons for this.

Looking forward to FY 2013 (starting July 1) the Council projects a 5.3% tax revenue increase. This is a decline from previous estimates. Signs indicate tourism will be strong this summer but construction is still flat. Lot of discussion regarding impact of surging energy tax credits, but no real data since 2009; DBED AWOL on this. Also, Act 105 (2011), which stripped GET exemptions last year, was supposed to generate \$216 million for two years; so far actual is only \$50 million. Damage to business (and ultimately consumers) is severe.

The complete report from May 29 can be found on the Council of Revenues webpage:

[http://www6.hawaii.gov/tax/cor/2012gf05-29\\_with0530\\_Rpt2Gov.pdf](http://www6.hawaii.gov/tax/cor/2012gf05-29_with0530_Rpt2Gov.pdf)

## New District Maps Set Under Reapportionment

New Hawaii political campaign maps went into effect in June and the filing deadline for candidates was June 5. Many state districts have been reconfigured.

This is because of the ruling in late May by a three-judge Ninth Circuit Court panel rejecting a plea for an injunction to stop the State of Hawaii from refusing to count military personnel and their families for purposes of reapportioning the Hawaii State Legislature. The lawsuit asked the federal court to enforce the Equal Protection Clause of the U.S. Constitution (14th Amendment) and require the State to count all residents of Hawaii. Currently, more than 108,000 military personnel are not counted on O'ahu alone. A lawsuit will continue but will not affect the new maps or the 2012 state elections.

The ruling has impacted several Hawaii communities with the Big Island getting a new senate seat and Oahu losing one. Redistricting has forced a few incumbent legislators to face off with each other in the upcoming election.

The new district maps and polling place location information are available at the State's elections website: [hawaii.gov/elections](http://hawaii.gov/elections). Downloadable color copies of the new district maps are available in PDF form from.



**Julia Allen (R)**  
State House 20



**Marissa Capelouto (R)**  
State House 42



**Sam Slom (R)**  
State Senate 9

## SBH Member Candidates

Continued from page 1.

Counting the two U.S. Senate candidates the list of SBH members running for office this year include the following familiar faces:

U.S. Senate: **Ed Case (D)** **John Carroll (R)**

Both Case and Carroll face opposition in their respective party primary on August 11.

Hawaii State Senate:

9th – Waikiki / Kaimuki – Hawaii Kai

**Sam Slom (R)\***

20th – Kapolei

**Dean Capelouto (R)**

25th – Hawaii Kai – Kailua

**Fred Hemmings (R)**

Hawaii State House of Representatives:

17th – Hawaii Kai **Gene Ward (R)\***

20th – Kaimuki **Julia Allen (R)**

42nd – Kapolei **Marissa Capelouto (R)**

50th – Kaliua **Cynthia Thielen (R)\***

\* Indicates incumbent office holder.

As noted last month, long time member and 34 year State House veteran, Barbara Marumoto, will retire in November.

The filing deadline for all candidates was June 5. Reapportionment compelled changes in previous districts and pits several



**Fred Hemmings (R)**  
State Senate 25

incumbents against one another. Republicans offered no opponents for more than two dozen seats and nearly a dozen State Legislative Democrats had no opponents and will be automatically elected.

Congratulations to all our member candidates. Check out their platforms, websites and volunteer to help or give them encouragement. Hawaii needs more business-experienced lawmakers of both parties.

A complete list of all of the candidates running for every single office in the State of Hawaii is available for download as a PDF file from the Hawaii State Elections website:

• <http://hawaii.gov/elections>

The elections website will also be linked from our [smartbusinesshawaii.com](http://smartbusinesshawaii.com) page.

## Milton Friedman Birthday Gala Continued from page 1.

reservations at **591-9193**.

Friedman was an American economist, statistician, and author who taught at the University of Chicago for more than three decades. He was a recipient of the Nobel Memorial Prize in Economic Sciences, and is known for his research on consumption analysis, monetary history and theory, and the complexity of stabilization policy. As a leader of the Chicago school of economics, he influenced the research agenda of the economics profession. A survey of economists ranked Friedman as the second most popular economist of the 20th century behind John Maynard Keynes, and *The Economist* described him as "the most influential economist of the second half of the 20th century... possibly of all of it."

# Richard Pollack Nominated to State Supreme Court

*State Senate to Hold Special Session*



The Hawaii State Senate will be holding a special session on July 10 and 11 to confirm Governor **Neil Abercrombie's** latest nominee to the Hawaii State Supreme Court.

Circuit Court Judge **Richard W. Pollack** was announced as the nominee to fill the vacancy on the State's highest court with the retirement of

Justice **James E. Duffy Jr.**

The 61-year old Pollack has been serving as a judge in the Circuit Court since 2000, presiding over the civil and criminal trial calendar. He has also served as substitute justice and a substitute Intermediate Court of Appeals judge on numerous occasions. He is also a professor at the University of Hawaii's William S. Richardson School of Law where he is currently teaching "Law of Evidence" and "Criminal Procedure" courses.

The State Judicial Selection Committee provided the names for the State Supreme Court seat earlier this spring. In addition to Pollack, those initially announced as possible nominees were **Derrick H.M. Chan, Daniel Foley, David M. Forman,** and **Craig H. Nakamura.**

The Governor nominated **Peter T. Cahill** to be the new Second Circuit Court Judge from the island of Maui. Cahill fills a vacancy on the court left by the retirement of Judge **Shackley F. Raffetto.** Like the Supreme Court nominee, Mr. Cahill will go through the advice and consent process during the Senate special session.

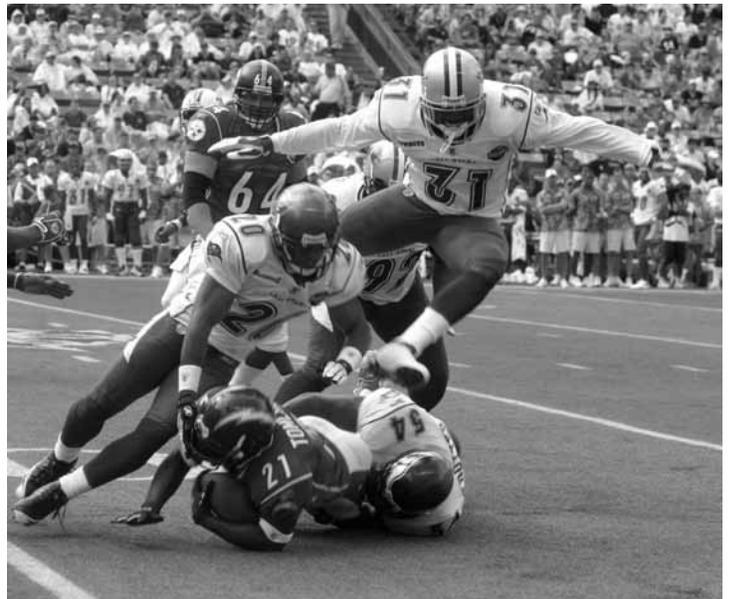
## State I.D. Changes This Month

Effective July 9, 2012, the Department of the Attorney General is changing the issuance of State ID cards from an "over the counter" issuance to a "central issuance" system.

Central issuance does not affect the application process or any other requirements for obtaining a State ID card. Applicants will continue to apply at the State ID Office located in downtown Honolulu or at the Governor Liaison Offices in Hilo, Kona, Maui, and Kauai. If the applicant provides the necessary documents and fee, the applicant will receive a temporary "paper" ID which includes the applicant's photograph. The actual ID card will then be produced and issued at a secured central issuance facility and mailed to the applicant. The ID will be mailed in a form that will not suggest or reveal its contents.

The primary purpose of this change is to prevent people from fraudulently obtaining identification cards, either by using the identity of another person or using a fictitious identity. Central issuance protects against fraudulent activities by allowing for additional security checks before the final identification card is issued. It also ensures that Hawaii complies with rules provided by the United States Department of Homeland Security. These rules require protecting the equipment and supplies that are used to produce identification cards, when those cards may be used to enter federally controlled facilities (e.g., courthouses, federal buildings, etc.) and to board federally regulated commercial aircraft (e.g., any commercial air carrier).

More information on the State ID process can be found online at [http://hawaii.gov/ag/hcjdc/main/hawaii\\_id\\_cards/](http://hawaii.gov/ag/hcjdc/main/hawaii_id_cards/).



NFL all-star football returns to Aloha Stadium in 2013.

## The Pro Bowl's Victorious Return to Hawaii

By **Mike McCartney,**  
President & CEO, Hawaii Tourism Authority

We are extremely pleased the NFL will return to the Hawaiian Islands in 2013 for the Pro Bowl, and are grateful for our more than 30 year partnership. Many of us believe that there is no better place in the world to host this game.

The Hawai'i Tourism Authority has maintained ongoing discussions with the NFL leading up to today's announcement. Together, we are committed to improving the quality of the game and overall experience, and are working to expand the Pro Bowl both in the Hawaiian Islands, as well as in Asia.

We will be pursuing new opportunities in Hawai'i to benefit and engage our communities and youth across the state. Beyond Hawai'i's shores, we look forward to assisting the NFL in expanding upon their relationships in Japan, and help them to establish a presence in China – both important markets for Hawai'i tourism.

The Pro Bowl in Hawai'i is more than just a game – the NFL has helped to provide for our community through youth education programs, charitable contributions, community events and so much more. In addition to the worldwide media exposure for our Hawaiian Islands and the significant revenue and tax dollars generated by visitors who travel here specifically to attend the Pro Bowl, the game provides local businesses with an increase in activity and residents the opportunity to engage with players and experience a live professional football game.

Mahalo to Governor Neil Abercrombie, Speaker of the House Calvin Say, Senate President Shan Tsutsui, Mayor Carlisle and the City and County of Honolulu, Scott Chan and the Aloha Stadium Authority, and the entire community for their support in helping to bring the game back to Hawai'i.

Hawai'i looks forward to building upon our longstanding relationship with the NFL Pro Bowl well into the future. We will work closely with them to create a quality game and incomparable Pro Bowl experience here in our Hawaiian Islands.

For the latest updates on the Pro Bowl and everything else about with Hawaii tourism go online: [hawaiiauthority.org/](http://hawaiiauthority.org/)

# PBN Announces Forty Under 40 Finalists

Pacific Business News and their event sponsors honored 40 of Hawaii's best and brightest young businesswomen and businessmen last month. One will be selected the 2012 Pacific Business News Young Business Leader of the Year and another the 2012 American Savings Bank Young Community Leader of the Year. Who will it be?

**Desirea Aguinaldo-Helsham**, Chief Executive Officer, OneSource  
**Bronson Aken**, Vice President, Chief Engineering & Technology Officer, Pelatron  
**Kathy Custer**, Owner, Keiki Sitters & Ohana Helpers dba Aloha Sitters  
**Michael Dahilig**, Director of Kauai County Department of Planning, County of Kauai  
**Carlos Di Ponio**, Partner, Sterling & Tucker LLP  
**Luke Estes**, Chief Operating Officer, Pono Pacific Land Management  
**Forest Frizzell**, Deputy Director of the Department of Information Technology, City & County of Honolulu  
**Kay Fukunaga**, Associates, "Green" Investment Fund, Ulupono Initiative  
**Kimberly Funasaki**, President and Founder, Little Ambassadors  
**David Gorman**, Director of Franchise Sales, RevoluSun  
**Nate Gytoku**, Solutions Consultant, PacXa  
**Jennifer Hee**, Executive Director, Arthritis Foundation  
**Salvador Hernandez, Jr.**, Owner, KJ Solutions  
**Mia Inoshita**, Marketing Manager, Meadow Gold Dairies  
**Kaimana Kaapana**, Partner, New York Life Hawaii  
**Robert Kawahara**, Managing Member, Kawahara + Company CPAs  
**Robin Kean**, Principal Broker, Kean Properties  
**Stacie Taira Koike**, Principal & Creative Director, Orasi Design

**Lisa Truong Kracher**, President, Staffing Solutions of Hawaii  
**Mei-Fei Kuo**, Attorney, Alston Hung Floyd & Ing  
**Adrienne Lally**, Realtor-Team Leader, RE/MAX Honolulu-Team Lally  
**Carmille Lim**, Development and Advocacy Manager, YWCA of Oahu  
**Bryan Luke**, Executive Vice President, Hawaii National Bank  
**Roslyn "Roz" Makaula**, Communication Administrator, The Queen's Medical Center, Oncology Services, NCI Community Cancer Centers Program (NCCCP)  
**Ryson Matsumura**, Regional Manager, Vice President, Bank of Hawaii  
**Scott Miyasato**, Vice President of Regulatory Affairs & General Counsel, Kai Medical  
**Thuy Nguyen-Martines**, Vice President & Senior Private Banking Manager, Central Pacific Bank  
**Meg Oenauf**, Attorney and Founder, Obenauf Law Group  
**Elle Phillips**, Vice President Project Development, CENTURY 21 All Islands  
**Christopher Price**, President, FastLube  
**Danielle Scherman**, Founder & President, Social Wahines  
**Brett Seitman**, CEO, it's All About Kids  
**Dawn Sugihara**, Partner, Goodsill Anderson Quinn & Stifel  
**Amy Thomas**, System Director of Nursing Education, Hawaii Pacific Health  
**Lisa Varde**, Executive Director, Maui Memorial Medical Center Foundation  
**Melissa White**, Managing Partner, Lume Solar/Co-founder, Hawaii Fashion Incubator  
**Jasper Wong**, Co-owner and creative director, Loft In Space/POW WOW Hawaii  
**Yon Yamasato**, Realtor, Prudential Locations  
**Elijah Yip**, Partner, Cades Schutte  
**Brian Yonehara**, Owner, Pigtales and Crewcuts

## McDonald's Partners With Army

McDonald's Restaurants of Hawaii has partnered with the U.S. Army's Partnership for Youth Success (PaYS) Program. PaYS is a program for soldiers and recruits who are looking for civilian jobs that will take advantage of skills they learned in the military once they have completed their term of service in the Army.

The PaYS Program offers soldiers opportunities with participating business partners – all of them established companies and public sector agencies with secure reputations and a minimum of 500 employees.

"McDonald's Restaurants of Hawaii is committed to supporting the U.S. Army community and its veterans," said Paulette Wage, human resources manager of McDonald's Restaurants of Hawaii. "We welcome these soldiers, with their professionalism, pride and personal integrity to our team."

The PaYS Program is also offered to ROTC participants who go directly into the Army Reserve or Army National Guard after graduation from college and commissioning, after which they may apply for a job with a selected PaYS partner. McDonald's restaurants in Hawaii are the nation's first McDonald's restaurants participating in the PaYS Program. Soldiers interested in participating in the program are invited to visit [www.armypays.com](http://www.armypays.com).



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# Bye, Bye Miss American Liberty

By **Sam Slom**, President & CEO, Smart Business Hawaii

The news last month that Hawaii State Representative **Barbara Marumoto**, (R-Kahala, Kaimuki) is retiring from office this year was a surprise to all who know Barbara. She is one of a kind - and will be missed - but not forgotten.

Marumoto will leave a real vacuum in the State House after 34 years of outspoken leadership and integrity.

After serving in the 1978 State Constitutional Convention (the last Con Con held in Hawaii)—the session that put then young John Waihee on the political map and later Governor of Hawaii—Marumoto ran for the State House and was elected the same year. She has been re-elected every two years since, representing the Waiialae Kahala and East Honolulu area with distinction. She currently serves as Minority Policy Leader in the 8-member Republican House Minority.

Marumoto has proposed numerous positive bills for Hawaii's taxpayers and families. Many have been enacted—under a Majority Democrat's name. A usual practice. Marumoto has always smiled and gets along with everyone. But Marumoto's legislative imprint is clear.

During the 2011 Legislative Session, new Governor Neil Abercrombie gave a budget briefing in the packed Capitol Auditorium. His message was full of harmful new and expanded tax proposals.

Marumoto questioned him, politely, on his plan to tax pensions and further burden fixed income senior citizens. The aggressive Abercrombie, lashed out at Marumoto, attacked her personally, and stated she was wrong in her conclusions of the impact of the new tax.

Marumoto respectfully stood her ground and didn't quit. Later, the Administration was forced to admit publicly that the Governor had misspoken and Rep. Marumoto had been correct.

Marumoto is a steadfast and loyal Republican in the bluest of blue Democrat states. Years ago, when two high profile women Republican lawmakers, Donna Ikeda and Ann Kobayashi, were convinced to switch parties and gain leadership positions, Marumoto remained with the Republicans.

The University of Hawaii grad (BA Sociology), also attended UC Berkeley, UCLA and San Francisco State University. She has always been an advocate for better education in Hawaii.

Marumoto, a long time member of Smart Business Hawaii (SBH), championed many causes but was probably best known for her support of small business issues, safety for children (especially those riding in the back of trucks), patriotism, health concerns, tax reduction and fiscal reforms.

PAYCHECKS HAWAII, the non-partisan, independent, political action affiliate of SBH, has ranked each of the 76 state legislators annually on business climate support and improvement. The top ranking is "1." Marumoto has racked up more top spots—including the 2012 Session completed May 3—than any other law-maker. Marumoto is known for her community support and participation. It is amazing how many meetings and events she attends. She is a member of many organizations including: Honolulu Japanese Chamber of Commerce; AARP; Oahu YWCA; SBH; The Outdoor Circle; Kaimuki Lions; Junior League of Honolulu; Historic Hawaii Foundation; UH College of Arts & Sciences (Board), and State Director, Women in Government.

She has won numerous leadership awards including: Presidential Leadership Award; Hawaii Women Lawyers President's Award; Legislator of the Year—National Republican Legislators Association; Legislator of the Year, Hawaii Medical Association; Certificate for Patriotic Civilian Service (US Army), and OWLS Outstanding Women Leaders.

Marumoto is married to Richard Coons and has five children, two stepsons and eight grandchildren.

A signature Marumoto identity for nearly two decades has been her donning a full Statue of Liberty costume, which she has worn in the Kailua Fourth of July and other parades, civic events and educational programs. She originally rented the costume, but it proved so popular—especially among kids who called her, "Miss Liberty," and "Miss America,"—that she bought the costume. She sure got her money's worth and along the way made all of us very appreciative.

Bye, bye Miss Liberty... all the best for what you have given Hawaii.



**Rep. Marumoto and Senator Slom at a certificate presentation earlier this year.... which was for Slom's birthday!**



**Rep. Marumoto in her "Lady Liberty" costume, which she wore at many functions over the years.**

# Element Media Announces Business Awards

Element Media, Inc., Hawaii's premier custom publishing firm, hosted the exclusive second annual *Pacific Edge Magazine* Business Achievement Awards Gala on, May 31, at The Waterfront at Aloha Tower Marketplace. The red-carpet gala event, attended by approximately 350 people, honored the impressive achievements of Hawaii's leading business professionals and companies while also celebrating *Pacific Edge Magazine's* sixth anniversary.

*Pacific Edge Magazine* bestowed the special honor of a Lifetime Achievement award upon **John Henry Felix**, Chairman, President & CEO of HMAA, for his continued industry leadership, commitment to the local business community and his lifelong service to a number of charitable organizations.

New this year, a special honoree award was handed out to **BAE Systems** for Best Government Contractor for the services they have provided, above and beyond the call of duty. The award winners were announced during the presentation ceremony. This year's award winners are:

Young Professional Of The Year:

**Ed Justus**, Owner, Talk Story Bookstore

Business Executive Of The Year: **Alex Tiller**, Ceo, Sunetric

Educator Of The Year:

**Samnang Sea**, Mathematics Teacher, Saint Louis School

Commitment To Green: **Natural Investments**

Corporate Social Responsibility: **Hagadone Printing Company**

Best Social Media Campaign: **Bare Feet Studios**

Best Family-Run Business: **Kanemaru Dental**

Best New Business: **MGA Architecture**

## great quotations

"I have no fear that the result of our experiment will be that men may be trusted to govern themselves without a master."

— Thomas Jefferson

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## Another Lie of Omission Regarding Rail

By **Cliff Slater**, HonoluluTraffic.com

**Another Lie of Omission:** HART, our transit authority, keeps emphasizing that our \$5.2 billion rail project will take 40,000 cars, or 48,000 car trips, off our roads by 2030 compared to the No Build Alternative, which is to say, doing nothing. To the voters that sounds like a huge number that would significantly reduce traffic congestion.

However, so as not to be misleading, we need to put that number in context. According to the Final Environmental Impact Statement's (FEIS) official projections in the table below, the rail project would reduce daily car trips by 48,000, but it would be in the face of a 520,000 increase in daily car trips because of population growth. That would mean 2.8 million car trips daily in 2030.

A 48,000 trip reduction means rail would take just 1.7 percent of the cars off the road. Put another way, if we do not build rail we will experience an increase in car traffic of 23 percent, and if we do build it, 21 percent. In short, a 48,000 reduction sounds big but it would be barely detectible.

So, in one way, saying that taking 48,000 car trips off the road is true, in that it is not false, but by the dictionary's second definition of a lie, "Something meant to deceive or give a wrong impression," it is certainly a lie of omission.

For those of your colleagues and friends who only read the newspaper headlines, please enlighten them; they will be grateful.

We have comprehensive and very detailed information on all things rail and alternates at our website [honolulutraffic.com](http://honolulutraffic.com). Be sure to check out our information.



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## Hawaii Reporter Celebrates Its 10th Anniversary in Style

Hawaii Reporter Partied! More than 120 people joined KHVH radio's **Richard David Hamada, Jr. III** to honor and celebrate **Hawaii Reporter.com**, on its 10th anniversary. Hawaii's first electronic daily newspaper parties June 1, at the Waiialae Country Club. Pianist **Don Conover** entertained. **Randy Roth** spoke about the importance of Hawaii Reporter. There was good food, entertainment and surprise announcements about HR's bright future. Go to [www. HawaiiReporter.com](http://www.HawaiiReporter.com) for the real news. HR, founded by **Malia Zimmerman**, continues to break major investigative stories. Tune in to KHVH every weekday now at 7:05 am to hear Malia's report.

People in the photo grid (left to right by rows): Row 1 top: **Malia Zimmerman** addresses crowd; **Jim Dooley** talks about his investigations, center; MC **Rick Hamada** of KHVH radio with HawaiiReporter's **Malia Zimmerman** and KHVH producer **Will Wong**. 2nd row L-R: Pianist **Don Conover** with **Zack** and **Zoey Hamada**; Supporters **Susie Roth**, **Pat Wassel** and **Bobbie Slater**; Reapportionment appointees **Elizabeth Moore** and **Michael Palcic**. 3rd Row: Crowd applause; **Norris** and **Delores Sandvold**; **Susie** and **Kevin Mulkern**.

## Summer Driving Tips

Here are a few tips for summer driving from SBH member Aloha Petroleum:

Summer is finally here and that means more cars on the road at all hours of the day and night! Here are some tips to help keep you safe when you're out and about.

- Avoid overheating - Check out your car's entire cooling system: radiator, belts & hoses, cooling fans, coolant etc.
- Pay attention to pedestrians - Tourist season and summer vacation means there will be lots of foot traffic, especially near shopping malls and beaches.
- Wear sunglasses - Avoid being blinded by bright sunrises and sunsets.
- Take your time - Anticipate longer drive times and crowded parking lots.



SBH/HMAA's new comprehensive medical plan became effective September 1. It is especially tailored for sole proprietors and independent contractors. Want details to see if this plan is good for you?

Contact Darlyn at SBH, 396-1724.



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Also on the web @ [smartbusinesshawaii.com](http://smartbusinesshawaii.com)

# Misconceptions About Hawaii's Tax System

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

Several recent observations by readers and folks in audiences have prompted the need to debunk many widely held misconceptions about Hawaii's tax system.



At a recent meeting of real property boards of review, one participant argued that the higher rates businesses pay on their real property can be passed along to their customers. This participant missed the point that those customers are us. This argument was prompted by the observation that all of the counties have managed to shift the tax burden away from their voting constituents who are homeowners and landlords to non-residential properties such as commercial, industrial and agricultural but most of all to hotel and resort properties where some counties impose the highest rates.

More than likely this choice by elected officials is predicated on the belief that businesses can pass the cost of the real property tax on to their customers. And, no doubt, elected officials would like to believe that those customers are largely tourists. But you and me are also customers of these businesses be it grocery stores, auto shops, the friendly coffee shop or your doctor or dentist. And while this one person in the audience argued that the real property tax is such a small part of the cost of doing business in Hawaii, it is, nonetheless, misleading to the general public that homeowners can enjoy lower property tax bills but really end up paying for the cost of county government in the price of that bag of rice or in the carton of milk.

This hiding of the cost of government is set in stone - well almost - for those living in the City & County of Honolulu where the City Council adopted a resolution that residential properties shall contribute no more than 54% of the real property tax collections even though residential properties account for more than 80% of the taxable value of real property in Honolulu. Hiding the true cost of running government by shifting the burden from residential to nonresidential properties breaks the accountability relationship that should exist between those who must pay and those who benefit from the services those real property tax dollars provide.

So instead of blaming elected officials for the higher cost of goods

and services, consumers end up blaming businesses. On the other end, with an artificially reduced property tax on homeowners, those very residents believe that they can demand more from county government. And while the cost of the property tax may not be a large portion of a business' overhead like the cost of energy, it is, nonetheless, a factor in setting the price of the goods and services we purchase.

The other disturbing comment was in reaction to criticism levied by this column at the plethora of tax credits adopted in recent years. The response to this criticism was that the comment was made without "taking into account the dynamic effect" of those credits. The reader believes the credits stimulate new activity that then creates new jobs and miscalculated the beneficial impact that the tax credits have. While some may believe that the stimulus helped to create more jobs, those jobs were - as we learned recently - not permanent jobs.

Once the activity took place, be it high technology research and development or the creation of a film or digital production, many of those jobs moved away from the "hostile" work environment that has been mocked by many. Since those credits did not correct or ameliorate the harsh business environment, once the subsidies disappeared, so did many of the jobs that had been created.

And while the economic recession exacerbated the state's budget situation, one only wonders what could have been had lawmakers not flushed those tax resources down the drain with much lauded tax credit schemes. Would Hawaii not have had to resort to Furlough Fridays, would social service and health care providers not have had to endure contract reductions or closures? Thus, besides the impact of the dynamic effect of those credits, one also has to consider the opportunities lost as the need for public services continues.

The result is that the legislature had to "rob Peter to pay Paul" by having to adopt tax increases at the worst time possible as families struggled to make ends meet, while doling those valuable tax dollars out to subsidize questionable economic development efforts.

The long and short of it is that instead of both shifting the real property tax burden and creating artificial stimuli for economic activity, government needs to stick to the business it is asked to do, that is to provide for the health and safety of our community and take their noses out of trying to steer the state's economic destiny.

Lowell Kalapa is president of the Tax Foundation of Hawaii.

More on the web: <http://www.tfhawaii.org>



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## State AG Seeking Help for Distressed Homeowners

The Department of the Hawaii Attorney General is seeking applications from organizations that are interested in receiving funding to assist distressed homeowners in Hawaii.

This funding is part of the historic multi-state mortgage foreclosure settlement between the State of Hawaii and Bank of America Corp., J.P. Morgan Chase & Co., Wells Fargo & Co., CitiGroup, Inc., and Ally Financial, Inc. (Ally is the parent of GMAC Mortgage) (the "Settlement").

The Settlement includes approximately \$7.9 million in direct funds to the State of Hawaii, which will be administered by the Department to create a Foreclosure Assistance Program.

It is the Attorney General's intention to distribute the funds for, among other things: Housing and financial counseling; Public education; Mediation and dispute resolution; and Enforcement of laws and agreements protecting the rights of homeowners. Interested organizations are encouraged to submit an application to be part of this effort to help Hawaii homeowners, in coordination with the Department. Applicants may apply for funding in accordance with procedures set forth on the Department's website. Go to [www.hawaii.gov/ag](http://www.hawaii.gov/ag) and click on the link titled "Foreclosure Assistance Program." All applications for funding must be received by July 13, 2012.

## No Free Time With New Parking Meters

The City & County of Honolulu unveiled a new type of parking meter that takes credit cards or smart phone payments in addition to coins as a test project in the area surrounding Honolulu Hale in downtown Honolulu. Convenience is the major selling point of the new "smart" parking meters vs. the old coin operated ones.

The convenience of the new system comes at a price. With the old system, motorists who left their paid parking stall with time remaining on the meter offered another motorist some free time if he or she got to the stall before the meter's internal time clock ran out. There is no such thing with the new meter. Once a vehicle pulls away from the smart meter, a sensor resets the time on the meter back to zero even though the previous user

## HIOSH Report on Zipline Firm Issued

Regarding the May report issued by Hawaii Occupational Safety and Health Division on the death at a Hawaii Island zipline last year, and a fine, **Tony DeLellis** of KapohoKine Adventures issued the following:

"It doesn't change the tragic loss of a human life," said DeLellis, "and it troubles us that more rigid standards weren't applied to these lines by the builder" (Experiential Resources, Inc. and GoZip LLC).

"Lava Hotline's decision to independently evaluate the course was well founded," DeLellis said.

Following the accident last fall, which caused the death of an employee of the zipline builder who was testing the line, the operator for the lines, Lava Hotline, hired independent engineers to evaluate the course. "That choice was clearly a sound one," DeLellis said. The entire course was redesigned and is being rebuilt by an accredited zipline builder. Platforms are being rebuilt, supports are being reinforced and every anchor has been replaced and is undergoing intensive testing.

KapohoKine, a Hilo-based adventure tours company, booked zipline excursions through Lava Hotline. KapohoKine suspended zipline tours after the incident, awaiting full evaluation of integrity of the lines.

## BOSS – Biz Outlook Survey

Results of this year's first BOSS – Business Outlook and Sentiment Survey – of 400 business leaders on all major Hawaiian Islands, finds that revenues and profits at Hawaii businesses are up strongly and optimism remains high, overall, for the local economy in the coming year. On the flip side, hiring remains slow. QMark Research, a division of the Anthology Marketing Group, does the BOSS twice a year for *Hawaii Business* magazine.

"The BOSS is Hawaii's top survey of local business leaders and a vital measure of Hawaii's economy – where it has been and where it is headed," said Steve Petranik, editor of *Hawaii Business*. "This year's survey points to an optimistic view of the year ahead, which is a good sign. If business leaders are optimistic, they are more likely to expand their businesses, hire more employees and give raises to existing employees. However, in the bad news category, hiring does remain slow, with a small percentage of companies planning to substantially increase spending in the coming year."

Survey findings include:

- Revenues and profits at Hawaii businesses are up strongly. Forty-four percent of companies say revenue is up in the past year and 33 percent say profit is up.
- Optimism remains high for the Hawaii economy, overall, in the coming year, but that optimism has remained relatively steady for two-and-a-half years without increasing.
- Hiring remains low, with only 16 percent of companies surveyed saying that they have added staff in the past year.
- 13 percent of companies surveyed plan to substantially increase spending. Meanwhile, 24 percent of companies plan to continue cutting costs.



had unused, paid time left on the device. The new meter also disallows for use of a parking stall by a user after a set period of consecutive time.

The vehicle detection sensors also "gather

data about parking occupancy" states the city's website. More information about the meter program can be found here: [www.ipsgroupinc.com/honolulu/index.html](http://www.ipsgroupinc.com/honolulu/index.html)

The meter vendor is **ParkMobile.com**, a privately held firm that runs parking meter operations throughout the country. On the providers section of their website, they state: "Parkmobile is successful for a number of reasons. Our parking management solutions *increase revenue*, reduce operational costs and create better customer experiences."

The new meters may be phased in island-wide if the city declares them to be a success. In the meantime, road maintenance continues to be lacking.

# Lingle Time All The Time

U.S. Senate candidate **Linda Lingle** made local and national headlines June 11 by having her own cable 24/7 TV channel (Oceanic Digital 110). You can find out everything about the Lingle candidacy.



Maybe other candidates will follow: Congresswoman **Mazie Hirono**, who won't debate **Ed Case**, could have a channel where she debates herself and tells the story for at least the 250th time of her Mother in Japan escaping from her abusive Father (but nothing about finances, foreign policy or economics);

Mayor **Peter Carlisle** could have a 1-hr daily program and not tell anything; Managing Director **Doug Chin** could take the other 23 hours and let us know how he is really running the City; The Democrat Party could list their 1,350 rules they use to keep people from becoming or running as a Democrat.

The list goes on (your suggestions?) and is endless. Set your DVR.



# SBH SUNRISE

Thursday, July 26, 2012 • 7:00 – 8:30 a.m.  
Pineapple Room, Ala Moana • Breakfast / Free Parking

Speaker: **Congressman Ed Case**, U.S. Senate Candidate

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk July 26. Your guests welcomed at member price. Refunds until July 25.  
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(Firm) \_\_\_\_\_

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

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.

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Attached is my check for \$ \_\_\_\_\_ (regular annual membership dues are \$200; \$350 for 2 years). 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. Ten dollars of my annual membership is allocated for a subscription to the monthly *Small Business News*. 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** Current Hawaii GET# (required) \_\_\_\_\_

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Membership Category:  Regular Voting Member  Retired member  Friend of SBH (No G.E.T. # required).

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## Kaiser & Straub Hospitals Are Hawaii's Top Ranked Medical Facilities

Hawaii's hospitals, along with hospitals across the country, have been graded for safety. The June 6 report released by the Leapfrog Group includes a detailed report on Hawaii's medical facilities.

- Receiving A grades were **Kaiser Foundation Hospital** and **Straub Clinic and Hospital**

- B grades were awarded to **Castle Medical Center** and **The Queens Medical Center**

- And C grades were given to **Hawaii Medical Center East**, **Hawaii Medical Center West**, **Hilo Medical Center**, **Kapiolani Medical Center At Pali Momi**, **North Hawaii Community Hospital** and **Wilcox Memorial Hospital**.

- Hospitals with grades still pending include **Kuakini Medical Center** and **Wahiawa General Hospital**. George Greene, Esq., Healthcare Association of Hawaii President and CEO, said "the public should know Hawaii hospitals are 100 percent serious about patient safety."

"Just ask any of the men and women who save lives in our hospitals each day," Greene said. "Patient safety can never be overemphasized. We will take the time to carefully review this report, remedy any areas of concern, and continue to share best practices in order to deliver the highest quality care."

There was some good news for Hawaii's patients and hospital management teams: Hawaii is ranked first in the US as the state with the lowest incidence of central line-associated bloodstream infections.

In addition, The Healthcare Association of Hawaii said 21 Hawaii hospitals are participating in "Partnership for Patients", a federally-funded initiative to improve quality.

The report said "of the 2,652 general hospitals issued a Hospital Safety Score, 729 earned an "A," 679 earned a "B," and 1243 earned a "C" or below."

Nationally, the report said "roughly a quarter of the hospitals have received an A, a quarter have received a B, and most of the remainder of hospitals have received a C. Hawaii grades fall in similar percentages to those nation-wide, with comparable grade distribution to states such as Texas and New York."

The report explain a "C" grade means "average" and most facilities will get a C, including "recognized health care icons", such as the Cleveland Clinic.



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