

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Tuesday, January 14

Talent HR Solutions Lunch
Dave & Busters • 11:30 am • Free

Wednesday, January 15

Legislature Begins
State Capitol • 10:00 am

Thursday, January 30

SBH Sunrise Networking Breakfast
Michael Medved
Radio Host & Author
Alan Wong's Pineapple Room
Macy's Ala Moana Center
7 – 8:30 am

Wednesday, February 19

**38th Annual SBH Business &
Investment Conference**
Ala Moana Hotel • 8 am – 2 pm

Smart Business Hawaii

<http://www.smartbusinesshawaii.com>

SBH Foundation

<http://www.sbhfoundation.org>

Education Transparency Portal

<http://www.educate808.com>

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Hawaii Reporter

<http://www.hawaiireporter.com>

Smart
Business
HAWAII

SBH Sunrise Networking Breakfast

Michael Medved

Author & Nationally Syndicated Radio Host
Heard M – F from 10am to 1pm on KHNR 690 AM



Thursday, January 30, 2014.
The Pineapple Room
Macy's Ala Moana Center • 7:00 to 8:30 am.
Buffet Breakfast & Free Parking

RESERVE YOUR SEAT TODAY • CALL SBH @ 808 396-1724

Medved is First SBH Sunrise Speaker

The monthly SBH Sunrise Networking breakfast forums resume, Thursday, January 30, 2014 with special guest, national radio host (Salem Broadcasting, 10 am on KHNR 690 am in Honolulu) and author, **Michael Medved**.

The SBH forums are held the last Thursday of each month (except November) in the Pineapple Room, Macy's Ala Moana Center (3rd Floor), from 7 – 8:30 am.

Despite restaurant price rate increases, the charge for SBH members and their guests remains at \$25 if paid in advance (otherwise, \$35 if space is available, at the door).

Please call Susan at SBH for reservations and information at 396-1724 or fill in the form on page 7. You can also register online at our website www.smartbusinesshawaii.com.

SBH Annual Conference to be Held February 19

Smart Business Hawaii's 38th Annual Business & Investment Conference, moves from January to February this year.

The **SBH Conference will be held on Wednesday, February 19**, from 8 am to 2 pm, in the Hibiscus Ballroom and Garden Lanai in the Ala Moana Hotel.

Luncheon keynote speaker is entrepreneur, author, and motivational speaker, **Patrick Snow**, who will speak on, "Proven Principles for Prosperity."

There will be an exciting and informative business program. Fabulous speakers, local issues and tips for success. Don't miss it! Bring an employee and an associate.

There are also sponsorship and business exhibit opportunities for your business. Contact: Malia (306-3161) or Susan (396-1724) for more details.

State Legislature Begins Jan. 15Page 3
Drones Set to Fly Over HawaiiPage 3

Turning the Tide of Anti Biz Attitudes... Page 5
Reapportionment Lawsuit Lives Page 8

Passing of Lowell Kalapa is a Blow to Business & Taxpayers • Page 4.



Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Happy New Year! Let's hope the Year of the Horse is an improvement over the tough year that was.

Business people are always optimistic at the start of the year.

Loss of Kalapa. The death of fiscal watchdog **Lowell Kalapa** of the Tax Foundation of Hawaii at the close of 2013 is a staggering loss to business and the taxpayers. See Malia's story inside, page 4.

Legislature Begins January 15. The State Legislature convenes January 15 – May 1. Hold on to your wallet or purse with both hands.

Michael Medved at Sunrise. National radio talk show host and celebrated author, **Michael Medved**, starts off the 2014 monthly SBH Sunrise Networking Breakfasts, Thursday, January 30 in the Pineapple Room, Macy's Ala Moana Center. Don't miss Michael! Call Susan (396-1724) for reservations today.

Amazon's Jeff Bezos: I had tried to get Amazon founder **Jeff Bezos** to come and speak for SBH in Hawaii early this year. Writing for Bezos, **Alice Powers** wrote in part: "Jeff was honored by it. Unfortunately, he must decline. His participation in speaking opportunities has been significantly reduced the past couple of years, in order to afford him the time necessary to build and grow Amazon.com. Sadly, this has meant forgoing many exciting opportunities." Maybe there will be another opportunity.

SBH 38th Conference. Wednesday, February 19, 8 am – 2 pm, is the date for the **38th Annual SBH Business & Investment Conference** at the Ala Moana Hotel. Luncheon keynoter is renowned author, entrepreneur and motivational speaker, **Patrick Snow**. A great line up of exciting and informative speakers and issue topics (see agenda), networking, business exhibits and more. Sponsorship and booth exhibit opportunities still available. Contact Malia (306-3161) or Susan (396-1724) for details.

JS Services Sold. After 32 years in business, JS Services founder and owner, and SBH Board member, **Jack Schneider**, announced that he had sold his firm to **Matt Delaney** of HiHR. JS was an innovator in Hawaii's employee leasing business.

Flores Scholarship. Students enrolled in the criminal justice or nursing program at Chaminade University can now apply for the "Eddie and Elaine Flores Scholarship." The scholarship was established in 2012 by

Eddie Flores, Jr., President and CEO of L&L Hawaiian Barbecue/L&L Drive-Inn. Eddie is a long-time supporter of Chaminade University and is a member of the Board of Governors. The scholarship amount is \$1,000 each for a nursing and criminal justice student for the academic year.

No Obama Library Here. Prediction for 2014: the planned Obama Library will not be in Hawaii but in Chicago.

Keep Smokin' Manoa. The UH at Manoa made an announcement banning all cigarette smoking on campus a month ago, effective with the New Year. Last week, UH put that plan on hold after receiving a lot of student and faculty complaints.

Media Refuses to Report Global Warming Scam. Nearly 98% of the news coverage of the stranded "researchers" on the Russian vessel in Antarctica studying how global warming had destroyed the ice, and wound up stuck in the 15 foot thick ice, refused to see the irony in "global warming," 52 activists for government intervention in global warming were on board. A Chinese rescue ship got stuck. Yet another ship got stuck. A Chinese helicopter finally rescued the radicals shown by the media singing, dancing, tapping down a helipad landing site (what about green gasses from the 'copter?). Usual, biased, pro warming propaganda.

The drones are coming to Hawaii. Many drones are useful. But government use of drones to spy on American citizens? What about privacy and 4th Amendment safeguards? See story starting on page 3.

Hawaii Reporter.com, Hawaii's first electronic daily newspaper launched in 2002, continues to report all the breaking news, and unlike other publications in town, is still free. Award winning Hawaii Reporter and **Malia Zimmerman** report daily (M – F) on the **Rick Hamada Show** heard on KHVH radio on 830 AM at 7:05 am. Malia is also the Hawaii Bureau Chief for Watchdog.org, and new Hawaii stringer for *People Magazine* and nationally for Fox News.

Read Your eBlast 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 Susan at 396-1724.

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: **www.smartbusinesshawaii.com.**

You're Invited To Lunch!

SBH member **Talent HR Solutions** is inviting you to lunch at Dave and Busters in Honolulu, on Tuesday, January 14th. Doors will open at 11:30 am and lunch will be served at 12 noon.

There's going to be over 30 business owners like yourself, to socialize and network with. Talent HR Solutions will give a presentation on the many advantages of utilizing a Human Resource Administration firm and answer any questions. They'll have their health care specialist there to give a short presentation on the Affordable Health Care Act and how we can help you with it.

Bring a lot of your business cards and brochures because we'll have a separate section for you to promote your business and any specials you have going on.

There's no charge so come hungry and be ready to network and socialize with many business owners like yourself. It's a great Informational and networking opportunity. Call our reservations line at 489-0036 or stop by our website at <http://www.talenthr.com>. Seating is very limited so you must be a business owner with a minimum of 4 employees.

Fresh Café to Downtown

When the iconic **Indigo Restaurant** closed several months ago in Downtown Honolulu, an announcement was made that it would be replaced by a **P.F. Changs**. That was not met by great enthusiasm. Now, it seems the location will be filled by **Fresh Café**, who has worked with the previous chef and wants to keep the look and feel of Indigo.

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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. Copyright 2013 © Smart Business Hawaii.

Legislature Starts 60-Day Session January 15

Hawaii's State Legislature will start its 60-working day (until May 1) session, Wednesday, January 15, at 10 am. There will be many issues of concern to business and the taxpayers.

A subdued opening is planned with little entertainment or food.

State finances are flagging amidst more demands for welfare, early education and other state programs.

Maximum pressure for a state minimum wage hike, as recently enacted in 9 other states, and more employer mandates will be on the front burner. The current minimum is \$7.25 per hour. This hike, if enacted, will further hurt businesses—and the very entry employees who need the most help.

Other taxes, fees and regulatory costs will be suggested during this session.

The Governor's a two-year Supplemental Operating Budget reflects another increase in spending. Senate Ways & Means Chairman, Senator **David Ige**, will challenge fellow Democrat, Governor **Neil Abercrombie**, in the upcoming Primary and this should make for interesting discussion. As usual, SBH will provide a detailed analysis on the budget.

This year will also be a major election period, so politics will continue to taint proposed legislative debate. Further calls for "early education," actually taxpayer subsidization of Pre-K, will return from last year.

The usual other issues: marijuana decriminalization, physician assisted suicide, gambling and more welfare initiatives are expected.

Closer scrutiny of the University of Hawaii, Hawaii Health Connector



The legislature convenes once again at 10:00 am on January 15.

(Obamacare), solar installation and tax credits generally, will also be on the agenda.

Drones will fly into Hawaii skies and the question of regulation needs discussion. "Let the People Vote," will require Initiative, Referendum and Recall consideration, as well as Term Limits.

SBH will continue keep business alerted and up to date on all legislative matters. Veteran Capitol watcher, **Mike Palcic**, will work with other business organizations, be SBH's Legislative Liaison and will also testify for Hawaii's small businesses.

Visitor Arrivals and Spending Continue Slows

By **Mike McCartney**

President and CEO, Hawaii Tourism Authority

Tourism has contributed \$1.4 billion in tax revenue for the state through November 2013, \$40 million more than the same period last year. However, while year-to-date 2013 visitor arrivals and expenditures continue to exceed last year, growth continues to slow during the second half of the year with monthly decreases in arrivals and expenditures in November 2013.

Major factors contributing to this leveling off include increasingly aggressive competition, adjustments in product pricing and fluctuations in currency exchange rates and fuel costs. As a result, many consumers continue to become more price conscious, which has been affecting visitor length of stay, accommodation preferences and spending.

In Japan for example, the market is experiencing a weakening yen and will be further impacted by an increase in consumption tax in April 2014, which will contribute to the slowing of the market's travel booking pace.

Having anticipated a slowdown from our major markets, the HTA is working with its marketing contractors to increase efforts to help stimulate core markets including North America and Japan, while strengthening developing markets like China, Taiwan and Oceania. This includes enhancing marketing programs and airlift support to increase destination market share and balance Hawai'i's tourism economy.

We continue to work with our global contractors to adjust our marketing plans to address these forecasted shortfalls, which we project will continue through the first half of 2014.



Drones May Buzz Hawaii Skies

By **Malia Zimmerman**, Hawaii Reporter

Island visitors may soon see more than brilliant orange sunsets, rolling blue surf and white sand beaches when visiting Hawaii. Drones - or unmanned aircraft systems - could soon be buzzing through the Hawaiian skies.

The FAA announced Monday the **University of Alaska** is one of several educational institutions selected to test drones, and Hawaii and Oregon are included in the University's plan to experiment in seven climatic zones.

Sen. Will Espero, Chair of the Senate Public Safety and Intergovernmental and Military Affairs committee, who introduced legislation to establish the **Hawaii State Office of Aerospace Development**, said the research has the potential to grow and diversify

Continued on page 7.

Tenacious Taxpayer Advocate Lowell Kalapa Dies

By Malia Zimmerman, HawaiiReporter.com

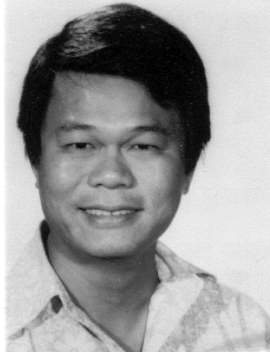
Lowell Kalapa, well-known government watchdog who headed the **Tax Foundation of Hawaii**, died over the weekend, his office confirmed today.

A frequent guest on Hawaii Reporter television, and a regular columnist in Hawaii Reporter and a number of other local media, Kalapa was known for fearlessly exposing waste, fraud and corruption in government.

Whether Kalapa was taking on the public unions, saying the taxpayers couldn't afford their pay increases and benefits packages; challenging the tech and film industry sectors saying they shouldn't get tax credits; or fighting more tax hikes proposed by state and county government, Kalapa was a stalwart advocate for Hawaii's taxpayers.

He was a well-known presence at the Hawaii State Capitol and city hall, and government leaders frequently called on him for advice, facts and opinion.

Panos Prevedouros, PhD, professor of engineering at the **University of Hawaii**, who also ran for Honolulu mayor, said Kalapa was a treasured resource.



"I wish I had spend more time with Lowell talking taxes and Hawaii stats. He was a helpful and reliable advisor during both my runs for mayor. One of the greatest public policy resources in Hawaii is gone forever," Prevedouros said.

Cliff Slater, a transportation expert and local businessman, said: "Lowell was a thoroughly principled individual who made it clear that the Tax Foundation's role was to explain the effects of various tax measures to legislators and the public.

Period. He did not equivocate. He did not waver under pressure to change, or even shade, his views. Right or Left did not matter to him; it they were mistaken in their views, they were told so. He might well be that extremely rare person, the irreplaceable one."

Senate Minority Leader Sam Slom, who formerly headed the Tax Foundation of Hawaii before Kalapa took it over, said the untimely death of Kalapa is a blow to taxpayers and the public alike.

"Lowell was Hawaii's long time, unmatched, public finance watchdog. Lowell educated countless thousands of local residents on the importance of fiscal transparency, from radio and television appearances, weekly columns and his famous "Arnie Aloha Family"



Lowell Kalapa (right) was among the panel who spoke at one of our first SBH Sunrise Breakfasts in 1998 with then City Prosecutor Peter Carlisle (left) and columnist Lee Catalana (center)



Left: Lowell's youthful photo was used in our newsletters for many years. Above: Lowell on the set of Sam Slom's "A Better Day" TV show.

Tax Booklets," Slom said.

Slom said Kalapa, who was active in several community organizations and projects, had a passion for affordable housing and was a no-nonsense professional with integrity.

"His non-combative style and factual testimony at the Capitol or City Hall was always valuable," Slom said. "I have had the privilege of knowing and learning from Lowell since he succeeded me at the Tax Foundation many decades ago. He will be missed."

Hawaii State Senate President Donna Mercado Kim said Kalapa was a longtime advocate and watchdog for Hawaii's taxpayers. "Deeply respected by members of the Hawaii State Legislature, his fiscal knowledge and expertise served as a critical voice at the Capitol, helping to shape good policy and support better government," Kim said. "On behalf of the Hawaii State Senate and the People of Hawaii, I would like to extend our heartfelt condolences to his family and friends."

Gov. Neil Abercrombie also said he was saddened by the sudden passing of Kalapa.

"Lowell worked tirelessly to advocate for Hawaii taxpayers. He had a no-nonsense, unique and independent perspective on government, budgets, and tax policy," Abercrombie said. "Lowell was a nationally recognized expert on taxation, and had enormous credibility in the halls of the Hawaii State Legislature. He is irreplaceable and will be missed."

Selected Links to Content for or by Lowell Kalapa

Tax Foundation of Hawaii - <http://www.tfhawaii.org/>

Remembering Lowell Kalapa - Tax Foundation - <http://tax-foundation.org/blog/remembering-lowell-kalapa>

Tax Expert Lowell Kalapa Dies.... <http://www.khon2.com/web/khon2/news/tax-expert-lowell-kalapa-dies-at-64>

Lowell Kalapa on Civil Beat - <https://www.civilbeat.com/users/Member10565/>

Video: The Scoop on Tax Proposals - <http://www.youtube.com/watch?v=ziZwyK1if8c&feature=relmfu>

Video: Governor's Tax Increase Proposals - http://youtu.be/BWUZ-3FK_8M

Video: A Better Day with Sam Slom - <http://youtu.be/rcbzIX-Oiqw>

Turning the Tide of Anti-Business Government Attitudes

By **Lowell L. Kalapa**

President, Tax Foundation of Hawaii

Editor's Note: Lowell Kalapa died in late December 2013. See separate story. This is one of his final columns. Lowell will be missed.



For years, local leaders, both within government and the business community, depended on the umbilical cord to federal funds secured by Hawaii's Congressional delegation to the point that many of those leaders have no clue on what it takes to insure economic and financial prosperity for our community.

Anytime Hawaii ran into a bump in the economic road, local leaders got on the phone to Washington and asked for a federal bail out.

Who needed to worry about how the business climate fared when there was always the alternative of running to the federal government for another splurge of federal dollars for the state, be it on defense spending of native Hawaiian programs. Ah, but with the change in dynamics and the loss of seniority on the "hill," local leaders, both within government and in the private sector, will have to deal with the apathy of the last 50 years, that nothing has been done to make Hawaii an attractive place to do business.

Oh, that is not to say that Hawaii is not an attraction to global investors like the Japanese of the early 1990's, but to those investors the obvious attraction was that Hawaii is a great place to make a quick buck because of the public policies such as the law of supply and demand. This is true of real estate which is available for development. In an environment where less than five percent of the total land mass is zoned urban, the value of what is zoned urban can only go up. This is why during the last recession when the housing market in the rest of the country took a nose dive, real estate values in Hawaii hardly declined at all. Certainly there was less activity, but overall the value of real estate in Hawaii did not falter.

But what state and local officials need to recognize is that if Hawaii is to prosper, attitudes and laws governing Hawaii's business climate must change. When Hawaii continuously ranks at the bottom or near the bottom as a place to do business, one would think that community leaders would do something about changing that perception. For those businesses which are long established in Hawaii, they probably prefer

the status quo. After all, they got their sweet spots and don't want their apple carts upset. What they don't realize is that unless there is a strong and vibrant community, Hawaii will eventually end up in an economic abyss.

Although political leaders will point to their economic achievements over the last decades, those efforts were nothing but short term fixes about which they could write glowing press releases. These efforts took the form of tax incentives, like tax credits for high technology, that lawmakers promised would attract high paying jobs - high paying jobs that lawmakers turned around and taxed at the highest rates in the nation.

Then there are tax credits for film productions that are nothing more than a flash in the pan, here today and gone tomorrow. Sure those film productions send residents all a "twitter" as we swoon over the latest super star in this episode or that, but one has to ask if those productions are creating permanent jobs, and if they are, does it mean that the taxpayers of Hawaii will have to continue shelling out hard-earned tax dollars to subsidize those Hollywood productions?

Then there is the tax incentive for the development of alternative fuels which initially focused on ethanol as a means of supporting the sugar industry - after years of beating up on the sugar industry.

And when that didn't work out, switching the tax credit to the more generic "biofuels." Of course, all of these efforts came at a cost to current and future taxpayers as someone had to pay for the cost of keeping government running.

Instead of resorting to gimmicks, policymakers at all levels need to examine how government has impeded the nurturing of the business climate in Hawaii. While some elected officials would like to deny that they have created the road blocks that each business encounters in their attempt to succeed, the evidence is there, from labor laws, to permitting requirements, to the delays to just make decisions because employees don't want to take the responsibility for possibly making the wrong decision. In fact, this latter trait is consistently emblematic of those in public sector where no one seems to realize that not making a decision is indeed a decision to do nothing.

So leaders in both the public and the private sector need to realize that the days of depending on a constant flow of federal dollars to bail out the state's economy are over.

It is now time for policymakers to get down to work and begin to address the hurdles that prevent businesses from succeeding and creating jobs that workers need now and into the future.

Hawaii Health Connector to Cost You More

By **Malia Zimmerman**, HawaiiReporter.com, Watchdog.org

Hawaii Health Connector isn't financially sustainable and, because of that, should be a state agency, officials say.

The nonprofit state exchange received \$204 million in federal money. Once that runs out, the exchange will be expected to fund its \$10 million to \$14 million in annual operations through fees on local insurance companies. The fees, now at 2 percent, are generated through a percentage of sales made through the exchange.

But numbers as of Dec. 7 released by the Hawaii Health Connector show just 683 people in Hawaii bought plans through the exchange, or less than 1 percent of Hawaii's 1.4 million people. Another 6,615 accounts were established, 220 of which were small businesses, but they have not completed the paperwork to buy insurance, exchange officials said.

Sanjeev Bhagowalia, the state's IT director, and **Pat McManahan**, the state's human services director, as well as representatives from Kaiser and HMSA health insurance, told state representatives at a Dec. 12 hearing they should consider allowing the state to take over the private nonprofit, which the Legislature set up to implement the Affordable Care Act here.

Bhagowalia said 3,000 to 4,000 people signing up through the exchange — out of a potential 1.4 million — is "not a good outlook for us," and "the business model will not survive." McManahan encouraged lawmakers to act quickly because the federal money will evaporate by 2015. "The time is now to make the decision. The longer it is postponed, the less opportunity," McManahan said.

WEDNESDAY, FEBRUARY 19, 2014 • THE ALA MOANA HOTEL • HIBISCUS BALLROOM

TENTATIVE CONFERENCE PROGRAM*

- 7:00 – 8:00 am **Registration and Coffee Garden Lanai**
Network and Visit Business Exhibit Tables Foyer
- 8:00 Aloha and Welcome Working For A Better Business Climate
Sam Slom, President, Smart Business Hawaii
- 8:15 Battleground for Business During 2014: Minimum Wage, Mandates and Taxes
- 8:45 Whats Really Going On With the Economy and the Impact on Your Business
- 9:30 – 10:00 am Effective Marketing Ideas to Boost Your Business
- 10:15 Tips From Hawaii's Successful Business Owners
- 10:45 **Brief Refreshment Break** — Visit Business
– 11:00 Exhibits in Foyer
- 11:00 Technology That Will Help Your Business Soar
- 11:45 Impact of Obamacare on Your Business

- 12:00 Luncheon and Program — **Hibiscus Ballroom I & II**
- 12:30 Proven Principles for Prosperity
Patrick Snow, Motivational Speaker, Author
- 1:45 pm Adjournment Mahalo for attending!

SBH Leadership Circle Members/Sponsors Only

2:00 pm Private Meeting with **Patrick Snow**

* subject to change.



Patrick Snow is an international best-selling author, professional keynote speaker, publishing, speaking and book marketing coach. He first discovered his gift for speaking at the age of 17 while giving the pre-game speeches to his high school football team. Since then, Patrick has electrified more than 2,200 audiences on three continents to create their individual and organizational destinies.

As a publishing coach, he has mentored more than 500 clients throughout the world to successfully publish their fiction, non-fiction, memoir, legacy or children's book.

38th Annual Smart Business Hawaii Conference

Wednesday, February 19, 2014 – Ala Moana Hotel • Hibiscus Ballroom – 8 a.m. – 2 p.m.

SMALL BUSINESS 2014:
“WORKING FOR A BETTER BUSINESS CLIMATE”

featuring **Patrick Snow**, Motivational Speaker, Author

ADVANCE PAID RESERVATIONS REQUIRED (See Below) – Parking Validated – Arrive by 6:45 am

Name _____

Firm Name _____ Phone _____

Address _____ City _____ Zip _____

My Guest(s) _____ Firm _____

Luncheon Menu: Beef or Vegetarian

Enclosed is my check for \$_____, for _____ (# of reservations)
 @\$75 for members and their guests • @\$90 for Non-Members and at the door if space is available.

Full refunds until February 17, 2014. Make check payable to Small Business Hawaii and mail to:
 Small Business Hawaii, Hawaii Kai Corporate Plaza, 6600 Kalaniana'ole Hwy., Suite 212, Honolulu, Hawaii 96825.

Drones

Continued from page 3.

Hawaii's economy, bring high paying jobs to residents and enhance Hawaii as a test site for technology and robotics.

"Unmanned aircraft systems have a multitude of benefits including emergency preparedness, disaster responses, search and rescue, weather research and data collection, invasive species control, ocean and other scientific research," Espero said.

The proposed research will lead to development of standards, monitoring, navigation and safety for drones, Espero added.

During the 2012 legislative session, the legislature passed Senate Concurrent Resolution 137 SD1 HD1, requesting the Office of Aerospace Development partner with Alaska to expand and diversify both states' economies and the United States Space Program.

The Legislature also passed Senate Resolution 73 SD1, requesting the Office of Aerospace Development develop a proposal to encourage the FAA to select Hawaii as one of six unmanned aircraft system test sites. Some 37 states competed.

Senate Minority Leader Sam Slom, R-Hawaii Kai-Diamond Head, who in 2013 introduced Senate Bill 783 that called for

Continued on page 8.



SBH SUNRISE

Thursday, January 30, 2014 • 7:00 – 8:30 a.m.
Pineapple Room, Ala Moana • Breakfast / Free Parking

Michael Medved
Nationally Syndicated Radio Talk Show Host & Author

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk Jan. 30. Your guests welcomed at member price. Refunds until January 28.
Advanced Paid Reservations Required by January 29, 2014.

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.

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

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: _____

Brief In Hawaii Reapportionment Case: Exclusions Not Reviewed Under “Rational Basis”

By Robert Thomas

Here’s the Brief Opposing Motion to Affirm, filed in *Kostick v. Nago*, No. 13-456.

That’s the appeal currently pending in the Supreme Court challenging a ruling by a three-judge U.S. District Court upholding the 2012 Hawaii Reapportionment Plan against an Equal Protection challenge.

The Plaintiffs assert that the 2012 Plan’s exclusion of 108,767 military, military families, and university students from Hawaii’s population count falls short of Equal Protection’s requirement of representational equality, and that the Plan’s 44% and 21% deviations from district population equality far exceed the Supreme Court’s 10% threshold for presumed unconstitutionality. Disclosure: we represent the Plaintiffs-Appellants.

The Brief in Opposition responds to the State of Hawaii’s Motion to Affirm (remember, this is an appeal, not a cert petition):

Nothing to see here folks, move along is the States central theme in its response to this appeal. In Hawaii’s view, Burns gives it the unreviewable discretion to define and apply permanent resident virtually any way it chooses. And 44.22% and 21.57% deviations percentages that blow by this Courts 10% threshold, and make the existing high-water mark of 16% look downright amateurish? Pshaw! Hawaii is just so different from the other 49 states, it posits, we wont tolerate canoe districts, and these deviations are the best we have to do. Belying this narrative is the fact the State believed it necessary to add to its response a platoon of heavy-hitters, even though its arguments remain essentially unchanged from those it advanced in the District Court. But beyond the Motion to Affirms marquee, the State adds nothing new, and avoids the two fundamental issues presented by this appeal which challenges Hawaii’s 2012 Supplemental Reapportionment Plan (2012 Plan).

Next up: The Court will get the briefs, and then let us know whether the District Court will be summarily affirmed, or whether the case is set for full briefing and argument. Stay tuned.

Brief Opposing Motion to Affirm, *Kostick v. Nago*, No. 13-456 (Dec. 26, 2013). See more at: <http://www.inversecondemnation.com/#sthash.ZbdkQo9x.dpuf>

Robert H. Thomas is one of the preeminent land use lawyers in Hawaii.



Drones Continued from Page 7

guidelines and reporting of military use of drones where private citizens are involved, noted despite Hawaii’s big announcement Monday, Hawaii wasn’t selected as the test site, Alaska was.

“While I certainly support the efforts of the State of Hawaii in its Aerospace Development, the fact is, it was Alaska, and not Hawaii, the FAA chose as part of its six-state testing program. Because of our and Oregon’s separate agreement with the University of Alaska, Hawaii will get to participate but we were not chosen,” Slom said.

Drones are already being used by the military under the FAA’s watchful eye. The **U.S. Army 25th Infantry Division’s 2nd Stryker Brigade** and its **3rd Infantry Brigade** based at **Schofield Barracks** and **Wheeler Air Force Base** on **Oahu** use more than 100 drones in their surveillance and reconnaissance operations. The **Hawaii Air Guard** has another 24 drones that fly over some of Hawaii’s key military bases.

However, many residents are skeptical of drones flying through Hawaiian skies because of their lethal reputation, and they fear loss of privacy. The eyes in the sky can be outfitted with facial recognition software, thermal imaging cameras, microphones and license plate readers.

While Slom said Hawaii can benefit as drones are developed into smaller, better, advanced drone devices at an unparalleled pace, he also is concerned about privacy issues.

“Without being alarmist, conspiratorial or paranoid, I continue to urge caution in the wider unregulated use of drones by the military and law enforcement in Hawaii,” Slom said. “There needs to be more transparency as to usage particularly as it applies to our privacy and 4th Amendment Constitutional rights against unlawful search and seizure. This is especially true with the overseas use of drones and the recent conflicting court opinions regarding NSA spying on American citizens.”

Slom’s legislation didn’t pass in 2013, but technically the bill is alive for the 2014 session, which begins January 15.

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