

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Monday, December 16

Annual & Monthly SBH Board Meeting

Outback Steakhouse – Hawaii Kai
11 am – 1:30 pm

Thursday, January 30, 2014

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, 2014

38th Annual SBH Business & Investment Conference

Ala Moana Hotel • 8 am – 2 pm

SBH Members
Invited to All Events.

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>

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Business
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Wishing you, your business and family the best this holiday season. Be sure to read "Keep Your Finances in Check this Holiday Season" by selecting this link to the online article.

38th Annual SBH Business Conference Coming

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

Save the date: The 38th Annual SBH Conference will be held on Wednesday, February 19, 2014, from 8 am to 2 pm, in the Hibiscus Ballroom and Garden Lanai in the Ala Moana Hotel.

There will be an exciting and informative business program. Fabulous speakers and local issues will be on tap. The conference line-up will be published next month.

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

Next SBH Sunrise to feature Michael Medved



There is no monthly SBH Sunrise Networking Breakfast Forum during the month of December.

The monthly networking forums resume, Thursday, January 30, 2014 with special guest, national radio host and author, **Michael Medved**.

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

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

November's speakers were **Erin Chisholm** of Pacific Business Consultants and **David Morihara** of Morihara, Inc. They discussed, "What is Your Company Worth in Today's Market?"

The reservation form for the January Sunrise Breakfast will appear in next month's *Small Business News*.

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Smart Business Views

By Sam Slom, President – Smart Business Hawaii

Merry Christmas and Happy New Year! We end the year with cautious optimism that Hawaii in

2014 will improve economically. However, our business climate is still suffering and being suffocated by too much government, taxation, regulation and employer mandates in Hawaii. We have not turned the economic corner; we are still dependent on the Visitor Industry, which has slowed during the past two months, and federal largesse. Construction, Retailing, Wholesaling and Manufacturing are still lagging. Unfunded liabilities continue at record levels. The start of the next legislative session, January 15, does not give us cause for business joy. But SBH will be in the forefront of steps to improve our business climate and change the direction of our bloated government.

Black Thursday, Friday, Saturday. The recent shopping frenzy in stores and on line produced more shoppers but fewer shopping dollars, according to agencies who track those sales. The holiday period keeps stretching the time for you to spend even more.

SBH 38th Conference. Save the date: Wednesday, February 19, 2014, 8 am – 2 pm, for the 38th Annual SBH Business & Investment Conference at the Ala Moana Hotel. A great line up of exciting and informative speakers and issue topics (agenda to be published soon), networking, business exhibits and more. Sponsorship and booth exhibit opportunities still available. Contact **Malia** (306-3161) or **Susan** (396-1724) for details.

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.

Resignations Abound. What a month November was for people jumping ship! State Procurement Officer **Aaron Fujioka**, who was under constant attack by several Democrat politicians, gave up the position he held for years. Fujioka ruled consistently against attempts to undermine the state's procurement law, no matter how powerful the person trying to do so.

The University of Hawaii System's Executive Vice President/Provost for Academic Affairs **Linda Johnsrud** will step down after 25 years effective December 31, 2013, and will assume a senior leadership position with the University of Texas System in Austin.

Johnsrud was rumored to be in the running for interim UH President after MRC Greenwood suddenly resigned, but she was not selected.

Coral Andrews, head of the failed Hawaii Health Exchange Connector, also surprised everyone with her resignation notice. Many criticized Andrews for failing to give information to lawmakers and for keeping data about the exchange secret.

Eva Laird Smith, Executive VP of the State Foundation of Culture & the Arts, announced she's leaving at the end of the year after a flap about the unauthorized use of a Native Hawaiian photograph for commercial purposes. Reportedly it was some union officials and politicians who wanted the talented and experienced Smith out of that job because she was too independent.

Amazon Gets It Done. Did you see the interview on "60 Minutes" last month about amazing Amazon.com and founder/CEO **Jeff Bezos**? Quite an eye opener. This business and innovative leader continues to improve delivery—USPS should take notes, but their union would never allow this creativity—expand products (including groceries, fashion and computer servers) and even debuted the future use of drones for home delivery. I have invited Bezos to address an SBH business function. Ironically, Amazon doesn't give out his email and tells you to snail mail correspondence to a Post Office box in Seattle!

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. Exciting movie and TV news coming soon from Malia!

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

Read Your E-Blast every Wednesday. What? Not receiving your weekly electronic SBH E-Biz News? Call Susan at 396-1724.

SBH wants you as an SBH Member. Is your business a member of SBH? Call **SBH** today (808-396-1724) or go online: **www.smartbusinesshawaii.com**.

Zogby: Americans Believe Another Shutdown Coming.

Nearly two-thirds (65%) of Americans say it's likely there will be another government shutdown in the months ahead as Congress continues to debate deficit and budget issues, according to a new national public opinion poll commissioned by Research America and the American Society of Hematology.

This sentiment is shared across party affiliations: Democrats (66%), Republicans (65%) and Independents (65%). There is also consensus across party lines that government dysfunction has consequences. A majority of Americans (57%) say the shutdown in October caused significant harm to many government-funded programs including medical research, defense and education. Democrats (68%) and about half of Republicans (49%) and Independents (51%) agree.

Time to Nominate a Business

The **Small Business Administration** (SBA) and **Hawaii Business** magazine present the state's largest awards recognition program celebrating the best in small business: The SBA Awards and SmallBiz Editor's Choice Awards.

Nominations are now open for the prestigious SBA Small Business Awards for 2014. Nominations can be submitted for multiple categories including Small Business Person of the Year, Minority Small Business and more. Contact the Hawaii Office of the SBA @ 808-541-2990, Mon – Fri from 8:00 am to 4:30 pm, for more information.

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Federal Law Increases Hawaii Shipping Fees Ten Fold

By **Malia Zimmerman**

HawaiiReporter.com, Watchdog.org

So much for “free shipping.”

Moving a container here from Los Angeles costs nearly 10 times more than moving that same container from Los Angeles to Shanghai, some three times farther.

The Freight of All Kinds rate to ship a 40-foot container from Los Angeles to Shanghai is \$790.

Matson Navigation Co., Hawaii’s largest carrier, charges \$8,700 to ship that same container from Los Angeles to Honolulu, according to the company’s website. Shipping that container from Hong Kong to Los Angeles is \$1,986; from Shanghai, to Los Angeles, \$1,885.

And that cost for shipping to and from Hawaii from the west coast is set to rise again. Matson announced Monday shipping rates will increase January 5, 2014, by 5.5 percent for the route from the West Coast and Hawaii, amounting to \$175 per container to Hawaii and \$85 per container returning to the mainland. Terminal handling fees will also increase between \$25 and \$50.

“This rate increase will help offset rises in operating costs and support ongoing investments in our Hawaii service. The adjustment is consistent with our longstanding philosophy of implementing modest, incremental increases as necessary to maintain the highest levels of service, and is identical to increases implemented in 2012 and 2013,” said Dave Hoppes, who is senior vice president of ocean services for Matson. The Jones Act, or the “Merchant Marine Act of 1920,” requires goods shipped on cargo containers be transported between American ports on American manned and owned ships by American crew.” It decreases competition in the shipping industry and allows American companies to increase prices dramatically, economists say.

Ken Schoolland, a professor of economics at **Hawaii Pacific University**, called it a “mercantilist favor to special interest shipping lobbies that strangle the economic life of the people of Hawaii.”

“These restrictions, while benefiting a few powerful insiders, multiply by many times the cost of ships and labor that are allowed to service the islands. These restrictions eliminate many products that we could buy and many customers to which we could sell our products around the world. These restrictions prevent us from accessing the newest, most



Matson container ships make regular runs between Honolulu and the mainland. There could be more container ships from a number of different firms transporting goods to and from Hawaii from multiple destinations at less cost if the Jones Act is repealed.

efficient and most sustainable technologies,” Schoolland said.

Hawaii attorney **John Carroll** is challenging in the constitutionality of the Jones Act. “Why should Matson get away with predatory pricing on shipping? The law should be set aside altogether, or at the very least Hawaii should be given an exemption,” said Carroll, who filed an appeal Nov. 14 on his initial case — it was dismissed earlier this year — challenging the Jones Act.

“The people of Hawaii must be made aware of the damage the Jones Act shipping restrictions are inflicting on Hawaii’s economy and the harm brought into the lives of everyone in Hawaii,” Carroll said, noting an estimated 80 percent of what is consumed in Hawaii is imported, and 98 percent of that comes by sea.

The **Drewry Maritime Research**, a national research and advisory organization for the maritime sector, last week issued a controversial report calling for a repeal of the Jones Act.

Powerful and well-funded supporters of the law dismiss the Drewry report as self-serving. They maintain a U.S.-flagged fleet is vital for the nation’s national and economic security.

The Drewry report, however, says the Jones Act is “getting increasingly expensive for consumers and no longer has the same level of political support.”

That’s not necessarily the case in Hawaii.

Gov. Linda Lingle, a Republican who served from 2002-2010, and **Gov. Neil Abercrombie**, a Democrat in office since then, are vocal supporters of the Jones Act. As is **President Obama**.

Key members of Hawaii’s current congressional delegation — including **Sens. Mazie Hirono and Brian Schatz** and **Rep. Colleen Hanabusa** — back the Jones Act. Matson’s purchase of two new container ships, at \$209 million each, from a shipyard in Pennsylvania made Drewry curious.

The **Journal of Commerce** reports vessels of a comparable size could be built in Asia for less than one-fifth of that price.

“The last time Matson ordered four 2,890-TEU (20-foot-equivalent-unit) ships at a U.S. shipyard, which were delivered between 2003 and 2006, they cost around \$125 million each, which was around four times higher than the market price in Asia at the time. So the cost differential is getting larger,” the Journal of Commerce said.

Besides the cost of building new ships, wages have increased, soaring 31 percent in 10 years, the Drewry report said.

Lingle and many other supporters, including the past four U.S. presidents, have said the Jones Act plays an important role in keeping an America fleet ready in war-time

Continued on page 4.

Ten Examples of American Exceptionalism

10) Only in America ... could politicians talk about the greed of the rich at a \$35,000.00 a plate campaign fund-raising event.

9) Only in America ... could people claim that the government still discriminates against black Americans when they have a black President, a black Attorney General and roughly 20% of the federal workforce is black while only 14% of the population is black. 40+% of all federal entitlements goes to black Americans 3X the rate that go to whites, 5X the rate that go to Hispanics!

8) Only in America ... could they have had the two people most responsible for our tax code, Timothy Geithner (the head of the Treasury Department) and Charles Rangel (who once ran the Ways and Means Committee), BOTH turn out to be tax cheats who are in favor of higher taxes.

7) Only in America ... can they have terrorists kill people in the name of Allah and have the media primarily react by fretting that Muslims might be harmed by the backlash.

6) Only in America ... would they make people who want to legally become American citizens wait for years in their home countries and pay tens of thousands of dollars for the privilege, while they discuss

letting anyone who sneaks into the country illegally just 'magically' become American citizens.

5) Only in America ... could the people who believe in balancing the budget and sticking by the country's Constitution be thought of as "extremists."

4) Only in America ... could you need to present a driver's license to cash a check or buy alcohol, but not to vote.

3) Only in America ... could people demand the government investigate whether oil companies are gouging the public because the price of gas went up when the return on equity invested in a major U.S. oil company (Marathon Oil) is less than half of a company making tennis shoes (Nike).

2) Only in America ... could the government collect more tax dollars from the people than any nation in recorded history, still spend a Trillion dollars more than it has per year - for total spending of \$7-Million per minute, and complain that it doesn't have nearly enough money.

1) Only in America ... could the rich people - who pay 86% of all income taxes - be accused of not paying their "fair share" by people who don't pay any income taxes at all

A & B Buys Kailua Town

Alexander & Baldwin, which liberated Kahala from the clutches of Japanese Billionaire **Genshiro Kawamoto**, has purchased most of Kailua's commercial land. The locally owned company should be stable landlords for many small businesses on the Windward side. However, rents eventually will increase because this is still an investment for A&B and its stockholders.

Jones Act Continued from page 3.

and in maintaining a strong economy.

Lingle maintains an objective analysis of the Jones Act cannot be reduced to an argument about lower shipping costs. It also must focus on national security interests, which include protecting the American shipping industry from collapse based on economic pressure from foreign competition.

But Schoolland, who wrote the award-winning *Jonathan Gullible* series used to teach economics around the world, says that "security" should not be for companies afraid of open competition in the marketplace, or for politicians and their lobbyists afraid of allowing our citizens freedom to choose how to spend their money.

This article originally published in HawaiiReporter.com



"The ladder of success is best climbed by stepping on the rungs of opportunity."

— **Ayn Rand**, author of the book *Atlas Shrugged*



Legislature Convenes Jan. 15

The Hawaii State Legislature will begin its 60-working day (until May) run, Wednesday, January 15, 2014 at 10 am. A "soft" opening is planned with little entertainment or food.

With state finances flagging amidst more demands for welfare, early education and other state programs, tax increases minimum wage hike and more employer mandates will be on the front burner.

The Governor will propose a two-year Supplemental Operating Budget. An interesting dynamic is that Senate Ways & Means Chairman, Senator **David Ige**, will challenge fellow Democrat, Governor **Neil Abercrombie**, in the upcoming Primary.

State Rep. **Denny Coffman** (D-5) resigns as of December 20.

SBH will keep business up to date on all legislative matters. Veteran Capitol watcher, **Mike Palcic**, will assume the duties of SBH's Legislative Liaison for 2014 and will also testify for Hawaii's small businesses.

Taking “Minimum Wage” Out Of Context

By **Lowell L. Kalapa**, Tax Foundation of Hawaii

As we approach another session of the legislature and with Congress about to go on a holiday break, there will be renewed rhetoric about raising the minimum wage. There is obvious ignorance demonstrated when the minimum wage is characterized as a “living wage.”



Proponents of increasing the minimum wage decry the fact that the minimum wage is insufficient to make ends meet for a single mom who has to work to support her children. What those proponents seem to forget is that the minimum wage was adopted as the lowest possible wage that could be paid to a worker and is usually extended to those who join the workforce with no job skills at all. We are talking about, for example, a high school student searching for a summer job who has no work skills, be it understanding that they need to be at their place of employment before the shift begins or that dressing appropriately is a requirement to hold that job, be it wearing shoes instead of slippers or with hair well groomed if the job requires serving a customer in a restaurant or in a retail store.

The minimum wage was never meant to be this “living wage” that everyone from the President on down to local legislative leaders would like people to believe. While a modest increase in the minimum wage would recognize that costs have been exacerbated by the effects of inflation, the call for an increase in the minimum wage by nearly \$2.00 an hour will have far reaching effects that will be self-defeating in the drive to provide enough income to “make ends meet.”

First of all, one of the simplest questions is “where will the money come from” to pay the higher minimum wage? The most obvious answer is that employers will have to raise the costs of the goods and services they make and sell. That means the cost of the higher minimum wage will have to be recovered in a can of corn or in that loaf of bread. With a substantial hike in the minimum wage, employers will probably not only have to increase the price of the goods and services they sell, they may also have to reduce the number of people who are paid that minimum wage.

So the economic impact resulting from a big jump in the minimum wage is that the cost of living will rise at one end and at the other end, workers will either lose their jobs or they will see their hours shortened. Thus, such a hike is self-defeating as the higher minimum wage worker will probably see a commensurate rise in the cost of everything from groceries to shoes and/or they may actually find themselves out of work or working less hours. Both not a good thing from an economic point of view as the higher wages and, therefore, higher prices will accelerate the inflation rate while reducing the number of employment opportunities. So much for prosperity for the nation’s workforce - be it the consumer or the worker.

Given the fact that the nation’s economy is no longer insular but must compete on the world marketplace, rapidly increasing wages will, no doubt, make goods and services sold to our trading partners that much less price competitive. While political leaders decry the loss of jobs to overseas markets, do they realize a substantial increase in the nation’s minimum wage will insure that those jobs that were outsourced overseas will probably stay there?

What political leaders need to realize is that the minimum wage was meant to be a wage that employers are required to pay an employee even if that employee has no skills. Most employers realize that once trained, that skilled employee is a valuable asset who can be retained as long as those skills are rewarded with increased compensation and benefits.

Politicians who cite employees who are earning the minimum wage in a job that the employee has held for several years seem to overlook the obvious question. That is, if that employee is still earning the minimum wage after holding the same job for a number of years, has the employee made no effort to improve or acquire better job skills? A higher pay rate is the incentive for an employee to improve productivity with better job skills. On the other side, for the unskilled, first-time job applicant, those potential job opportunities will shrink as employers become more discerning about who they hire, taking less risk on hiring unskilled workers, weighing the additional cost of the higher minimum wage against the cost of training that unskilled worker.

Visit Tax Foundation of Hawaii online @ www.tfhawaii.org.

Employers Hiring Veterans by December 31 can Save on Taxes

A Report from the Internal Revenue Service

If you plan to hire soon, consider hiring veterans. If you do, you may be able to claim the federal Work Opportunity Credit worth thousands of dollars. You must act soon. The WOTC is available to employers that hire qualified veterans before the New Year.

Here are six key facts about the WOTC:

- 1. Hiring Deadline.** Employers hiring qualified veterans before Jan. 1, 2014, may be able to claim the WOTC. The credit was set to expire at the end of 2012. The American Taxpayer Relief Act of 2012 extended it for one year.
- 2. Maximum Credit.** The tax credit limit is \$9,600 per worker for employers that operate a taxable business. The limit for tax-exempt employers is \$6,240 per worker.
- 3. Credit Factors.** The credit amount depends on a number of factors. They include the length of time a veteran was unemployed, the number of hours worked and the amount of the wages paid during the first year of employment.
- 4. Disabled Veterans.** Employers hiring veterans with service-related disabilities may be eligible for the maximum tax credit.
- 5. State Certification.** Employers must file Form 8850, Pre-Screening Notice and Certification Request for the Work Opportunity Credit, with their state workforce agency. They must file the form within 28 days after the qualified veteran starts work. For more information, visit the U.S. Department of Labor’s WOTC Error! Hyperlink reference not valid..
- 6. E-file.** Some states accept Form 8850 electronically. For more information, visit IRS.gov and enter ‘WOTC’ in the search box.

How Will Your Hawaii Home be Affected by the New Flood Insurance Increases?

By **Cathy Possedi, R(S)**

One of the high priority desires for most buyers in Hawaii is to be in close proximity to the ocean. Before July 2012, agents would remind buyers who were looking for properties near the water of the obvious risks to their home if a natural disaster hit the islands. They would also be required to get flood insurance if they were in a high-risk flood zone area.

While this would be an added cost to the home owner, a large portion of buyers felt the positives of living so close to the water were outweighed by the negatives. They considered the flood insurance premiums a small price to pay for the beautiful views they would get to experience daily.

Unfortunately, recent changes to the National Flood Insurance Program (NFIP) will significantly impact how future buyers shop for their home. Now more than ever, homeowners need to know the ramifications of these changes and how it will affect their pocketbooks. Not only will flood insurance premiums increase exponentially for the next several years, but the increase in those rates will undoubtedly be a concern to their buyer when they sell.

Why are Flood Insurance Costs Increasing?

This legislation was a result of the country's devastating natural disasters over the past 8 years. The costs to the NFIP were unprecedented, resulting in a debt exceeding \$24 Billion dollars! So to pay that bill, the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) was signed into law.

In summary, the BW-12 requires re-mapping of flood zones and an increase in flood insurance rates to more accurately reflect the real risk of flooding. Many of the changes were initiated on October 1, 2013.

Insurance increases will depend on:

1. The year home was built
2. The elevation of the home (determined by an Elevation Certificate/EC)
3. What flood zone the home is in, or going to be in if the flood maps are revamped

FAQ New Flood Insurance for Hawaii Home Owners

Q: What should you do if you are going to buy, or are in the process of buying a home?

1. First thing is to verify the flood zone that the subject property is in. Do not rely on the MLS printouts either, as they are not always

accurate or up-to-date. Best sources are:

2. www.hawaiiinfip.org
3. www.msc.fema.gov

Please Note: the maps are the same.

4. Next is to look at the Preliminary maps, which are proposed changes to the flood zone maps that could be implemented at any time. IF the property you are considering buying is in the A or V Zones where mandatory flood insurance applies, ask questions.

Ask your Realtor to explain the possible impacts to that property, call an Insurance Agent who has experience writing NFIP Flood Policies, and consult with a Surveyor who is familiar with reading FEMA's Flood Insurance Rate Maps and doing ECs. Do your due diligence!

Q: What if you own a home that is now in a high-risk flood zone?

Call your insurance agent now and find out about how the new laws may affect your home. Your agent can suggest steps for you to take to be proactive about your situation, or possible ways you could lower your current or upcoming flood insurance costs.

Q: What if you are a Seller, or are thinking about listing your home in the near future?

Check out the current and preliminary flood zone maps and also call your insurance company to see how you are currently affected. When you sell your home, be sure to disclose your property's flood risk based on current effective FEMA Flood Insurance Rate Maps.

While these changes are not good news to home owners, being armed with information can help ease the situation and provide you more options. You may still want to buy that oceanfront home on the North Shore of Oahu, but at least you will have an idea up front what that may cost you in terms of protection.

Hunger Games II Set Box Office Records

"Catching Fire," the second in a Hunger Games movie trilogy, is setting box office records. Most people say they like this movie better than the original.

What do you think? Big winner is Oahu (Kawela Bay) where a major part of the movie was filmed and is clearly identified. Lots of local jobs. No baboons (shown on Oahu, not politicians!) were hurt in the filming of this movie. However, the finance/tax credit for the movie recognizes the State of Georgia.

One Thing to Watch For

Congress has legislation in both the House and Senate to delay changes to the NFIP for 4 years due to massive implementation problems. Keep in mind this will only be a delay. The Honolulu Board of Realtors, along with the National Association of Realtors, are working overtime to push for the delay so current and future home owners have time to understand and prepare for these huge changes.

Receive Updates as they are Announced

For more information or updates as they are announced by the Hawaii DLNR, contact me. I will be happy to provide a free consultation for your home or the home you are thinking about buying, or give you additional resources for further assistance.

Cathy Possedi, R(S) has been a full-time real estate professional since 2006, and currently works for Hawaii Life real estate. This article was originally published in Hawaii Reporter: <http://www.hawaiireporter.com/?p=470686>



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Hawaii Health Exchange Violates Federal Law Says League of Women Voters

By Malia Zimmerman, HawaiiReporter.com

Hawaii's health exchange violates the **National Voter Registration Act**, says the state's **League of Women Voters**.

The voter act requires all states to provide residents access to voter registration when applying for a driver's license, welfare, unemployment benefits and a host of public programs.

But the **Hawaii Health Connector**, established by the Legislature as a nonprofit to run the Obamacare exchange and funded with \$200 million in federal money, fails to provide information about voting on its website or in other materials.

The office of the state attorney general said the health connector is not required to provide voter information on its website because it is an independent, nonprofit agency. The attorney general's office said had issued an informal opinion on the matter to the Office of Elections and Department of Human Services, but it would remain a privileged document unless either the Office of Elections or DHS released it.

The League of Women Voters argues the Hawaii Health Connector is performing government services and is funded with federal money. The connector should integrate widely available voter registration links and other resources into the website, the league says. The league says the state attorney general, who is charged with representing the governor and state agencies, appears to be representing the health connector at taxpayers' expense.

"It is wrong to suggest that the Hawaii Health Connector is not covered by the National Voter Rights Act because it is a nonprofit agency," said State League President **Piilani Kaopuiki**. "The Hawaii Health Connector is performing state services that are required by the Affordable Care Act, and there is strong legal precedent that the actions of such an entity are attributable to the state."

The attorney general said in response: "The Department of the Attorney General does not represent the Health Connector. Our client in this matter is the Elections Commission. Pursuant to HRS section 28-4, the Department of the Attorney General is required to "give advice and counsel to the heads of departments, district judges, and other public officers, in all matters connected with their public duties, and otherwise aid and assist them in every way requisite to enable them to perform their duties faithfully."

The League of Women Voters maintains providing access to voter registration is not only a legal obligation but also essential for attacking the problem of low voter turnout.

Some 270,000 Hawaii residents eligible to vote are still unregistered. The state consistently ranks at the bottom regarding voter turnout among the states.

"The League of Women Voters refuses to remain silent on this serious problem. We believe a citizen's right to vote is a fundamental right," said Kaopuiki. "In Hawaii the League has worked for more than 50 years to encourage voting. It is our core mission, and we urge immediate action to protect voting rights and democracy in Hawaii." Other states are already committed to offering people the opportunity to register to vote through their state health exchanges, just as they do through departments of motor vehicles and other agencies, and Hawaii should follow suit, Kaopuiki said.

The league is urging **Attorney General David Louie** to reverse his position — the Hawaii Health Connector is not a state agency and its officers and employees are not state employees, so the nonprofit does not have to comply with federal law.

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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") _____

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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: _____

Hawaii Health Connector Violates Federal Law

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The league has also asked **State's Chief Elections Officer Scott Nago** to designate the state's Health Benefit Exchange as a voter registration agency under the National Voter Registration Act and work with the connector to ensure voter registration opportunities are granted to all who seek health benefits.

Rex Quidilla, spokesperson for the Office of Elections, said the connector is nonprofit and, therefore, the elections office cannot force its compliance. The Office of Elections has contacted connector staff and board members to encourage them to place links on the site, Quidilla said.

Technical problems with the website are part of the reason behind the reluctance, Quidilla said.

The Hawaii Health Connector launched Oct. 1, but users were unable to connect to state social service and health-care insurance provider websites. The site relaunched Oct. 15, but users still complained about technical problems, similar to the problems with healthcare.gov.

The Hawaii Health Connector's board addressed the voter registration issue in September. Meeting minutes say:

"Update on National Voter Registration Act Compliance: Executive Director (Coral) Andrews reported that the League of Women Voters raised the question whether or not the Connector was subject to a Federal requirement to conduct voter registration. The Attorney General's determined that the Connector was not a state agency responsible for conducting voter registration activities pursuant to the National Voting Rights Act."

The connector's public relations firm provided a copy of the September minutes but has yet to offer additional comment.

A member of the League of Women Voters told HawaiiReporter.com the nonprofit, nonpartisan voter advocacy group has no plans to back down on its requests.

Editor's note: The original version of this story incorrectly stated that the attorney general did not give its informal opinion to Hawaii Reporter because of attorney client privilege related to its representation of the Office of Elections and Health Connector, but it should have said the Office of Elections and Department of Human Services.

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The last SBH Sunrise Breakfast of 2013 featured Erin Chisholm of Pacific Business Consultants and David Morihara of Morihara, Inc. They discussed, "What is Your Company Worth in Today's Market?" Sunrise is an excellent networking opportunity for business owners.

Live Every Second

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

We can learn a lot of life's lessons from football. So it was at the end of the frenetic "Iron Bowl" between rivals Alabama and Auburn at Auburn. It was a good game with #1 Alabama struggling. It was headed for overtime and a play that seemed to run out the clock was challenged for one (1) second remaining. It took nearly 5 minutes to review but 1 second was put back on the clock. Alabama elected to go for a 57 yard winning field goal with that 1 second. The ABC/ESPN announcer was spot on when he said, it might allow a run back. As we all watched, the kick was wide and short, and allowed the Auburn kick returner to grab it nearly 9 yards deep in the end zone and to the disbelief of everyone, run it out for a 100-yard touchdown and an incredible Auburn upset victory. Auburn made the very most of that 1 second. Alabama did not prepare adequately for that impossible run (but they could/should have).

A football game, like a life or business challenge, is played the entire 60 minutes. Every second of life is valuable and precious. We can't take it for granted; not even 1 second. This is important in business, politics, medical emergencies and sports. It was also recalled that, "Destiny wins over Dynasty." It was more than just a football game.

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