



Creating A Better Hawaii
Through Private Enterprise

SMALL BUSINESS NEWS

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February 2009

SBH Conference Stressed Success and Cash Flow

Small Business Hawaii's 33rd Annual Business Conference Wednesday, January 14th, at the Ala Moana Hotel was the New Years first major business and investment conference. More than 200 business owners attended.

The conference theme, "Small Business 2009: Overcoming Hawaii's Economic Challenges", was positive and focused on solutions to current economic and political concerns.

The first subject was Tax Strategies for Hawaii's Small Businesses presented by **Charles Au**, Accountant, Erwin, Cabrinha and Au.

Continued on page 6.



Robert Kiyosaki, author of the best selling book, *Rich Dad, Poor Dad* had some excellent words of advice to entrepreneurs as he talked about his life and the path he took that led him to success. Kiyosaki's talk was educational, informational as well as entertaining. He and his wife Kim later spoke to SBH Golden Circle members at the end of the conference. More conference photos on pages 6 & 7 and also online at our website: smallbusinesshawaii.com.

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Thursday, February 5

Hawaii SBDC

Strategies Alliance

Halekulani Hotel • 7 am – 5 pm

Monday, February 9

SBH Board of Directors

12 noon

Thursday, February 19

SBH Sunrise Networking

Pam Chambers

Waialae Country Club

7 – 8:30 am

Friday, February 20

Hawaii Reporter's Anniversary

Honoring 7 Superheroes

Waialae Country Club

11:30 am – 1:30 pm

Thursday, February 26

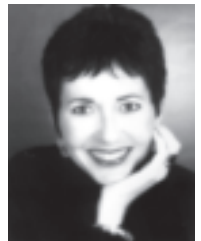
Hawaii Business Success Awards

Hawaii Prince Hotel • 5:30 – 8 pm

Pam Chambers to Speak at February 19 Sunrise

The monthly Small Business Hawaii Sunrise Networking Breakfast, usually held the last Thursday of the month at the Pineapple Room, will take place a week earlier, **Thursday, February 19**, and at the **Waialae Country Club**, 7 – 8:30 am.

Our special speaker is **Pam Chambers**, of Pam Chambers Associates, dynamic presentation coach, author — her latest best seller is *Public Speaking Made Easy*, — and motivational speaker, who will discuss "Moving Your Business Forward During 2009." She will share with you positive steps you can take to make your business more successful. Don't miss Pam and her always lively talk.



Ron Martin of "Success Dynamics" spoke at the January 29 Sunrise.

Members at SBH Sunrise enjoy a complete buffet breakfast, free exhibit area, networking, and business introductions to boost their business.

The public is welcome. Parking is free and easy.

The cost for this event is \$25 for members and guests who register and pay in advance; \$35 for non-members and at the door. Send in the form on page 8 with your payment.

Hawaii Reporter to Honor Seven Page 3
Free Resources for Small Business Page 4
Cow Gas May Trigger Cow Tax Page 5

Keep Expenditures Transparent Page 9
Important Life Lessons Page 10
What is the Value of Real Estate? Page 11

2009 SBH Annual Conference Wrap-Up • Pages 6 & 7



Small Business Views

By Sam Slom, President – Small Business Hawaii

The 33rd SBH annual business and Investment Conference January 14 was exceptional. More than 200 business owners attended and were energized by **Robert Kiyosaki**, Governor **Linda Lingle**, CPA **Charles Au**, **Mark Dunkerley** of HAL, computer whiz **Peter Kay**, **Eric Carson** and entrepreneurs, **Dustin Sellers** - ProService Hawaii (Labor Services), **Hale Takazawa** - Pacific Atelier (Architect), **Mike Hicks** - Hick's Pension Services and **Jon Bryan** - Nothing But Results (Marketing). We could not have done it without the generous support of our sponsors — see complete list on page 7.

The focus was not on how bad times are, but the many opportunities that these economic and political challenges present and the way to benefit from them. Emphasis was on success and prosperity.

Small Business Hawaii, Hawaii's first business organization on the worldwide Internet more than 15 years ago, will dramatically upgrade its website beginning March 1. Through the efforts of SBH Directors **Eric Carson** (Reflections Glass) and **Matt Longfellow** (Valpak of Hawaii) who engaged **Lubuw Falanruw**, of Digital Mediums, a preview of the new website was shown. Also working to upgrade and clarify SBH's brand identity are **Brook Gramann** and **Gloria Garvey** of the Brand Stratgy Group who will help unveil the new SBH in conjunction with the website. Exciting times coming soon!

After all the commercials, January 15 arrived in Hawaii and at noon the switch was flipped and Hawaii became the first state to go all digital TV. There were some glitches followed by a 60 mph windstorm. Were the events connected?

For fun and a good time, be sure to join us at the *Hawaii Reporter's* 7th anniversary, Friday February 20 at lunch at the Waialae Country Club (phone Malia at 306-3161). HR also has a super new web look; check it out at **HawaiiReporter.com**. HR is running a series of local stories, "Growing Up In Hawaii," which will be published later as a commemorative book celebrating Hawaii's 50th year of statehood in August.

More layoffs in Hawaii from Matson Navigation Company and Clear Channel Broadcasting. The end is not in sight.

The Hawaii Superferry faces more EIS and court scrutiny this month. The Ferry did show it can brake for whales last month.

The 25th State Legislature convened January 21 until May 7. Watch out for proposed tax and employer mandate (minimum wage, UI tax) increases. SBH will be there.

Tell us it ain't so: Governor **Linda Lingle** proposed major highway auto tax increases on January 22 (see p. 8). She also called for more cigarette and "sin" tax increases too.

Senator **Colleen Hanabusa** also proposed using state unemployment compensation tax funds — the current UI tax reserve is at about \$400 million — to pay for the many more unemployed expected. Rates may rise to inflate the fund and cover costs. Hanabusa also floated the idea of holding the GET surcharge going to Oahu for mass transit; it wasn't well received at City Hall.

Yikes! The Ilikai Hotel, home to *Hawaii 5-0's* **Steve McGarrett** for so many years, is subject to court closure this month. Sad.

The City's proposed costly rail transit system faces more financial hurdles with cutbacks in federal allocations, slowdown in GE tax surcharge and the EPA slapping the City with a \$1 billion charge for sewage treatment upgrades. A group is attempting to get signed petitions to impeach Mayor **Mufi Hannemann** for, among other things, using taxpayer funds to provide misinformation about the financial costs and impact to taxpayers of the rail.

Circuit City's attempt to rearrange its financial affairs has failed and all stores, including in Hawaii, will close and liquidate. Banana Republic in Waikiki is closing also.

Major changes coming to the small, community shopping center at Aina Haina in East Oahu, now owned by American Commercial Equities (ACE). Residents are fiercely loyal of their center and its current occupants. Chuck E. Cheese was forced to leave; the plight of the 76 service station is still under negotiation as is a drug store. McDonald's at Aina Haina — site of Hawaii's first Big Mac restaurant in 1968 — will move location slightly to property it owns within the center.

SBH Sunrise Networking Breakfast this month will be a week *earlier* on Thursday, February 19, 7 am and at the **Waialae Country Club**. Our favorite presentation coach, jumping jack energizer, and author, **Pam Chambers**, will speak on "Moving Your Business Forward During 2009." Don't miss Pam. Reservations on page 8.

Check our website at www.smallbusinesshawaii.com for updates and alerts.

Beware of Nine New State Laws

Nine new laws passed by the Legislature during the 2008 legislative session and signed by Governor Linda Lingle took effect on January 1, 2009.

"Among the new laws are measures designed to protect children from Internet predators, compel parents to pay child support, and prohibit alcohol consumption in common areas of public housing projects," said Governor **Linda Lingle**.

Those that directly impact Hawaii's businesses include:

Act 142 updates the Insurance Code to allow insurers more flexibility in their investments in keeping with standards set by the National Association of Insurance Commissioners, without significantly lessening the protection to insurance policyholders.

Act 174 requires charitable trusts and nonprofits to register and file annual financial reports with and be reviewed for potential violations by the state attorney general. The law also authorizes the attorney general to conduct investigations on possible violations.

Act 175 strengthens penalties against notaries public who have not verified the

Continued on page 8.

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SMALL BUSINESS HAWAII

6600 Kalaniana'ole Hwy., #212 • Honolulu, HI 96825
Ph. (808) 396-1724 • FAX (808) 396-1726

email: sbh@lava.net

Web: <http://www.smallbusinesshawaii.com>

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EDITOR & PUBLISHER: **Samuel M. Slom**
MANAGING EDITOR: **Malia Zimmerman**

DIRECTORS: **Ed Case, Eric Carson, Winnie Chan, Joyce Edwards, Debi Halcro, Walt Harvey, Matt Longfellow, Andy Mertz, Bob Sigall, Sam Slom** and **Geal Talbert**

HEADED FOR THE DUSTBIN: **Melvin Ah Ching**

POSTMASTER: Send address changes to Small Business Hawaii, 6600 Kalaniana'ole Hwy., Suite 212 Honolulu, Hawaii 96825.

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 3,000 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. Commentaries and news items should be no longer than 800 words; 500 words are desired. SBH accepts advertising only from SBH member firms. Call SBH for details on advertising.

Hawaii Reporter Will Honor 7 Hawaii Super Heroes

Hawaii Reporter will honor 7 Hawaii super heroes at Hawaii Reporter's 7th Anniversary on Friday, February 20, 2009, from 11:30 a.m. to 1:30 p.m. at the Waialae Country Club. Super Heroes include:

1. **Cliff and Bobbie Slater**, HonoluluTraffic.com and Stop Rail Now, for their extraordinary effort to derail Honolulu's costly rail system and for their advocacy for taxpayers

2. **Dale Evans**, Charley's Taxi and Hawaii Highway Users Alliance, for her enthusiastic advocacy for better transportation options and facilities in Hawaii

3. **Jack Schneider**, JS Services Inc., for his quiet, continuous support and leadership in Hawaii's key conservative and free market organizations

4. **Panos Prevedouros**, PhD., University of Hawaii Professor of Engineering, for his remarkable courage in challenging the status quo in Hawaii politics and being a watchdog for better government

5. **Richard Rowland**, Grassroot Institute of Hawaii, for his unrelenting advocacy for individual freedom and liberty

6. **Rick Hamada**, KHVH Radio's The Rick Hamada Show, for his intrepid effort to keep Hawaii's government officials in check

7. Sen. **Sam Slom**, Small Business Hawaii, for his extraordinary dedication to bettering Hawaii's business climate and safeguarding Hawaii's taxpayers from government waste and fraud

Come and find out the secret identity of Hawaii's Green Lantern, Spiderman, Superman, Batman, Ironman, Superwoman, Wonder Woman and Captain America.

Beach side in Kahala, there will be delicious food, fun, entertainment all for a bargain cost of \$55 per person (includes a buffet lunch and free parking).

Please RSVP to **Malia Zimmerman** at <mailto:Malia@hawaiireporter.com> or 306-3161 or Mail checks to Hawaii Reporter, PO Box 11664, Honolulu, Hawaii 96828. To charge your ticket, please call 524-4500 and speak to **Jay McWilliams**.



Cliff Slater



Dale Evans



Jack Schneider



Panos Prevedouros



Richard Rowland



Rick Hamada



Sam Slom

Hawaii Business Success Awards February 28

Hawaii Business magazine will present its 2009 Small Biz Success Awards at a special dinner reception, Thursday, February 26 (5:30-8 pm) at the Hawaii Prince Hotel. The event is presented by Bank of Hawaii and supported by Avis and the Chamber of Commerce.

This is the third annual event. Each nominee was reviewed by a panel of the magazine's editors to determine companies that best exemplify the concept of "small business success."

For more information and reservations, contact Jeff Alencastre at 808-534-7573 or email jeff@pacificbasin.net by February 16.

SBDC Presents "Building Strategic Alliances"

The Hawaii SBDC (Small Business Development Center) network has joined with the NFL to present a day long program for small and mid-size businesses on Thursday, February 5. "Building Strategic Alliances" is the theme of the program at the Halekulani Hotel from 7 am to 5 pm. Trade tables will be available and networking will be emphasized.

For detailed information go to the SBDC website, www.hawaii-sbdc.org or call Eleanore LeClair at 808-945-1430.

Free Resources for Small Business at the Hawaii State Public Library

By **Gail Urago**, Hawai'i State Library

Are you looking for free help with your business? The Hawai'i State Public Library System's 51 libraries offer countless free resources [books, eBooks, audio books, DVDs and online business and legal databases] for the small business owner with a public library card.

You can also visit us at www.librarieshawaii.org.

Ask staff for assistance for these and other available titles.

658.15224 Be Berkery, Dermot **Raising venture capital for the serious entrepreneur**. McGraw-Hill, 2008. *Offers strategies including evaluation methods and negotiation techniques.*

eBook Diamond, Stephanie **Web marketing for small business: 7 steps to explosive business growth**. Sourcebooks, 2008. *Tap the Internet with social networking sites. Sell your story; choose the right tactics and tools, and much more.*

658.022 Ka Kamoroff, Bernard **Small business operator: how to start your own small business, keep your books, pay your taxes and stay out of trouble!** 32nd ed. Bell Springs Publishing, 2008. *Time-tested practical guide covers all aspects, including import/export businesses, freelancers, and consultants.*



The Hawaii State Public Library system is a treasure trove of information for small business. Resource materials can be obtained from the traditional brick and mortar buildings or online at the State Library website: <http://www.librarieshawaii.org>.

346.0652 St Steingold, Fred **Legal guide for starting and running a small business**. 10th ed. Nolo, 2008. *Provides clear, plain-English explanations of the laws that affect businesses, without costing a fortune in legal fees.*

658.022 St Strauss, Steven **The small business bible: everything you need to know to succeed in your small business**. 2nd ed. Wiley, 2008. *Addresses development, dealing with people, branding, marketing, operating on a shoestring budget and more.* [also available as a MP3 audio book]

eBook Weltman, Barbara **Small business survival book: 12 surefire ways for your business to survive and thrive**. Wiley, 2006 *Well-lauded book by Steve Forbes, CEO SCORE Association and others in the small business arena.*

Databases available via our website: www.librarieshawaii.org.

Business and Company Resource Center – company profiles, industry surveys and news articles.

Business Source Premier – magazine and journal articles.

Mergent Online – company details, financial highlights, reports.

Reference USA International – market research tool covering US and international companies and industries. Abundant financial data. Current news updates.

LegalForms – various downloadable business forms.

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Our website:

www.smallbusinesshawaii.com

Our 24 Hour a Day Faxline:

808 396-1726

Our Weekly Television Show:

SBH TV • Sundays 4:30 pm

Olelo Channel 54 on cable

EPA “Cow Tax” Could Come to Hawaii

By **Jeff Poor**, Business & Media Institute

Call this one of the newest and innovative the ways your government has come up with to battle greenhouse gas emissions.

Indirectly it could be considered a cheeseburger tax, but one of the suggestions offered by the Environmental Protection Agency (EPA) in its Advance Notice of Proposed Rulemaking (ANPR) for regulating greenhouse gas emissions under the Clean Air Act is to levy a tax on livestock.

The ANPR, released early this year, would give the EPA the authority to regulate greenhouse gas for not only greenhouse gas from manmade sources like transportation and industry, but also “stationary” sources which would include livestock.

The New York Farm Bureau assigned a price tag to the cost of greenhouse gas regulation by the EPA in a release last month.

“The tax for dairy cows could be \$175 per cow, and \$87.50 per head of beef cattle. The tax on hogs would upwards of \$20 per hog,” the release said. “Any operation with more than 25 dairy cows, 50 beef cattle or 200 hogs would have to obtain permits.”

Kate Galbraith, correspondent for *The New York Times*, noted on the Times’ “Green Inc.” blog that such a “proposal is far from being enacted” and that the “hysteria may be premature.”

But **Rick Krause**, senior director of congressional relations for the American Farm Bureau, warned it’s certainly feasible – especially based on the rhetoric of President-elect **Barack Obama** and the use of the EPA to combat global warming. Such action by an Obama administration would take an act of Congress for livestock to be exempt.



The EPA is proposing taxing livestock as part of their mandate to regulate greenhouse gasses emitted from cows & other farm animals.

“The new president has been on record as saying that he really supports regulating greenhouse gases out of the Clean Air Act,” Krause said to the Business & Media Institute. “So, we really have to keep an eye on it. Legislation would really be the only way to exempt it at this point – the cow tax.”

Krause said it is difficult to quantify the cost that might be passed directly to the consumer by farmers from the legislation, but predicted it would mean higher costs for dairy production.

“It’s hard to figure what it would do to consumer prices since farmers, unlike other industries, really can’t pass their cost along directly like utilities and things do,” “About the only thing we could realistically come up, in terms of any of this stuff – it would add between 7 and 8 cents per gallon of milk costs to farmers. So it would cost them 7 or 8 cents more to produce a gallon of milk.”

Even the Department of Agriculture warned the EPA that smaller farms and ranches would have difficulty with limits as much as 100 tons annually on emissions:

“If GHG emissions from agricultural sources are regulated under the CAA, numerous farming operations that currently are not subject to the costly and time-consuming Title V permitting process would, for the first time, become covered entities. Even very small agricultural operations would meet a 100-tons-per-year emissions threshold. For example, dairy facilities with over 25 cows, beef cattle operations of over 50 cattle, swine operations with over 200 hogs, and farms with over 500 acres of corn may need to get a Title V permit. It is neither efficient nor practical to require permitting and reporting of GHG emissions from farms of this size. Excluding only the 200,000 largest commercial farms, our agricultural landscape is comprised of 1.9 million farms with an average value of production of \$25,589 on 271 acres. These operations simply could not bear the regulatory compliance costs that would be involved.”



The Grassroot Institute of Hawaii and the Beacon Hill Institute of Suffolk University released a study on “The Economic Impact of the Akaka Bill: Unintended Consequences for Hawaii” which states that if it passes that the new law would create more problems than it solves. The state would suffer from revenue loss and people have to pay higher taxes while suffering from a lower standard of living. The study was announced at a press conference last month held at the State Capitol. Pictured above are Jamie Storey (center) with Beacon Hill researchers Sarah Glassman and Paul Bachman. The study is available online at www.grassrootinstitute.org.

Jeff Poor is with the Business & Media Institute. See more of his articles at <http://www.businessandmedia.org>



Mark Dunkerly, CEO of Hawaiian Airlines talked about his firm's long history and challenges of being the dominant airline in the islands.



Governor Linda Lingle spoke on cooperation this legislative session as the State tries to crawl out of a budgetary shortfall. She also touched upon communications and energy during her morning speech.



Kristina Mix-Freitas and Jennifer C. Gaura of Northstar Alliance gave cushy, star-shaped stress busters at the vendors area of the conference.



Peter Kay of "Your Computer Minute" spoke on open source content management systems such as WordPress, Joomla and Drupal. He also mentioned social network sites including Facebook and Linked-In. His topic was so popular that SBH will be holding a forum on internet marketing and computers in the near future.

SBH Conference continued from Page 1.

Governor **Linda Lingle** presented a sweeping overview on projects the state would be involved in as well as strategic public-private partnerships involving energy, affordable housing and business climate enhancement.

Mark Dunkerley, CEO, Hawaiian Airlines, Inc., put it on the line as he did with his company's \$5 billion aircraft purchase: the emphasis must be on your customers and service.

Web Commerce for Small Business proved to be exceptionally popular and SBH will respond with an expanded forum on the subject in March or April with **Peter Kay**, of Your Computer Minute.com.

A unique, casual approach to entrepreneurial success strategies was led by SBH Director **Eric Carson** of Reflections Glass and his panel including: **Dustin Sellers** - ProService Hawaii (Labor Services); **Hale Takazawa** - Pacific Atelier (Architect); **Mike Hicks** - Hicks Pension Services, and **Jon Bryan** - Nothing But Results (Marketing).

There were 15 corporate exhibitors and lots of helpful networking and information exchange during the conference.

Small Business Hawaii was the first Hawaii business organization to have a website, more than 15 years ago. At the beginning of the luncheon program, SBH vice president, **Matt Longfellow** of Valpak of Hawaii discussed the new, innovative and more interactive SBH website and launch of the new SBH Website coming March 1, and **Lubuw Falanruw**, of Digital Mediums, wowed the crowd with a sneak video preview. Longfellow and Carson were the angels behind the effort to update and expand the SBH web presence.

SBH also acknowledged **Brook Gramann** and **Gloria Garvey** of the brand Strategy Group, who have been working on the new logo and related materials for SBH which will coincide with the launch of the new website. Details next month!

The exciting, dynamic and way out of the box keynote speaker at lunch was author, investor, leading financial expert and motivator, **Robert Kiyosaki**, author of *Rich Dad, Poor Dad*. SBH Director and former Congressman **Ed Case** arranged Kiyosaki's visit and introduced the speaker, Kiyosaki educated, informed and entertained the crowd then met privately with SBH sponsors, Leadership Circle members and Directors for a free-wheeling Q&A. This internationally known and respected local boy was also joined by his wife **Kim**, a successful investor, author and entrepreneur in her own right. They are a powerful couple.

The **SBH Awards Banquet** honoring SBH business awardees for 2008 will be held at the Waialae Country Club, Friday, May 15, 2009 and the 34th SBH annual Business Conference will be Wednesday, January 13, 2010.

SBH Thanks Our Conference Sponsors

SBH again wants to thank our sponsors of the 2009 33rd Annual SBH Business Conference held on January 14. The event was a success and credit in part goes to the generosity of our sponsors:

Silver Sponsors:

Erwin, Cabrinha & Au
Clear Channel/KSSK
McDonald's Restaurants of Hawaii
NorthStar Alliance

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Pacific Edge Magazine
Pacific Light Net

SBH Website Sponsors:

Reflections Glass
Valpak of Hawaii

Special Table Sponsor:

Joann Seery - Referral Institute/BNI

The SBH Conference is the first major business and economic conference of the New Year.

Sponsorship opportunities will be available for the 34th Conference, Wednesday, January 13, 2010. If you would like more information, please contact Darlyn at SBH (808-396-1724) or Malia at HawaiiReporter (808-306-3161). Mahalo!

More photos posted through our website at www.smallbusinesshawaii.com



Robert and Kim Kiyosaki held a Q & A for SBH Golden Circle members and directors.



Charles Au, accountant at Erwin, Cabrinha and Au outlined tax tips that small business owners can use to help their bottom line.



SBH members Sandra and Joyce Edwards of One Hot Garage and The Systemcenter display area.



Conferees were kept busy taking notes on the important points mentioned by each speaker (above).



The morning session (shown below) as well as the luncheon were filled to capacity as members and their guests came to listen to the various conference speakers.

New State Laws Impact Small Biz

Continued from Page 2.

signer of an official document or who misuse their notary powers.

Act 194 transfers procurement training responsibilities from the Department of Human Resources Development to the State Procurement Office and requires State procurement officers to attend mandatory training.

Act 195 requires criminal background checks on money transmitters, allows sharing of data with other states and federal agencies where a money transmitter is doing business, and increases fees charged to money transmitters to regulate their industry.

Act 203 allows the State Procurement Officer to impose daily fines on all procurement officers when they do not comply with his determinations, including those in the Legislative and Judicial Branch.

Lingle: Tax Increases

On January 22 Governor Lingle proposed a major highways bill and called for higher taxes, projected to begin mid-2011. These new revenue streams would generate \$2 billion over six years; added to the current \$1.5 billion highway budget and \$500 million in the proposed Federal Economic Stimulus Bill, would provide \$4 billion for needed highway improvements.

The proposed increases would only take effect upon the condition that Hawai'i experience a 1 percent job growth over two consecutive quarters, as determined by DBED.

The state fuel tax currently \$0.17 per gallon would go to \$0.27 per gallon; vehicle weight taxes, currently $\frac{3}{4}\text{¢}$ per pound, would be raised to $2\frac{3}{4}\text{¢}$, and motor vehicle registration fees would increase from \$25 to \$45 per year. The rental vehicle surcharge tax increases from \$3 per day to \$5 per day. Financial impacts to the average taxpayer would be a total of \$170 per year.

QUOTE OF THE MONTH

"The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance."

Cicero - 55 BC

Welcome New Members

These firms have been added to our online directory. Go to smallbusinesshawaii.com.

A R Recovery Solutions of Hawaii
Collection Agency
Phone: 678-8100

Arydth Brock & Associates
Counseling
Phone: 234-2346

Auction Action
Auction Marketing/Consulting
Phone: 538-1961

Call Azul
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944-1163

E3 Dynamics, Inc.
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Phone: 664-4028

King & King
Family Law & Crime Defense
Phone: 521-6937

M.E.D.I.A. 4 U
Advertising & Marketing
Phone: 388-6388

NorthStar Alliance
Mortgage Banking
Phone: 536-3656

Pre-Paid Legal Services, Inc.
Legal Service/Identity Theft Services
Phone: 732-7000



SBH SUNRISE

Thursday, February 19, 2009 • 7:00 – 8:30 a.m.
Waialae Country Club • Buffet Breakfast / Free Parking

Pam Chambers, Pam Chambers Associates
"Moving Your Business Ahead During 2009"

Reservations made in order received at SBH. No tickets mailed – pick up at registration desk Feb 19. Your guests welcomed at member price. Refunds until Feb 18.
Advanced Paid Reservations Required by Feb 17.

Complete Breakfast Buffet and Free Parking 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.*

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.

Lawmakers Must Keep Expenditures Transparent

by **Lowell Kalapa**
Tax Foundation of Hawaii

Now that Hawaii's Council on Revenues has made its pronouncements for the current and ensuing fiscal year, administration officials, and soon lawmakers, will be scrambling to somehow make up the projected budget shortfall of nearly a billion dollars.

Freezing positions, cutting the amount allocated for the purchase of services, and banning out-of-state travel are just some of the ways department officials and staff have explored to pare next year's expenditures. While many see this daunting task as unbearable, it can also be viewed as an opportunity to ask some critical questions about government.

Let's start with "privatization" which has engendered such vocal opposition from the public employees unions in the past. This is because it might mean the loss of unionized positions in state government. It is not, as has been argued, a loss of employment. So unlike what the opposition would like the general public to believe, it is merely a shifting of the public side of the ledger to the private side of the employment rolls.

What privatization does have to offer is the flexibility of choosing a provider of services that offers the highest quality with the greatest efficiency. If a provider who has been selected to provide the service does not meet the expectations as outlined in the contract for services, government can solicit another provider at the drop of a hat. A contract can specify when and where the services are to be provided as opposed to providing services within the cookie-cutter



parameters of the civil service system.

Finally, to those who would argue that government has no experience with privatization of public services, all one has to do is to point to the numerous purchase of service con-

tracts that state government now has in the health and human service areas.

Is there an upside to privatization for the public employees unions? With increased efficiencies, providing those services through a private vendor would mean that more resources would be available for those public employees remaining on the government payroll. Because of the overlap of the civil service rules and collective bargaining, government cannot respond as quickly to the changing needs of not only the public they serve but also the needs of their employees.

As a result, savings could be realized that then could be used to retain other public employees whose jobs are unique to government.

Another area where efficiencies can be achieved but will require an investment on the part of government is in the area of information technology. Many of the tedious jobs in any business involve the collection and storage of information. Records of students in schools, vital statistics, and tax information once recorded manually are now processed by computers. But more could be done to improve the efficiency of the various state departments.

A constant joke among observers is that

the state's computer system is so disparate that the various departments cannot communicate among themselves because their computer systems are so diverse. An example is that a child in foster care could possibly get the same immunization two or three times in the same year from different departments or agencies because there is no one unified computer system that tracks that child.

An area that has already been identified for greater efficiency is the consolidation of schools. As the center of the population moves more to the west on Oahu, schools that were filled to capacity on the east side of Honolulu now echo in silence as the enrollment in those school facilities dwindles. Yet no one neighborhood wants their school closed and their kids sent to another facility a little farther down the road. So the utility bills continue to mount and the custodial care costs associated with each facility that is kept open contribute to the shortfall headache.

Dealing with the economic downturn and the steep decline in revenues won't be easy and some difficult decisions will have to be made, some of them not very popular. However, if taxpayers want to avoid the alternative - an increase in taxes and fees - then we all will have to learn to live without some of the services and programs that the state and county currently provide.

For policymakers at all levels, now is the time to examine what truly are the core services that government needs to provide to insure the health, safety and well being of our community and to decide what is not critical to those core services.



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Life Lessons: Importance of Faith, Gratitude, Laughter, Love

By Wally Amos

I have been blessed many times over during 2008. The blessing of good health, friends, business associates and family.

Also the blessing of opening a new store in Hawaii and staying in business the entire year.

One of my greatest blessings was to spend time with Santa and Mrs. Claus, a blessing in and of itself, which lead to my meeting Jasmine.

Jasmine is a 17-year-old young lady from Michigan with a brain tumor. Her Make A Wish was to visit Hawaii. Her brother found my store in the Royal Hawaiian Center and brought Jasmine and the rest of the family in to say hello.

It was a serendipitous moment because a friend, Tiny Tadini was video taping me, Santa & Mrs. Claus for YouTube.

Meeting Jasmine and her family was a reminder to all present to have faith, live in gratitude, laugh, love one another and live in the present.

It was also a reminder that the most important experiences in your life are not planned. They just happen.

So, this year, please work on strengthening your faith, loving yourself and others, laughing a lot, living every second with gratitude for every breath and savoring those unexpected growth experiences.

Wally Amos is the owner of Chip and Cookie and a professional inspirational speaker. Seem more about him at <http://www.chipandcookie.com> and <http://www.wallyamos.com>

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Rail: More Debt for Oahu Taxpayers?

by George Berish

Perhaps Hawaii Transit Tax to Plummet [12/30] will force economic rationality on Hawaii's office holders whose only response to all problems is "more debt".

In good times to leverage good intentions: In bad times to "fix" the economy.

It may also cause voters to back out of the trees — the choices itemized in Honolulu Rail Enters Defining Year [1/3/09] — so they can see the forest — Hawaii can't afford Rail.

Why? For starters, during the Administration's "vibrant" economy, Hawaii added a couple billions to general obligation debt, and from 2000 to June 2007 it added \$5 Billion to the Government Retirement System's underfunding (certainly several Billions higher today).

And bond raters have already "taken notice" by recommending "investors ... bet against debt issued by ... Hawaii" [Business Briefs12/11/08], so a bond rating cut looms.

Just add up the Mayor's facts:

Rail's cost is \$5.2 Billion;

A federal bureaucrat "hopes" Hawaii will get \$1.2 Billion from the federal government (that just spent multiple Trillions it doesn't have?);

Rail's ticket sales will pay less than half of its operating costs;

Rails useful life is about 15 years, so repaying the \$4 Billion net cost in that time at 4% will cost about \$30 million per month — more with a bond rating cut;

But the transit tax that only produced \$16 Million per month in "vibrant" 2007 and has since plummeted to \$13 Million.

So before the trees (details) distract us from the real question: Mayor Hannemann, who pays, and how, for \$14 - \$17 Million per month debt repayment shortfall, and the more millions of ticket sale shortfall?

REFERENCES

<http://www.honoluluadvertiser.com/article/20081230/NEWS01/812300343> Posted on: Tuesday, December 30, 2008 Honolulu transit tax revenues plummet <http://www.honoluluadvertiser.com/article/20090103/NEWS09/901030342> Honolulu rail enters defining year that could reshape plan, route Saturday, January 3, 2009 <http://the.honoluluadvertiser.com/article/2008/Dec/11/bz/hawaii812110316.html> Goldman Sachs Jobs at Hawai'i Debt Business briefs Thursday, December 11, 2008 Goldman Sachs & Co. apparently has taken notice of Hawai'i's rising pension liability and other retiree obligations. The Wall Street firm is recommending that investors buy credit-default swaps to bet against debt issued by several states, including Hawai'i. Bloomberg News reported Goldman's move has angered politicians and public-finance officials in several states in the three months since it recommended "shorting municipal credit." Bloomberg said as part of a September presentation to institutional investors on "Best Long and Short Risk Strategies," Goldman recommended buying credit-default swaps on "a basket of liquid State General Obligation credits with current and worsening fiscal outlooks" and those with "Significant unfunded pension" and other retiree obligations." Hawai'i was included in the latter group. Credit-default swaps were conceived to protect bondholders against default and pay a buyer face value in exchange for the underlying securities or the cash equivalent should an issuer fail to adhere to debt agreements, Bloomberg said. Hawai'i's Employees' Retirement System has a funded ratio of 68.8 percent and is expected to worsen this year. NOTE TO EDITOR: THE 68.8 PERCENT IS FROM THE 6/30/2007 REPORT WHEN THE UNDERFUNDING WAS \$5 BILLION. THE 6/30/2008 WAS WORSE BUT THE REPORT HAS NOT BEEN RELEASED YET. AND THE AUG 08 - NOV 08 LOSSES HAD TO BE AWFUL. SO TODAY'S UNDERFUNDING IS LIKELY \$3 BILLION HIGHER THAN THE ONE THAT SPOOKED GOLDMAN. I'M A FELLOW OF THE SOCIETY OF ACTUARIES SO THAT IS NOT AN IDLE ESTIMATE. <http://the.honoluluadvertiser.com/article/2008/Dec/09/bz/hawaii812090312.html> Confirms assets went down as of June '08

George L. Berish, is a resident of Honolulu. tapp@america-3.org

What is “Value” in Real Estate?

By **Walt Harvey** (R), East Oahu Realty



What is a parcel of real estate really worth? How do we determine value? It's not a precise science and it depends on who is valuing the property. The county tax assessor places a value on a parcel for property tax purposes and it's called the assessed value. We recently surveyed sales prices for single family homes from Diamond Head to Hawaii Kai for the last 90 days. We found in that sampling of 95 homes, 33% sold at a price that was greater than their assessed value while 66% sold for less than their assessed value.

What about appraised value? That depends on the purpose of the appraisal and can vary widely. If the purpose is to determine the value for a loan to purchase or refinance the property, it will probably differ from an appraisal ordered by a court to settle an estate or a divorce proceeding. In all cases, an appraisal reflects the appraiser's opinion of value on the day of the appraisal. It's a snapshot.

When you discuss value with a real estate professional you're talking about market value. We try to determine what the property will sell for given the current market conditions. We analyze prices that similar homes have recently sold for and what are competing properties listed for and how long they have been on the market. Market value is determined by a willing seller and a willing buyer. In most cases, sellers feel that their property has a greater value than what the buyer feels it's worth so motivation plays a large factor. If the property is bank owned (REO), the bank is concerned with disposition value or what the property will sell for in a short time. They are not emotionally attached and will reduce their asking price until it sells.

Walt Harvey is a real estate broker with East Oahu Realty and is Quality Service Certified®. Walt partners with his wife Arla and together they specialize in residential, commercial and investment real estate. You can reach them on their website: www.coastalhawaii.com. Real estate question? E-mail them: walt@coastalhawaii.com or call 375-8959 or toll free at 866-773-3351.

Hawaii Business Appoints New Editor

Steven Petranik will assume editorial leadership of Hawaii Business magazine on January 21, 2009.

Petranik will leave his position as the 24/7 local news editor at the Honolulu Advertiser, where his responsibilities include oversight of the local and business news desks. Previously, Petranik was at the Honolulu Star Bulletin from 1986 to 2004.

“With over thirty years in journalism, Steve has the experience and perspective to bring Hawaii Business to a new level of excellence and leadership in the business community,” said Hawaii Business publisher David Tumilowicz. “Many of Steve's peers regard him as a transformative leader, guiding change at both the Advertiser and Star Bulletin, including instituting 24/7 online news, building strong teams, and surrounding himself with great people.

“Hawaii deserves a truly great business publication, one that proactively drives the business discussion and is not simply reacting to events. Steve will help create that publication.”



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Consult These Online Travel Tools

By **James Kerr**

Chief Geek, SuperGeeks

The Problem: My brother and I like to 'freestyle' travel.

Once a year we choose some spot on the globe, buy roundtrip tickets, and explore the place without any preparation. No hotel reservations, no guided tours, no one to escort us around town.

Just show up and survive! As you can imagine, our trips are full of unplanned adventure.

The difference between a good vacation and a great one is usually determined by one important variable: how quickly we meet someone in-the-know. Guidebooks are informative and useful, but meeting a local who can recommend things to do and places to go is infinitely more productive.

So how can we leverage technology to improve our travel experience?

The Solution

Before you purchase your tickets, check out **Kayak.com**. It will run your itinerary through all the major travel engines, ensuring you get the best price.

If I'm headed to a large city in the USA, I usually try **PriceLine.com** for discounted pricing on five star hotels. Go straight to the section for naming your own price and bid

ridiculously low. It works well in places that are undersold, like LAX.

Craigslist.org is a good place to search for vacation rentals. For example, hotel prices in New York start at about \$200 for a night for a depressed property. On Craigslist, you can get a clean, fully furnished, one bedroom condo for just \$150/night.

TripAdvisor.com is a good site for getting feedback on places to stay and things to do. I also like the '36 Hours' section of The New York Times (**nytimes.com**). Be sure to drill down into the readers' comments. You will find good insight there.

Lately I've become a fan of **Yelp.com** – especially on my iPhone. Yelp provides user generated reviews of everything from best place to get a sandwich to finding a gym for a quick workout while on the road.

The iPhone has a built-in GPS, so after choosing Yelp's recommended place for breakfast, iPhone will display your real-time position on a nice little map, helping you navigate to the target destination. It works very well.

James Kerr is Chief Geek of SuperGeeks. He can be reached at www.supergeeks.net and (808) 531-GEEK.

TAGS Hawaii Has New Owner

TAGS Hawaii Inc. announces the sale of TAGS Hawaii Inc. to **Donna and Nick Smallwood**. TAGS Hawaii is an automobile title house providing electronic and manual automobile registration services for automobile dealers, financial institutions, leasing companies and car rental agencies in the State of Hawaii.

"We believe the services and technology provided by TAGS Hawaii represents great opportunities for the auto industry" said Donna Smallwood, chief executive officer of TAGS Hawaii Inc. Currently TAGS Hawaii Inc. maintains a state-of-the-art, electronic registration program for new cars, while providing efficient, cost saving programs designed to streamline registration and related procedures for new and used cars.

"We are looking forward to working with our loyal employees and customers as we make this transition. We see many opportunities for the TAGS Hawaii technology and services to be utilized in different markets and we're looking forward to developing these opportunities with our employees and customers" said Nick Smallwood, president.

For more information about TAGS Hawaii Inc. go to www.tagsauto.com. Hawaii's leading Auto Registration and Licensing service since 1984, specializing in electronic registration and licensing.



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6600 Kalaniana'ole Hwy., Suite 212
Honolulu, Hawaii 96825
Phone 396-1SBH (1724)
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