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Through Private Enterprise

SMALL BUSINESS NEWS

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October 2011

Annual Awards Honors Stars in Hawaii's Business Community

Hawaii's business owners who were honored last month include from top to bottom, left to right, **Phyllis Shimabukuro-Geiser** of Mikilua Poultry Farm, **Joe Nicolai**, founder of JN Automotive Group as Small Business Person of the Year, (top 2 frames one with former Governor **Linda Lingle**), **Win G. Schoneman** of Bubbies Homemade Ice Cream & Desserts (2nd row 1st and 3rd frames), **Tyler Roukema** owner of Outback Steakhouse in Hawaii Kai (2nd row center frame), **Jim Dooley** of HawaiiReporter.com (3rd row left frame) shown with publisher **Malia Zimmerman**, **Glenn K. Muranaka** of Meadow Gold Dairies (**Lani Moo** and **Wendy Dantas** accepting on his behalf, 3rd row middle) and **Marissa Capelouto** (bottom right hand corner) of Oahu Express, who will speaking at this month's SBH Sunrise Breakfast.

More photos and details of the annual event are on page 3.



Marissa Capelouto to Speak at SBH Sunrise

Marissa Capelouto, owner of Oahu Express and a community leader, will speak on "Shipping Costs's Impact on Your Business" at the next SBH Sunrise Networking Breakfast forum, **Thursday, October 27**, from 7 – 8:30 am at the Pineapple Room at Macys' Ala Moana Center.

Capelouto, a successful business owner, has been a strong advocate for small business interests, especially shipping costs, for years. Last month she was one of three honorees cited by the Small Business Hawaii Entrepreneurial Education Foundation as a "Successful Business All Star."

The public is welcome to the SBH Sunrise. Advance reservations are required.

SBH members and their guests pay \$25 (in advance) for networking, the program, a complete buffet breakfast and free parking.

Participants are all introduced and may bring promotional materials. The cost is \$35 at the door if space is available.

Mike Palcic of MacMouse Club spoke at the September SBH Sunrise Networking Breakfast. He discussed, "Reapportionment's Impact on Your Business."

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

SBH MEMBER CALENDAR

PHONE 396-1724 • FAX: 396-1726

Monday, October 17
SBH Board of Directors Meeting
SBH Office in Hawaii Kai

Thursday, October 27
SBH Sunrise Breakfast
Marissa Capelouto
"Shipping Cost Impacts on Business"
Pineapple Room/Ala Moana
7 – 8:30 am

Wednesday, January 11, 2012
36th Annual SBH Conference
John Fund - WSJ
Ala Moana Hotel • 7 am – 2 pm

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Smart Business Views

By Sam Slom, President – Smart Business Hawaii

The 4th annual Small Business Hawaii Entrepreneurial Education Foundation Awards

Banquet September 16 at Waiālae Country Club was terrific. Nearly 200 people attended. A Harley Davidson motorcycle was among the auction items. But the real focus was on our awardees. The top award, the SBH Lex Brodie Business Person of the Year went to **Joe Nicholai** of JN Automotive Group. See story and photos on pages 1 & 3 for all awardees.

The OmniTrak Group Inc.'s People's Pulse for Summer 2011 was released last month. Among the key findings for Hawaii residents: The economy is job one; consumer confidence is down; the public is focused on job creation; there is strong support for renewable energy and a split on the issue of changing the regulatory approval process. For more info go to www.prp-hawaii.com.

The TSA continues to ruffle feathers of travelers despite talk of a kinder, gentler federal agency. Personal privacy rights continue to be abridged. As a member of the bi-partisan legislative United States for Travel Freedom caucus, we had another teleconference September 27, headed by Democrat Rep. **Sharon Cissna** of Alaska. Also participating was **Wendy Thomson**, co-founder of Freedom to Travel USA. Legislation to stop the TSA's erosion of personal liberties will be introduced in more than a dozen states next year.

The feds have announced a November 12 – 13 Oahu "No Fly Zone" for all private aircraft. This will result in revenue loss for helicopter tours and small plane instruction schools.

The Honolulu City Council voted to authorize 34 new security cameras for Waikiki and Chinatown for APEC next month. The cameras are supposed to come down after the event. Wanna bet?

The State Supreme Court on September 27 slapped down the HSTA teachers union contract complaint on salary and other matters. HSTA working themselves into a corner with a strike possible. The Court concurred.

Hawaii Kai residents still angry at proposed 21% sewer rate hike by American Hawaii Water Co. Send testimony to PUC.

In late September, Hawaii led the Nation with the highest average gasoline prices, 75¢ above the national average (\$4.20/gallon).

The total switch from Continental Air to United Airlines will be completed shortly.

HawaiianAir's CEO, **Mark Dunkerly**, still hot on the speaking circuit telling it like it is about the impact of the legislative suspension of air travel credits.

Democrats and the mainstream media still scratching their heads over the Governor's use of emergency powers recently without consulting lawmakers. The most recent use allowed for the costly relocation of Nene geese from Kauai. Transparency?

After nearly 10 years in business, **Marc Turner**, owner of the popular Bethel Street Gallery has announced he will close the Gallery on November 9 to "dedicate more time to my own work and continue to represent both Yvonne Cheng and Chris Campbell." Marc will maintain his website. Phone Marc at 348-3035.

Hotel workers at the **Hyatt Regency Waikiki** walked off the job early September 8 and announced a weeklong strike, according to a Unite Here! Local 5 Hawaii press release. Those workers don't appreciate how lucky they are to have a job and benefits in these tough times.

What? Not receiving your weekly (Wednesday) electronic copy of **SBH Views + News**? Send PR, additional requests and email address sbh@lava.net or call Darlyn at 396-1724.

During one of several Obama fundraising speeches last month the President actually said, "If you love me, pass this bill!" Are you kidding me? First of all no Democrat even introduced the President's "American Jobs" bill. A bill by that name was introduced by a Republican but did not include spending and tax increases.

The feds and City are trying to have **SBH Foundation** dropped as one of 7 plaintiffs in the suit against the Carlisle rail fiasco. They allege the Foundation has "no standing," but the Foundation seeks to protect entrepreneurs and businesses from oblivion as envisioned in part of the rail eminent domain plan

Oahu Express owner (and SBH business awardee) **Marissa Capelouto**, will speak on "Shipping Costs and The Impact on Your Business" at the SBH Sunrise Networking Breakfast forum, Thursday, October 27, 7 – 8:30 am in the Pineapple Room in Macy's Ala Moana Center. The public is welcome at the SBH Sunrise. Advance reservations are required. Call Darlyn at SBH 396-1724.

Want more business information? Visit our website at: www.smartbusinesshawaii.com for the latest updates and links.

National Recognition for Hawaii Reporter's Malia Zimmerman

By Cody Hensarling

Hawaii Reporter President and Editor **Malia Zimmerman** has been honored by the Franklin Center for Government & Public Integrity.

Zimmerman, who serves as a board member for the Grassroot Institute of Hawaii, was featured in the September edition of the Franklin Center's monthly newsletter.

In the "Watchdog Spotlight" section, Zimmerman was interviewed and Hawaii Reporter was lauded for winning four awards from the Society of Professional Journalists, including top honors for investigative reporting and online journalism.

The Franklin Center for Government & Public Integrity is a non-profit group which provides investigative reporters and non-profit organizations at the state and local level with support and training to pursue journalistic endeavors.

Their online presence can be found at www.franklincenterhq.org.

Anyone looking for an objective news outlet dedicated to news with a Hawaii focus to look no further than hawaiireporter.com.

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

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

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

The 2011 Hawaii All Star Small Business Awards

Honoring shining stars in our business community

SBH Educational Entrepreneurial Foundation announced the following all stars in our business community on September 16:

SBH Lex Brodie Business Person of the Year
Joe Nicolai, JN Automotive Group

SBH Jean Fukuda Civic Leadership Award
Win Schoneman, Bubbies Homemade Ice Cream & Desserts

SBH Young Entrepreneur of the Year
Tyler Roukema, Outback Steak House, Hawaii Kai

SBH George Mason Outstanding Business Reporting
Jim Dooley, Hawaii Reporter (photo at right)

SBH Business Booster
Glenn Muranaka, Meadow Gold Dairies

SBH Success All Stars
Phyllis Shimabukuro Geiser, Mikilua Poultry Farm
Joe Teipel, Auction Action
Marissa Capelouto, Oahu Express

More photos in color at our SBH website
www.smartbusinesshawaii.com.



Joe Nicolai, founder JN Automotive Group
Small Business Person of the Year



Win Schoneman,
Bubbies Homemade
Ice Cream and Des-
erts in Koko Marina
Center, SBH Jean
Fukuda Civic Lead-
ership Awardee.



Phyllis Shimabukuro-Geiser of Mikilua Poultry Farm with her family.



Tyler Roukema, Outback Steakhouse, Young Entrepreneur of the year with his family



Wendy Dantas and Lani Moo accepting the Business Booster award on behalf of their boss **Glenn Muranaka**, Meadow Gold Dairies. Mr. Muranaka was not at the event.

New Study Examines Stimulus Dollars

By **Malia Zimmerman**
HawaiiReporter.com

The Mercatus Center released a study August 30 that examines whether the billions of “stimulus” dollars spent through the 2009 American Recovery and Reinvestment Act actually created jobs and went to hiring the unemployed.

The report by Mercatus Scholars Garett Jones and Daniel M. Rothschild examines “one of the largest peacetime fiscal stimulus packages in American history” to see how businesses and workers responded to the incentives in the bill.

After surveying hundreds of firms, non-profits, and local governments receiving stimulus funding, they found that just 42.1 percent of the workers hired after January 31, 2009, were unemployed at the time they were hired. Instead they were hired away from other firms and businesses. They also found no evidence that funds were successfully targeted at areas of the economy with high unemployment.

More than 1,300 anonymous, voluntary responses from managers and employees were collected to find out what happened at the businesses and organizations that received ARRA contracts.

In this “bottom-up study”, the first of its kind, businesses were asked: “Were new workers mostly hired from the unemployment lines or did they get poached or raided from other organizations? Did workers game the unemployment insurance system by waiting until benefits ran out before taking a job? Did Davis-Bacon prevailing wage laws force organizations to pay above market wages to new hires?”

The authors say some of the results are “surprising.” Some of their findings include:



ARRA funds led businesses to hire and retain workers, however it was difficult to tell whether they were part-time or temporary jobs because the “in-person interviews indicated companies frequently included parttime and temporary jobs in reported job totals.”

The authors point out that “hiring isn’t the same as net job creation.” They found that just 42.1 percent of the workers hired after January 31, 2009, were unemployed at the time they were hired. “More were hired directly from other organizations (47.3 percent of post-ARRA workers), while a handful came from school (6.5%) or from outside the labor force (4.1%). Thus, there was an almost even split between “job creating” and “job switching.” This suggests just how hard it is for Keynesian job creation to work in a modern, expertise-based economy: even in a weak economy, organizations hired the employed about as often as the unemployed,” the authors said.

There stimulus funds were poorly targeted, the authors assert, because “there was no tendency for stimulus funds to go to organizations that found it easy to hire good people.”

There was no unusual tendency to take jobs right around the time of UI benefit expiration, the authors said.

Organizations were required to pay prevailing wages. An estimated 38.2 percent thought that they could have hired workers at wages below the Davis-Bacon prevailing wage while another 17 percent were unsure. “This meant higher costs for the federal government and fewer jobs created,” the authors said.

The federal government borrowed almost \$900 billion in stimulus funds and distributed it to the states.

A *Hawaii Reporter* analysis found that while Hawaii was allocated \$1.8 billion in stimulus funds - and spent \$1.3 billion of those funds to date - just 2,046 jobs were created. That is at a cost to taxpayers of \$650,000 per job. State officials and Hawaii’s congressional delegation did not want to comment on this finding.

Ed Kemp, a CPA who sits on the Hawaii Stimulus Oversight Commission, said is concerned about the spending and lack of results. “This money is not from our taxes or any other sources. It was borrowed, and it will have to be repaid by future generations,” Kemp said.

Kemp compares the spending to taking money from his granddaughter’s piggy bank and said this is “unfair to people who have no voice in making those decisions.”



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

Contact Darlyn at SBH, 396-1724.

***Our Goal - Increase Your Refund
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Kevin K. Nitta, EA
President

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New Reapportionment Maps Released

The 9-member State Reapportionment Commission reversed their earlier 8-1 position in favor of the military being counted for the new reapportionment map. In September voted 7-1 (Harold Matsu-moto was absent) to reverse themselves and use “extraction plan A” that removes about 15,000 armed forces from the total. “Extraction?” That reminds me of having a tooth “extracted.” It was painful and I lost it. Anyway, no one seems to be happy with this reversal because the Neighbor Island folks who wanted the military removed so they would pick up a senate seat for the Big Island at Oahu’s expense won’t get their way. Not enough military were “extracted” to do that. Court challenge here we come. The final report of the Commission was released, September 26

Labor Day Should be for All Workers and Jobs

By **State Senator Sam Slom (R)**

Originally published in *HawaiiReporter.com*

Last month we celebrated another Labor Day holiday. For some it is just a day off. For others, a time of union promotion. And political pontificating.

You've already read or heard the partisan political statements of Hawaii's majority party state and congressional elected officials. They continue to talk but have done little to improve the conditions for the working man and woman.

The holiday, first observed by the Central Labor Union of New York on September 5, 1882, became a federal holiday in 1894, following labor union wars with the federal government.

Of course the international communists have observed May 1 as International Workers Day for many years.

But back to our holiday. Traditionally, the first Monday in September was marked as the end of summer, the closure of amusement parks, back to school and the last day women could appropriately wear white. A lot has changed. The day still marks the start of the NFL season although college football already jumped the gun.

This year, 2011, is especially significant for labor unions. Though they still bluster, attack business, the Tea Party and the free market, and have an economic and political impact, the unions—not workers—are in survival mode.



Except for New York and Hawaii, their membership is low and declining. Their political influence is waning. Their demands have resulted in excessive consumer cost increases. They are being challenged for their unsustainable benefits on the backs of all workers and taxpayers. They are forced to accept wage and benefit reductions.

In Wisconsin, the Governor and Legislature stood up against, and were victorious, in changing collective bargaining. This is spreading to other states.

Even in Hawaii, union members are openly critical of the representation of the Hawaii State Teachers Association (HSTA) which has failed to secure a new contract and is openly fighting with the pro union new Governor. Other government unions and private unions are hostile to the contract agreed to by the Governor and the Hawaii Government Employees Association (HGEA)



that gives the largest government union "most favored nation" status, meaning if any other union negotiates better benefits, the HGEA will automatically get those benefits too.

During the recent 2011 Hawaii State Legislature, the HGEA and other unions wanted a 25% increase in the General Excise Tax to fund their benefits. They failed in this bluest of blue union states. No union contracts were funded this year. Benefits are being scaled back. The union health fund is under funded by at least \$8 billion; the state retirement system under funded by at least that amount or according to some estimates, as much as \$15 billion.

The unions here, as elsewhere, are in for harder times because of fiscal realities and their decades of excess and avarice and an all too willing government to give them what they want in exchange for votes.

Hawaii has reached a tipping point by several measures. One of them is union domination.

I am not anti-union. Never have been.

But I am anti-compulsion. Government unions, where the growth in membership has taken place, are government-created monopolies that operate on force and compulsion.

Workers should have every right to join a union or any other organization. But they shouldn't be forced as they are now.

Every year at the legislature, I introduce a Right to Work bill. It simply says a worker should have choice in joining or not joining a labor organization. More than 22 states have such legislation and they are the most prosperous of the 50 states. Unions hate this

legislation.

I also support vouchers to allow parents to choose schools to which they send their children. Government schools or private. It works where tried and creates better schools, better teachers and productive students. Unions hate this legislation too.

Legislation to prevent the use of union dues, without authorization, for political purposes, has been opposed also. But workers forced to pay union dues are questioning the use of their money. And the quality of representation and benefits.

Unions have served an important purpose. They opposed government violence. In the past, they responsibly advocated for worker safety and economic benefits.

But in recent years, unions, or more precisely, several union bosses, have become greedy and all too political leaving workers, taxpayers and our economy behind.

Next session (January, 2012) I will be introducing additional Hawaii legislation to improve the standard of living of all workers, and to allow them more choices.

Included will be a bill to prohibit the state government from collecting dues from workers and handing it over to the government union. That is not a proper function of government.

Collective bargaining is a privilege, not a right. Change is coming.

We should all celebrate Labor Day for the right to work, the acknowledgement that all workers are important, not just the 15% that belong to a compulsory union, and for the support of those measures to create jobs and wealth for everyone who wants to work in our state and nation.

Gibson Guitars: American Iconic Business Under Federal Attack

The Justice Department raided the Gibson Guitar factory in Nashville last month. From a Gibson press release:

On August 24, 2011, around 8:45 a.m. CDT, agents for the federal government executed four search warrants on Gibson's facilities in Nashville and Memphis and seized several pallets of wood, electronic files and guitars. Gibson had to cease its manufacturing operations and send workers home for the day, while armed agents executed the search warrants. Gibson has fully cooperated with the execution of the search warrants

This actually happened once before:

In 2009, more than a dozen agents with automatic weapons invaded the Gibson factory in Nashville. The Government seized guitars and a substantial amount of ebony fingerboard blanks from Madagascar. To date, 1 year and 9 months later, criminal charges have NOT been filed, yet the Government still holds Gibson's property.

Why is the Justice Department invading Gibson's factory and seizing its property, without filing any charges? Do they think illegal materials might be hidden inside the guitars? Or, given recent history, were they trying to hide illegal guns inside guitars headed for Mexico?

No, this is all about the wood the guitars are made from. As the Wall Street Journal explains:

The question in the first raid seemed to be whether Gibson had been buying illegally harvested hardwoods from protected forests, such as the Madagascar ebony that makes for such lovely fret boards. And if Gibson did knowingly import illegally harvested ebony from Madagascar, that wouldn't be a negligible offense. Peter Lowry, ebony and rosewood expert at the Missouri Botanical Garden calls the Madagascar wood trade the "equivalent of Africa's blood diamonds." But with the new raid, the government seems to be questioning whether some wood sourced from India met every regulatory jot and tittle.

What jots and tittles would those be? This isn't some kind of environmental crisis. I don't suppose Gibson's musician clientele would tolerate one of those. According to the Gibson statement:

The wood the Government seized on August 24 is from a Forest Stewardship Council certified supplier and is FSC Controlled, meaning that the wood complies with the standards of the Forest Stewardship Council, which is an industry-recognized and independent, not-for-profit organization established to pro-



mote responsible management of the world's forests. FSC Controlled Wood standards require, among other things, that the wood not be illegally harvested and not be harvested in violation of traditional and civil rights. See www.fsc.org for more information. Gibson has a long history of supporting sustainable and responsible sources of wood and has worked diligently with entities such as the Rainforest Alliance and Greenpeace to secure FSC certified supplies. The wood seized on August 24 satisfied FSC standards.

Well, it's all about the Lacey Act, which the Memphis Daily News tells us "does not directly address conservation issues, but is about obeying all laws of the countries from which wood products are procured." In other words, if you're going to buy wood from India, you have to be in full compliance with Indian law.

Which Indian law did Gibson allegedly violate? Gibson Guitar CEO Henry Juskiewicz told the Memphis Daily News the government refuses to explain the charges to him:

But Gibson's CEO says his company has not been told what it did wrong and that he assumes the allegation is that some of the wood being used to manufacture the company's guitars is illegal.

"Everything is sealed. They won't tell us anything," Juskiewicz said, never raising his voice but pulling no punches in his defense of the storied guitar maker.

However, a Reuters report includes some speculation that it might be a weird Justice Department interpretation of a law the Indian government has not asked the American government to enforce:

"(The government) has suggested that the use of wood from India that is not finished by Indian workers is illegal, not because of U.S. law, but

because it is the Justice Department's interpretation of a law in India," Juskiewicz said.

If the same wood from the same tree was finished by Indian workers, the material would be legal, he said.

In an affidavit, agent John Rayfield of the U.S. Fish and Wildlife Service said U.S. Customs agents in June detained a shipment of sawn ebony logs from India.

The paperwork accompanying the shipment identified it fraudulently as Indian ebony fingerboards for guitars and it did not say it was going to Gibson, the affidavit said.

In July, agents observed Indian ebony and rosewood delivered to a storage facility for Gibson, according to the affidavit, which asked permission to seize Gibson's business computers.

Juskiewicz vented his frustrations to the Memphis Daily News:

"The federal bureaucracy is just out of hand," Juskiewicz said. "And it seems to me there's almost a class warfare of companies versus people, rich versus poor, Republicans versus Democrats ... and there's just a lack of somebody that stands up and says, 'I'm about everyone. I'm really about America and doing what's good for the country and not fighting these little battles.'"

"We feel totally abused. We believe the arrogance of federal power is impacting me personally, our company personally and the employees here in Tennessee, and it's just plain wrong."

I can't imagine why we have stagnant GDP growth and chronic high unemployment! The Obama Administration is actively at war with every business they don't choose to subsidize.

Editor's Note: We have shared the full text of John Hayward's "The Gibson Guitar Raid" from *Human Events*. We encourage you to visit the original.

Water Penalty

The Hawaii State Department of Health's (DOH) Food and Drug Branch has issued a Notice of Violation and Order against Koyo USA Corp. for adulterating its bottled water product for human consumption from an unapproved source. A penalty of \$5,044,193 has been issued for violations of Hawaii Revised Statutes sections 328-6 and 328D-2 that occurred from July 7, 2006 to May 19, 2011.

Koyo's product is branded as Mahalo Hawai'i Deep Sea and has been marketed to consumers in Japan, Hawai'i and elsewhere.

Honolulu's The Bus Will be Faster Than The Train

By **Cliff Slater**, Honolulutraffic.com

The City & County of Honolulu's TheBus is going to be faster than TheTrain?

Let's review the City's projected travel time by rail from East Kapolei to Ala Moana Center:

The Final Environmental Impact Statement (EIS) tells us in the table to the left that future rail commuters leaving East Kapolei would arrive at Ala Moana Center in 42 minutes. This is not quite credible given that the Final EIS table to the left shows that Iwilei to Ala Moana Center supposedly takes only six minutes even though it must load and unload passengers at five stations along the way (FEIS, Table 3-16).

Further, the FEIS states, "the travel time, including access to station and waiting time for rail, between East Kapolei and Downtown Honolulu will be 55 minutes with the [rail] Project." (FEIS, Table 3-1)

The 55 minutes travel time is a little more believable.

Now let's review the current bus service from Kapolei proper, its Transit Center, to Ala Moana Center:

Today's scheduled time for the Route C Country Express service of TheBus from Kapolei Transit Center to Ala Moana Center during the rush hour varies from 44 to 58



minutes and averages 52 minutes. This you can see for yourself on the TheBus transit timetables.

We also have discussed this with commuters who currently use this service and they find the service generally on time and reliable.

Bear in mind that Kapolei proper is

further from town than East Kapolei and Ala Moana Center is further along the route than Downtown.

The FEIS also states that transit travel time from Kapolei to Downtown currently takes 86 minutes (FEIS, 1-9). Obviously, city planners are not coordinating their planning with TheBus administration.

Recycling Is A Great Concept (Unless You Have a Truckload of Junk)

By **Charles Memminger**
HawaiiReporter.com

If recycling is such a swell idea, why is it so hard to give stuff away? Residents of a big condo compound in Kaneohe regularly leave their bulk items on the lawn where their main driveway hits Lilipuna Road to be picked up by the opala truck once a month. I got in the habit of dropping off some of my big stuff there figuring it would be one less stop for da boys. I drove by the pile of stuff – couches, TVs, tables, car parts – every day and began to notice that the spot served as a makeshift recycling area. I dropped off a half of a bicycle and noticed some pretty nice looking ceramic mugs in a box. When I drove by later that day, both my broken bike and the mugs were gone. I dropped off a broken picnic

table umbrella and later noticed that someone had taken the canvas and left the skeleton. I thought that was pretty cool. It's nice to know that one person's crap is another person's raw resource.

So after a day of heavy house cleaning, my wife and I headed out with the pickup truck filled with a mini-trampoline that no one ever bounced on, a small metal cabinet, a large desk with stainless steel legs, a urine-stained area rug (dog urine, just for the record), a large triangular corner cabinet painted redish, a plastic garbage bag full of perfectly good DVD movies that my daughter didn't want and some general rubbish. The plan was to leave the good stuff at the Lilipuna Recycling And Bulky Items Pick Up Zone, donate the DVDs to "Friends of the Library" at the Kaneohe Library and take the rest to the rubbish transfer station in Kailua. But when we drove up to where I had



dumped the umbrella and bike, there was nothing there but a big scary sign that said "No Dumping. Violators Will Be Prosecuted." Now, why would someone post such a sign at such a great place to exchange unwanted debris and dross with others?

I considered just taking the whole load up to the rubbish transfer station but they are so anti-recycling up there. There are signs all over the place that say "No Scavenging." And by that, they mean no scavenging by civilians. The dump workers seem to have scavenged some pretty good stuff ... couches, lamps tables that sit in corners of

Continued on page 8.

Recycling or Junk Continued from Page 7.

the open arena-sized building. If we are supposed to recycle, the city ought to be encouraging scavenging. Scavenging IS recycling, right? There should be a place at the dump set aside just for people to paw through and after a month, get rid of what's left and start over again.

But before I gave up and took everything to the dump, I remembered a little clothes recycling trailer in the Windward Mall parking lot. I knew if I left the good stuff there, it would all be gone by the end of the day. And if it wasn't, I'd pick it up again. But this apparently had been tried before because on the side of the trailer was a big sign that said, "Do Not Leave Bulky Items Such As Mattresses and Furniture By Trailer." This seemed to be kind of a snooty attitude for an organization devoted to recycling. They apparently are into only a specific type of recycling. Old clothes. I wondered if it was all old clothes or did it get even more specific than that? Maybe they only accepted tweed coats and knitted sweaters.

We hit the road again. This time headed for the bottle recycling station across from Windward Mall. It's tucked in a corner of a huge, empty parking lot. What better place to display some perfectly good furniture and exercise equipment. There was only one car unloading beer bottles so I walked over and asked one of the boys if I could leave our stuff under a tree for anyone to take. Three of the boys walked over to my truck and eyeballed the haul. The head guy said, "No, sorry. You can't leave that here. Our boss would kill us." I thought, man this recycling game is brutal. The clothes and condo recyclers will have you arrested and prosecuted and the bottle recycler employee's boss will kill them if they allow non-bottle related recyclables to be left near their operation.

But then the head guy said, "But, hey, I'll take that desk." And he took it. Then another guy said he'd take the trampoline. And the third guy took a metal cabinet. So that was good.

The rest was bound for the dump but first I stopped by the house to drop off my wife. Then, a miracle happened. A huge dark man in a huge beat up pickup truck came up my driveway. He was looking for my neighbor to see if he could con him into having a rock wall built. I told him my neighbor wasn't home and didn't want a rock wall. Then I had an idea. I asked him if he wanted anything in my truck. His eyes brightened like it was Christmas. He transferred the rest of the furniture and the sack of DVDs to his truck and even wanted the rug. I said, no, man, you don't want that rug. I had to practically pull it out of his hands. "Trust me, I said, that rug is nasty." He drove off a happy man without a new rock wall project but a lot of DVDs for his daughter.

In the end, we had managed against all odds to recycle all of the good stuff and take the rest to the dump. We had not been deterred by hostile signs and narrow minded professional recyclers. But it wasn't easy. Easy would have been to take it under dark of night to the deserted dump road and just leave it in the bushes. Unfortunately, that's what a lot of people do. Probably because the state and city makes it too damn hard to recycle.

I drove by the condo driveway the other day and noticed that under the "No Dumping" sign was a bed mattress, a chair and some other bulky items, the start of a nice little mountain of potentially recyclable stuff. I was a happy man.

Charles Memminger is a national award-winning columnist, screenwriter and author who writes for a number of publications including Hawaii Reporter. You can get his book, "Hey, Waiter, There's An Umbrella In My Drink!" by e-mailing him at cmemminger@hawaii.rr.com

Almost Everything We're Taught Is Wrong: Using Economics to Explode Fallacies

By **John Stossel**, Fox Business Network

We grow up learning that some things are just bad: child labor, ticket scalping, price gouging, kidney selling, blackmail, etc. But maybe they're not.

What I love about economics is that it can show that what seems harmful is actually good for society. It illuminates what common sense overlooks.

This was the subject of my Fox Business show last week. It was inspired by the eye-opening book *Defending the Undefendable* by economist Walter Block.

Most people call child labor an unmitigated evil. But my guests, David Boaz of the Cato Institute and Nick Gillespie of Reason.TV, said that's wrong.

"If we say that the United States should abolish child labor in very poor countries," Boaz said, "then what will happen to these children? ... They're not suddenly going to go to the country day school. ... They may be out selling their bodies on the street. That is not an improvement over working in a t-shirt factory."

In fact, studies show that in at least one country where child labor was suddenly banned, prostitution increased. Good economics teaches that as poor countries get richer and freer, capital investment raises the productivity of labor and child labor diminishes. There's no shortcut through government prohibition—unless you like starvation and child prostitution.

What about price-gouging? State laws attempt to prevent people from charging "unconscionable" prices during emergencies.

"If I'm in the neighborhood of Hurricane Katrina," Boaz said, "what I want is water and ice and generators. ... If you are in Kentucky (and) you've got 10 generators in your store, are you getting up at 4 a.m. to drive all day to get to Louisiana to sell these generators if you can only sell them for the same price you can sell them for in Kentucky? No, you're going to go down because ... you can sell them for more."

Also, if prices rise during an emergency, that's a signal for people to buy only what they most need. That leaves more for everyone else. If the price remains low, an incentive to conserve is lost.

Ticket scalpers are seen as sleazy guys who cheat you by marking up the price of tickets. Profits go to middlemen instead of the performers. What good could they possibly do?

"I like to think of ticket scalpers as the guy who stands in line so that I don't have to," Gillespie said.

Time spent in line is part of the ticket cost. Scalpers let you pay entirely in money, rather than partly in valuable time.

Most people say that selling body parts is wrong.

"It also seems wrong to have people dying because they can't get a kidney," Boaz said.

Some 400,000 Americans are on a waiting list now for a new kidney, and they are not allowed to pay for one.

"We sell hair. We sell sperm. We sell eggs these days." Boaz added.

Gillespie added, "The best way to grow the supply and allow



Photo by Luigi Novi

Continued on page 12.

Extending UI Tax Holiday Isn't a Good Idea

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

President Barack Obama's administration is proposing to continue the employment tax holiday that was initiated with this year's payroll, dropping the employees' share of the Social Security tax by two percentage points.

This may be a good political sound bite. But it certainly seems to be lacking in reason, especially the Social Security system is under greater strain as Baby Boomers begin to retire and the unemployed turn to Social Security to help make ends meet.

While the intent of the proposal to suspend the payment of two percent of one's wages into the Social Security system was to put money back into the pockets of workers, it does nothing for those who remain unemployed. Further, because the reduction is only on the employee side, the employer must still come up with the full 6.4% for the employer's share of the Social Security tax.

So one has to ask what will a continuance of the payroll tax break do for creating jobs? More importantly, what does the payroll contribution to the Social Security system do for the longevity of the program especially as the system becomes overburdened with retirees faster than the number of new jobs created?

The suspension of the 2% contribution, in fact, merely hastens the day of doom for the system, a doomsday that can only be avoided in the future if benefits are reduced or the taxes on future workers are dramatically increased.

If the intent is that with more money in their pockets, workers would go out and spend those extra dollars and stimulate the production of goods and services, thereby creating more jobs; as long as there is the fear of losing one's job or not being able to pay the mortgage, consumers will not regain that confidence to go out and spend what little they have.

No, it will take more than a little pocket change to move this nation forward, to create the jobs Americans need. It has become more than apparent that America cannot spend its way out of this economic mess, piling up even more debt at a time when we have maxed out the nation's credit card. The money is still there despite losses in the market, it is just that those who hold that cash still shrink in fear of yet another calamity.

That is where our nation's political leaders need to step up to the plate and restore confidence and certainty in the vision for the nation. Instead of all of the gimmicks and tricks this administration has attempted over the past three years, it should announce a moratorium on any changes in the federal tax structure and on the imposition of new regulations and adopt a spending plan for the federal government that begins to reduce the growth rate in spending.

One pundit recently criticized the head of General Electric who the President had appointed to head up his economic recovery and job creation team for allowing his company to build a brand-new plant in Beijing which created hundreds of new jobs in China - not in America. But one has to stop and think.

Was that decision made because there was greater potential for

making a profit from the new plant because the margins were greater than building the same plant in America?

Was it easier to establish that potential profit center there in a foreign country rather than here back home? Could that decision be telling us that it is no longer profitable to do business in this country and that is why the plant is being built in China?

Okay, some might argue that GE is being greedy and is only interested in making obscene profits but, hey, what do you think pays the bills, creates the jobs, and provides the capital for new and modern equipment. Profit in some vocabularies may not be politically acceptable, but guess what, profit is what creates jobs. Sure we should all be concerned about how that profit is used, but unless the business environment nurtures a profitable business climate, jobs will go overseas and American workers will go begging for work.

So what must the administration and Congress do to jump start the nation's economy to create the jobs needed to put everyone back to work and to restore the fiscal soundness of the nation's checkbook?

The number one job for elected officials is to put the nation's financial house in order and to do so without extracting yet more taxes from taxpayers. In other words, bring spending back under control. Then let consumers and businesses rebuild the economic strength of the nation without government butting in, letting the free market economy flourish without much government intervention.

Lowell Kalapa is president of the Tax Foundation of Hawaii.

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



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Charley's Taxi Dale Evans: Industry Leader

By **Malia Zimmerman**
HawaiiReporter.com

Dale Evans knows the taxi business. The well-known Honolulu businesswoman has been around the industry her whole life.

Her mother, Helen Morita, co-founded Charley's Taxi & Tours with Dale's father, Charles in 1938.

Evans watched as her mother, who started with four vehicles operating at a cabstand in downtown Honolulu, became successful in a "rough and tumble male dominated world of taxi operators."

Evans learned every part of the business through hands on experience, and today, Charley's Taxi has serviced 2.5 million customers and is the oldest and second largest taxi business in Honolulu.

When Helen died in 2008 at the age of 94, the Hawaii state Senate issued a resolution in her honoring that read:

Helen Morita co-founded Charley's Taxi with her husband in 1938

"Helen Morita was a businesswoman who was not afraid to chart and follow a business course for Charley's Taxi. She fiercely protected her growing company, sometimes drawing an adversarial sword, as when she took on government attempts to limit the number of taxi medallions, or when she sustained heated and confrontational attempts by organized labor to unionize her driver workforce ... She worked hard to create the Charley's brand, and understood that providing a good, consistent service for her customers, was a critical element of her success. Today, kamaaina and malihini alike know that when they call for Charley's, they will get service, which is reliable, courteous, and prompt."

The same resolution could just as easily apply to Evans.

Like her mother, Evans is a leader in her industry.

Most recently she implemented a new partnership with enters into partnership with the Canadian-based Mentor Engineering to advance the taxi company's customer service and increase efficiency.

Ron Boulton, the National Sales Manager for IntelliFleet Taxi Division, flew to Hawaii with his company engineers to help with the launch of the new digital tracking system.

The system, which costs \$850,000, allows the dispatch operation to track drivers' whereabouts so they can more easily, efficiently and quickly dispatch drivers to their

customers.

The drivers will save money on fuel and cut drive times by using the system, which provides information on the shortest route to the destination and traffic congestion along the way.

The system also will help Charley's overcome a shortage of cars for the amount of business they are pulling in.

In addition to providing a higher level of service, Boulton said drivers also are more secure because the system tracks their whereabouts and they have an emergency warning system that they can utilize to flag suspicious passengers or call for help.

So far the system has been placed in 60 cabs and will be installed in all 200 Charley's Taxis.

"The incorporation of Mentor's technology will let Charley's Taxi offer an unprecedented level of service to the City of Honolulu with a wide range of advancements over traditional dispatching systems," Boulton said. "Charley's Taxi, Hawaii's oldest ground transportation company, will be partnering with Verizon to provide wireless connectivity in the vehicle, while Sprint will be their ISP provider in the office. This combination will provide Charley's Taxi with 99% connection reliability, even in times of disasters or emergencies."

Like many people in Hawaii who have worked with Evans, Boulton said she is an unusual client with hospitality that is legendary. Her drivers continue that tradition of hospitality priding themselves on sparkling automobiles, and quick and polite service.

The Honolulu City Council recognized Charley's Taxi's role in improving the standards of personnel in the visitor industry in 1997: "Charley's Taxi and Tour is the first and only taxi company in the nation that has drivers who have completed and are certified in courses that enhance their skills in history, culture and language."

Sam Slom, who heads up Smart Business Hawaii, has presented Evans with the highest business award in 2004. He said Evans is a real community asset.

"A successful business owner, transportation expert, legislative participant and dedicated leader, Dale has always been on the leading edge of technological advancement. She has energy and drive and is always optimistic and doesn't know



the meaning of the word, 'quit.' When Dale speaks, the business community listens and for good reason," said Slom, who also serves in the Hawaii State Senate as the Minority Leader.

Transportation expert and retired businessman Cliff Slater said besides being a good businessperson, Dale is a remarkably civic-minded person. "When you discuss transportation policy with Dale the last thing on her mind is how it would affect her business, Charley's Taxi. For example, she has always opposed putting limits on the number of taxis the city allows. It would allow those already in the business to clean up, but that wouldn't be right, so she opposes it."

University of Hawaii engineering professor said Dale Evans is one of the most multi-faceted and deeply knowledgeable people he has met. "She can talk with authority about Congress legislation, city ordinances, the hospitality industry, the elderly and their needs, the local and national transportation industry, and advanced telecommunications services, and, of course, the taxi industry (with particular sensitivity to the Customer.) She is one of the most caring people about this island, this state and this country, Prevedouros said.

Evans and her company have won numerous awards and recognition in the community including the "voyage of teamwork and dedication in achieving quality and service excellence" presented by the Hilton Hawaiian Village, the Hawaii Hotel Association's na Po'e Pa'ahana Award in recognition of outstanding efforts in performing its job and for supporting the community, recognition in Honolulu Magazine's "How to Live Better and Cheaper in Honolulu" edition; and acknowledgement by the Chamber of Commerce Hawaii for Evans' "personal commitment to serving the land transportation needs of Oahu's people and increasing public awareness of vital transportation issues."

Dale's daughter Darci also has worked in the business with her mother. The three generations of women have used their knowledge, hospitality and innovation to successfully compete in one of Hawaii's toughest and most competitive industries.

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Hawaii Business Seeks Awardees

Jason Ubay of *Hawaii Business* magazine wanted to let you know that HB is accepting nominations for both HB's SmallBiz Success Awards and 20 People to Watch. You can nominate either companies or individuals (or both) at the link below.

<http://www.hawaiibusiness.com/Hawaii-Business/HB-Nominations/>

The deadline for the Small Business Success Awards is Oct. 17, 2011.

The deadline for Twenty People to Watch is Nov. 28, 2011.

If you are unfamiliar with the programs, here are some quick descriptions:

Twenty People to Watch: Formerly known as 20 for the Next 20, the program identifies Hawaii's next generation of leaders. We are looking for individuals whose intelligence, energy and vision make them people to watch over the next two decades. Age is not a factor. We are looking for breakout people who will soon have a greater role in shaping Hawaii's future, no matter how old or young they are now. And they could come from any field. The Hawaii Business editorial staff will select 20 people in December 2011; the list will be published in the March 2012 issue of *Hawaii Business*.



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Using Economics to Explode Fallacies

Continued from page 8.

more people to live is to allow the market to price those organs.”

Maybe the most counterintuitive position argued on my show was that blackmail should not be a crime. Blackmail (unlike extortion) is the demand for money in return for withholding information. Robin Hanson, a George Mason University economist, defends blackmail.

“The thing you’re threatening when you’re threatening blackmail (is) gossip,” Hanson said. “If it should be all right to tell people, it should be all right to threaten to tell people.”

What we don’t like, however, is the blackmailer saying, “Pay me to keep quiet.”

“But the effect of that is to make people behave,” Hanson said. “If we (allow) blackmail, people behave even more because they are even more afraid of what might happen if they don’t.”

Maybe Ponzi-schemer Bernie Madoff would have been caught earlier?

“That’s right. ... Blackmail is actually a form of private law enforcement.”

Also, since gossip is free speech, blackmail is simply selling the service of not engaging in free speech. Why should that be outlawed?

I subtitled my last book, *Everything You Know Is Wrong*. I was exaggerating, of course, but many things we’re taught are fallacies. That’s why I like economics. It explodes fallacies.

John Stossel is host of Stossel on the Fox Business Network. He’s the author of *Give Me a Break* and of *Myth, Lies, and Downright Stupidity*. To find out more about John Stossel, visit his site at johnstossel.com. Copyright 2011 by JFS Productions, Inc.; distributed by creators.com; reprinted with permission from reason.com. Reason Foundation is a nonprofit think tank dedicated to advancing free minds and free markets and publisher of the critically-acclaimed Reason magazine and its website www.reason.com.



SBH members had many questions for September’s Sunrise speaker, Michael Palcic. The subject was “reapportionment” and the session was an informative eye-opener for many.

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