

Honolulu, Hawaii

MAR - 3 2006

RE: S.B. No. 2985
S.D. 2

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2985, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO STATE ENTERPRISE ZONES,"

begs leave to report as follows:

The purpose of this measure is to make the State's enterprise zone program more sensitive to the unique problems that face agricultural businesses located within an enterprise zone.

The measure accomplishes this by:

- (1) Establishing that an agricultural business shall remain eligible for tax incentives in the event of force majeure;
- (2) Allowing an agricultural business to meet annual gross revenue requirements if the business is unable to meet annual full-time employee requirements;
- (3) Amending the definition of "full-time employee" by including leased employees and employees under a joint employer relationship; and
- (4) Prohibiting a taxpayer claiming a tax credit or exemption under chapter 209E, Hawaii Revised Statutes, from claiming any other identical tax credit or exemption.



Your Committee finds that agriculture is a vital component of the State's economy because it provides the State with export products, a diversity of employment opportunities, a stage for tourism, and an opportunity for land and water stewardship. The State's enterprise zone program provides business incentives that will encourage agricultural activity within economically depressed areas. Unfortunately, the employment requirements to qualify for this program discourage many agricultural businesses from applying, since, by nature, agricultural employment is dependent on local and global markets, seasonal crops, labor availability, and weather conditions.

Your Committee finds that it is difficult for agricultural businesses to meet the existing employment requirements of the State's enterprise zone program and that agricultural businesses need the enterprise zone program to recognize their unique situation in order to participate in the program. Your Committee believes that amending chapter 209E, Hawaii Revised Statutes, to allow favorable tax incentives and easier employment qualifications will encourage more agricultural businesses to qualify and apply for the State's enterprise zone program.

Your Committee has amended the measure by:

- (1) Changing the effective date to facilitate further discussion;
- (2) Repealing obsolete statutory language; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2985, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2985, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




BRIAN T. TANIGUCHI, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Ways and Means
(Bills and Resolutions)

Measure:* SB 2985 SD1	Committee Referral: BED/WLA, WAM	Date: 2/23/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUE, Lorraine R.				/
KANNO, Brian				/
KIM, Donna Mercado	/			
KOKUBUN, Russell S.				/
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred				/
SLOM, Sam	/			
TRIMBLE, Gordon	/			
TOTAL	10	0	0	5
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Do not list more than one measure per Record of Votes.