

STAND. COM. REP. NO.

3307

Honolulu, Hawaii

APR - 6 2006

RE: S.R. No. 115
S.D. 1

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

Sir:

Your Committee on Business and Economic Development, to which was referred S.R. No. 115 entitled:

"SENATE RESOLUTION REQUESTING FAVORABLE ACTION ON HAWAII'S APPLICATION TO ESTABLISH A FOREIGN-TRADE ZONE AT THE NATURAL ENERGY LABORATORY OF HAWAII SITE AT KAILUA-KONA ON THE ISLAND OF HAWAII,"

begs leave to report as follows:

The purpose of this measure is to request that the Director of Business, Economic Development, and Tourism and the Chief Executive Officer of the Natural Energy Laboratory of Hawaii Authority (NELHA) continue their efforts in establishing NELHA's 870-acre science and ocean technology park in Kailua-Kona as a Foreign-Trade Zone.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and the Natural Energy Laboratory of Hawaii Authority.

There are currently seven active Foreign-Trade Zone (FTZ) sites established in accordance to federal law throughout the State. A FTZ is an attractive and effective incentive for economic development and the creation of employment opportunities. In 2005, 278 companies in Hawaii used the FTZ program and handled 88 types of merchandise from 33 countries. Hawaii's FTZ sites provide direct and indirect employment for approximately 2,4000 residents. Currently, NELHA's tenants have attracted approximately \$75,000,000 in investments over the past several

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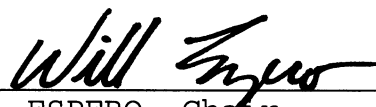
years and have successfully increased the volume of state exports. Foreign and domestic exports from NELHA-based companies are expected to grow dramatically in the near future due to the growth of deep seawater bottling companies and aquaculture firms at NELHA.

Your Committee finds that designating NELHA's site in Kailua-Kona as a FTZ will greatly expand the benefits of zone utilization to NELHA-based firms and will further the growth and diversification of Hawaii's economy. Designating NELHA's Kailua-Kona site as a FTZ will extend FTZ benefits beyond Oahu and allow NELHA to play a bigger role in future industrial growth and development of the Island of Hawaii.

Your Committee has amended this measure by making technical, nonsubstantive changes for consistency and style.

As affirmed by the record of votes of the members of your Committee on Business and Economic Development that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 115, as amended herein, and recommends that it be referred to the Committee on Energy, Environment, and International Affairs, in the form attached hereto as S.R. No. 115, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Business and
Economic Development,



WILL ESPERO, Chair



