

STAND. COM. REP. NO. 112

Honolulu, Hawaii

Feb 10, 2009

RE: H.B. No. 1682

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committees on Economic Revitalization, Business, & Military Affairs and Agriculture, to which was referred H.B. No. 1682 entitled:

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

beg leave to report as follows:

The purpose of this bill is to improve the State Enterprise Zones Program (Program) by:

- (1) Allowing limited liability companies to qualify for the Program;
- (2) Allowing the receipts, sales, and employees of a business's establishments in all enterprise zones located within a single county to count toward qualification requirements;
- (3) Extending Program tax benefits for seven additional years for qualified businesses engaged in manufacturing tangible personal property, or producing or processing agricultural products; and
- (4) Exempting from the general excise tax, the payment received by a contractor for performing construction work within the enterprise zone for a business that has been approved for enrollment in the Program.

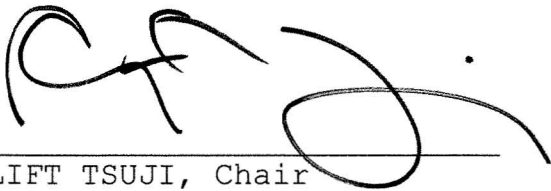


The Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, Hawaii Crop Improvement Association, and United Fishing Agency, Ltd., supported this bill. The Department of Agriculture supported the intent of this measure. The Department of Taxation and Department of Business, Economic Development, and Tourism opposed this bill.

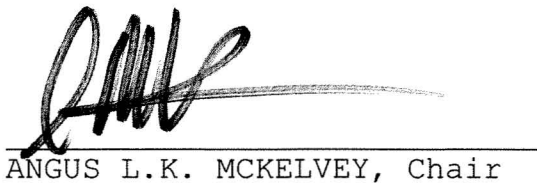
Your Committees find that the State must continue to support and stimulate economic growth in targeted sectors of our economy and, accordingly, has amended this bill to make all types of renewable energy production, not just wind energy, an eligible enterprise zone business activity. To encourage further discussion, the effective date of this measure has been changed to July 1, 2112. Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Economic Revitalization, Business, & Military Affairs and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1682, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1682, H.D. 1, and be referred to the Committee on Energy & Environmental Protection.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Revitalization, Business, &
Military Affairs and
Agriculture,



CLIFT TSUJI, Chair



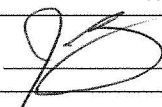
ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 112

Record of Votes of the Committee on Agriculture

| Bill/Resolution No.: HD 1682 | | Committee Referral: EDM/AGR, EEP, FIN | | Date: Feb. 5, 2009 |
|--|----------|---|----------|------------------------------|
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit) | | | | |
| AGR Members | Ayes | Ayes (WR) | Nays | Excused |
| 1. TSUJI, Clift (C) | ✓ | | | |
| 2. WOOLEY, Jessica (VC) | ✓ | | | |
| 3. BERG, Lyla B. | ✓ | | | |
| 4. CHOY, Isaac W. | ✓ | | | |
| 5. EVANS, Cindy | ✓ | | | |
| 6. MANAHAN, Joey | ✓ | | | |
| 7. McKELVEY, Angus L.K. | ✓ | | | |
| 8. TAKAI, K. Mark | | | | ✓ |
| 9. TOKIOKA, James Kunane | ✓ | | | |
| 10. WAKAI, Glenn | | | | ✓ |
| 11. MARUMOTO, Barbara C. | ✓ | | | |
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| TOTAL (11) | 9 | 0 | 0 | X 1 gm |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s) | | | | |
| Vice Chair's or designee's signature:  | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |