

STAND. COM. REP. NO. 474

Honolulu, Hawaii

Feb 19, 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 Committee on Energy & Environmental Protection, to which was referred H.B. No. 1682, H.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 improve the state enterprise zone program.

Specifically, this measure:

- (1) Includes limited liability companies in the definitions of "qualified business" and "service business";
- (2) Allows the receipts, sales, and number of employees of all of a business firm's establishments within enterprise zones in the same county to be consolidated to determine whether a business firm is designated as a qualified business for purposes of the enterprise zone law, chapter 209E, Hawaii Revised Statutes; and
- (3) Extends the period for qualified businesses to receive state income tax credits and general excise tax exemptions an additional seven years.

Your Committee received testimony in support of this measure from Hawaiian Electric Company and its subsidiaries; Honolulu Seawater Air Conditioning, LLC; and Hawaii Crop Improvement

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Association. The Department of Business, Economic Development, and Tourism and Department of Taxation offered testimony in opposition to the measure, and the Board of Agriculture submitted comments.

Your Committee finds that the state enterprise zone program has had positive results in revitalizing certain communities within the State and further believes that, in these uncertain economic times, it is all the more urgent to continue to provide the regulatory flexibility and tax incentives to qualified businesses in the enterprise zone program.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1682, H.D. 1, and recommends that it be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



HERMINA MORITA, Chair



