

Honolulu, Hawaii

MAY 01 2009 , 2009

RE: S.B. No. 1248
S.D. 1
H.D. 1
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

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

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1248, S.D. 1, H.D. 1, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to improve the State Enterprise Zone Program by, among other things:

- (1) Inserting limited liability companies under the definition of "qualified business" and "service business";
- (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; and



- (3) Extending Enterprise Zone Program tax incentives for seven additional years for qualified businesses engaged in manufacturing tangible personal property, or producing or processing agricultural products.

Your Committee on Conference finds that this measure will enable the agricultural industry to attract investment and help to revitalize distressed communities in agricultural areas of the State. Your Committee on Conference also finds that facilitating agricultural producers and manufacturers in qualifying for the enterprise zone program will enable that industry to grow in a tax efficient manner.

Your Committee on Conference has amended this measure by:

- (1) Adding the research, development, sale, or production of genetically-engineered medical, agricultural, or maritime biotechnology products to the definition of "eligible business activity",
- (2) Amending section 209E-10(a), Hawaii Revised Statutes, by reducing the extension of tax credits and tax exemptions for qualified businesses engaged in the manufacturing of tangible personal property or in the producing or processing of agricultural products to three additional years, rather than seven additional years;
- (3) Amending section 209E-10(c), Hawaii Revised Statutes, by limiting the continuation of the tax credit for qualified businesses engaged in the manufacturing of tangible personal property or in the producing or processing of agricultural products to three additional years, rather than seven additional years;
- (4) Including the general excise tax exemption for qualified businesses engaged in the production of genetically-engineered agricultural products under section 209E-11, Hawaii Revised Statutes, and providing that the exemption shall not exceed a total of ten years, rather a total of fourteen years;
- (5) Changing the effective date to July 1, 2009; and
- (6) Making technical, nonsubstantive amendments for the purpose of clarity.





As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1248, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1248, S.D. 1, H.D. 1, C.D. 1.

Respectfully submitted on behalf of the managers:


ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE


ANGUS L.K. MCKELVEY, Co-Chair


CAROL FUKUNAGA, Chair


CLIFT TSUJI, Co-Chair


CLAYTON HEE, Co-Chair


HERMINA MORITA, Co-Chair


SHAN S. TSUTSUI, Co-Chair


MARCUS R. OSHIRO, Co-Chair



