

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Bill No. 1248

Support Y N

Date 3/23/09

Time 1103

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
AND
HOUSE COMMITTEE ON WATER, LAND & OCEAN RESOURCES
Tuesday, March 24, 2009
9:00 AM
State Capitol, Conference Room 325

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Type (1) 2 WI

in consideration of
SB 1248 SD1 HD1
RELATING TO STATE ENTERPRISE ZONES.

Chairs Morita and Ito, Vice-Chairs Coffman and Har, and Committee members:

Given the current fiscal difficulties, the Department opposes the enactment of this bill. SB1248 SD1 extends EZ tax credits and exemptions for businesses engaged in the manufacturing of tangible personal property or in the producing or processing of agricultural products, for an additional seven years. It also allows the receipts, sales, and employees of a business's establishments in all enterprise zones located within the same county to count towards qualification requirements. Lastly, it removes from the current EZ program the research, development, sale, or production of genetically-engineered agricultural products as an eligible business activity.

Thank you for the opportunity to offer these comments.

**Testimony before the
House Committee on

Energy & Environmental Protection**

Bill No. 1248

Support Y N

Date 3/23/09

Time 837

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S.B. 1248 SD1 HD1 – Relating to State Enterprise Zones Type 1 2 WI

Tuesday, March 24, 2009
9:00 am, Conference Room 325

By Arthur Seki
Director of Technology
Hawaiian Electric Company, Inc.

Chair Morita, Vice Chair Coffman and members of the Committee:

My name is Arthur Seki—I am the Director of Technology at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiaries, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO) hereinafter collectively referred to as HECO.

HECO supports S.B. 1248 SD1 HD1, which amends the state enterprise zone language and opens the area for renewable energy activities. Land availability and incentives for renewable energy development continue to be issues.

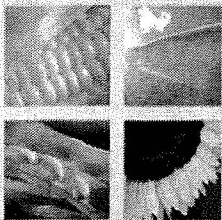
HECO offers these recommendations for your consideration:

1. Page 3, line 1—"Production of electric power from wind energy..." Replace wind energy with "renewable energy". This will help all types of renewable energy development that may occur in the state enterprise zones.
2. Allow areas offshore to be located in the state enterprise zone for ocean energy development such as wave energy. As you may know, there are a number of ocean energy projects in Hawaii:
 - Ocean Power Technology (New Jersey) continues its wave buoy demonstration project off Kaneohe Marine Corp Base. A third buoy was deployed in June 2007. This demonstration includes an underwater electrical cable installed about 1 mile off Kaneohe Marine Base. HECO

engineers provided technical review and support for the interconnection design of this electrical system.

- OceanLinx (Australia) continues their development of a small wave farm off Pauwela Point on the northeast coast of Maui.
- Hawaii Natural Energy Institute was recently awarded a multi-year, multi-million dollar grant as a National Marine Renewable Energy Research Center. This Center will facilitate the development and implementation of commercial wave energy systems and assist the private sector in moving ocean thermal energy conversion systems beyond proof-of-concept to pre-commercialization, long-term testing. HECO is an industry partner in this program.

Thank you for the opportunity to present this testimony.



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Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony By: Alicia Maluaifiti
SB 1248sd1, hd1, Relating to State Enterprise Zones
Hse EEP Committee
Tuesday, March 24, 2009
Room 325, 9:00 am

Position: Oppose As Written

Chair Morita and Members of the Hse EEP Committee:

My name is Alicia Maluaifiti, Executive Director of the Hawaii Crop Improvement Association. The Hawaii Crop Improvement Association (HCIA) is a nonprofit trade association representing the agricultural seed industry in Hawaii. Now the state's largest agricultural commodity, the seed industry contributes to the economic health and diversity of the islands by providing high quality jobs in rural communities, keeping important agricultural lands in agricultural use, and serving as responsible stewards of Hawaii's natural resources.

Although HCIA member companies do not participate in EZ tax credits and exemptions, we strongly believe that agriculture enterprise zones, and the proposed extensions of the credits to include manufacturers and processors of agricultural products are of benefit to other qualified agribusinesses. We have supported SB 1248sd1 and other agriculture enterprise zone bill vehicles because it supports the nurturing and growth of Hawaii's agriculture industry.

However, we stand in strong opposition to SB 1248sd1, hd1 because of the deletion of references to genetically engineered agricultural products. This will have impact on the Hawaii papaya industry, floral industry and other farmers that may use a tool that is federally approved and in the case of food product, scientifically and government sanctioned as safe as conventional food products. Further, the HD1 allows for the all types of medical or maritime biotechnology products to qualify for inclusion in the ag enterprise zones. Genetic engineering is a part of the spectrum of biotechnology.

SB 1248sd1,hd1 appears to be discriminatory against one segment of Hawaii's struggling business sectors and based on philosophical belief rather than on facts and support for a diversified, sustainable economy.

Thank you for the opportunity to testify.

Bill No. 1248

Support Y N

Date 3/23/09

Time 1226

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