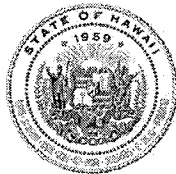


SB 1248

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 Fax: (808) 973-9613



**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
MONDAY, MARCH 2, 2009
9:30 A.M.
CONFERENCE ROOM 211**

**SENATE BILL NO. 1248
RELATING TO STATE ENTERPRISE ZONES**

Chairperson Mercado Kim and Members of the Committee:

Thank you for the opportunity to comment on Senate Bill No. 1248. The purpose of this bill is to improve the state enterprise zone program by allowing limited liability companies to be included under the definitions of "qualified businesses" and "service businesses," by extending the enterprise zone 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, and by allowing the receipts, sales and employees of a business's establishments in all enterprise zones located within the same county to count towards qualification requirements.

The Hawaii Department of Agriculture (HDOA) acknowledges the merit of this measure as we believe that agriculture producers would benefit from an extension of enterprise zone tax credits and neighborhood revitalization programs that create agricultural jobs. However, we caution that an extension of tax credits and exemptions in this difficult economic period may be detrimental to the state budget and defer to the Department of Taxation as to the budgetary impact.

Department of Taxation

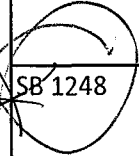
Position Summary

Senate Committee on Ways & Means/March 2, 2009

LATE

1248

Bill Number	Bill Title "Relating to..."	Position	Comments	Revenue Impact	Methodology
SB 972 SD 1	TAX ADMINISTRATION	Strong concerns; prefer original version	*The Department strongly prefers the enforcement efforts set forth in the original measure because they are effective and comprehensive to target the Cash Economy. * Tax clearances as provided in this measure will be both time consuming and costly for the Department and taxpayers. The Department would need additional resources to accomplish this measure beyond what the original measure provided.	Potentially substantial, assuming sufficient resources.	Pending

SB 1247 SD 1	THE ECONOMY	Support	No technical comments.	<p>The estimated revenue gain from the potential credit and exemption eliminations is:</p> <ul style="list-style-type: none"> *\$391.1 million for FY2011, *\$908.1 million for FY2012, *\$1.054 billion for FY2013, *\$1.31 billion for FY2014, and *\$1.567 billion for FY2015. 	<p>Revenue gains from eliminating the income tax credits are taken from the Department's study of income tax credits for 2006. Revenue gains from eliminating the GET exemptions are from the report of the 2005-2007 Tax Review Commission.</p>
 SB 1248	STATE ENTERPRISE ZONES	Opposed to unbudgeted revenue loss	No technical comments.	Revenue loss of approximately \$300,000 per year.	<p>Qualified companies in the State's enterprise zones received about \$1.5 million in tax credits in 2006 (preliminary DOTax data). It is assumed that the number of firms and business activities will remain the same, and this proposal would expand enterprise zone activities by 20%. ($\\$1.5 \text{ million} * 20\% = \\$300,000$).</p>

**Testimony before the
Senate Committee on**



Ways and Means

S.B. 1248 – Relating to State Enterprise Zones

**Monday, March 2, 2009
9:30 am, Conference Room 211**

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

Chair Kim, Vice Chair Tsutsui 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, 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 4—“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.

kim4 - Elizabeth

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 01, 2009 8:17 PM
To: WAM Testimony
Cc: mjellings@hawaii.rr.com
Subject: Testimony for SB1248 on 3/2/2009 9:30:00 AM



Testimony for WAM 3/2/2009 9:30:00 AM SB1248

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Carl P Jellings SR
Organization: Individual
Address:
Phone:
E-mail: mjellings@hawaii.rr.com
Submitted on: 3/1/2009

Comments:
Strong Support

Mahalo Nui

Carl P Jellings SR

kim4 - Elizabeth

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 01, 2009 8:16 PM
To: WAM Testimony
Cc: mjellings@hawaii.rr.com
Subject: Testimony for SB1248 on 3/2/2009 9:30:00 AM

LATE

Testimony for WAM 3/2/2009 9:30:00 AM SB1248

Conference room: 211
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Submitted by: Carl P Jellings SR
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Address:
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Comments:
Strong Support

Mahalo Nui

Carl P Jellings SR