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## A BILL FOR AN ACT

RELATING TO TAXATION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The legislature finds that private sector  
2 investment and development into a depressed or economically  
3 deprived area in the State enhances and revitalizes that area  
4 and its surrounding neighborhoods through stimulating growth in  
5 the business, agricultural, or industrial segments of the  
6 economy. The legislature also finds that the tax incentives  
7 provided under the State's enterprise zones law are an existing  
8 mechanism that encourages and spurs private sector investment in  
9 those designated areas.

10 Senate Concurrent Resolution No. 132, S.D. 1 (2009),  
11 established a task force to determine the economic contributions  
12 of the construction industry in Hawaii. As directed in the  
13 concurrent resolution, the task force developed a series of  
14 proposals for state actions to preserve and create new jobs in  
15 the local construction industry. The intent of this measure is  
16 to implement one of the task force's proposals.

17 The purpose of this Act is to broaden the scope of the  
18 State's existing enterprise zones law so that it will further



1 encourage private sector investment to begin projects that will  
2 lead to the construction, development, or rehabilitation of new  
3 or existing buildings or structures in those designated  
4 enterprise zones.

5 SECTION 2. Section 209E-2, Hawaii Revised Statutes, is  
6 amended as follows:

7 1. By adding two new definitions to read:

8 "Historic property" means a building or structure that is:

9 (1) Over fifty years old; and

10 (2) Listed on the national register of historic places or  
11 the Hawaii register of historic places.

12 "Multi-family dwelling" means any building or structure for  
13 sale, lease, or rent that provides shelter for more than two  
14 dwellingings."

15 2. By amending the definition of "eligible business  
16 activity" to read:

17 "Eligible business activity" means the:

18 (1) Manufacture of tangible personal property, the  
19 wholesale sale of tangible personal property as  
20 described in section 237-4, or a service business as  
21 defined in this section;



- 1           (2) Production of agricultural products where the business  
2           is a producer as defined in section 237-5, or the  
3           processing of agricultural products, all or some of  
4           which were grown within an enterprise zone;
- 5           (3) Research, development, sale, or production of all  
6           types of genetically-engineered medical, agricultural,  
7           or maritime biotechnology products; [~~or~~]
- 8           (4) Production of electric power from wind energy for sale  
9           primarily to a public utility company for resale to  
10          the public[-]; or
- 11          (5) Construction or remodeling costs associated with the  
12          development or rehabilitation of a:
- 13            (A) New or existing health care facility, as defined  
14            in section 323D-2;
- 15            (B) Historic property;
- 16            (C) New or existing single family residence; or
- 17            (D) Multi-family dwelling."

18           SECTION 3. Section 209E-4, Hawaii Revised Statutes, is  
19           amended by amending subsection (b) to read as follows:

20           "(b) The governor, upon the recommendation of the  
21           director, shall approve the designation of up to [~~six~~] twelve  
22           areas in each county as enterprise zones for a period of twenty



1 years. Any such area shall be located in one United States  
2 census tract or two or more contiguous United States census  
3 tracts in accordance with the most recent decennial United  
4 States Census. The census tract or tracts within which each  
5 enterprise zone is located also shall meet at least one of the  
6 following criteria:

7 (1) Twenty-five per cent or more of the population have  
8 incomes below eighty per cent of the median family  
9 income of the county; or

10 (2) The unemployment rate is 1.5 times the state average."

11 SECTION 4. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:

Calvin H. Boy

BY REQUEST

JAN 22 2010



**Report Title:**

Construction Task Force; Tax Credit; Enterprise Zones; Eligible Business Activity

**Description:**

Amends the definition of an eligible business activity under the State enterprise zones law and increases the number of areas in each county that may be designated as an enterprise zone.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

