
A BILL FOR AN ACT

RELATING TO SEAWATER AIR CONDITIONING.

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

1 SECTION 1. The legislature finds that seawater air
2 conditioning district cooling systems help to reduce our
3 dependence on fossil fuels and help our economy. The twenty-
4 five thousand ton seawater air conditioning district cooling
5 system under development for downtown Honolulu can potentially
6 reduce Oahu's dependence on imported oil by as much as one
7 hundred seventy-four thousand barrels annually.

8 The downtown Honolulu seawater air conditioning project
9 will generate millions of dollars in construction project
10 spending. In addition, it will create a significant amount of
11 long-term gainful employment. Other local economic development
12 benefits will accrue from money that is not exported outside the
13 state to purchase oil, but rather, is circulated in the local
14 economy.

15 During the lifetime of this system, local spending would
16 exceed \$294,000,000. The calculated output based on this local
17 spending is \$456,000,000. This amount of local spending would



1 also generate \$149,000,000 in earnings and three thousand five
2 hundred sixteen full-time-equivalent person-years of jobs. This
3 is equivalent to one hundred thirty-three full-time jobs for
4 twenty-six and a half years.

5 Furthermore, this project will generate additional revenues
6 for the State over its more than twenty-five-year life. The
7 downtown Honolulu seawater air conditioning project will
8 generate an estimated \$8,252,000 in additional tax revenue
9 during the period from 2009 to 2011. During this same period,
10 this project will be eligible for \$5,116,000 in enterprise zone
11 benefits. Therefore, the net fiscal benefit to the State during
12 this period will be \$3,135,000. If this project is not
13 completed, there will be a net revenue loss to the State of
14 \$3,135,000. During its lifetime, the system would generate
15 \$24,000,000 in new state taxes.

16 The purpose of this Act is to assist seawater air
17 conditioning district cooling systems by allowing the systems to
18 benefit from the State's enterprise zone program.

19 SECTION 2. Section 209E-2, Hawaii Revised Statutes, is
20 amended by amending the definition of "eligible business
21 activity" to read as follows:

22 "Eligible business activity" means the:



- 1 (1) Manufacture of tangible personal property, the
- 2 wholesale sale of tangible personal property as
- 3 described in section 237-4, or a service business as
- 4 defined in this section;
- 5 (2) Production of agricultural products where the business
- 6 is a producer as defined in section 237-5, or the
- 7 processing of agricultural products, all or some of
- 8 which were grown within an enterprise zone;
- 9 (3) Research, development, sale, or production of all
- 10 types of genetically-engineered medical, agricultural,
- 11 or maritime biotechnology products; [~~or~~]
- 12 (4) Production of electric power from wind energy for sale
- 13 primarily to a public utility company for resale to
- 14 the public[~~-~~]; or
- 15 (5) Production of air conditioning from a seawater air
- 16 conditioning district cooling system."

17 SECTION 3. Section 209E-11, Hawaii Revised Statutes, is
 18 amended to read as follows:

19 "**§209E-11 State general excise exemptions.** The department
 20 shall certify annually to the department of taxation that any
 21 qualified business is exempt from the payment of general excise
 22 taxes on the gross proceeds from an eligible business activity



1 as defined in this chapter; provided that agricultural
2 businesses other than those engaged in the production of
3 genetically-engineered agricultural products shall not be exempt
4 from the payment of general excise taxes on the gross proceeds
5 of agricultural retail sales. The gross proceeds received by a
6 contractor licensed under chapter 444 shall be exempt from the
7 general excise tax for construction within an enterprise zone
8 performed for a qualified business within an enterprise zone or
9 a business that has been approved by the department to enroll
10 into the enterprise zone program[-]; provided that the exemption
11 shall not apply to the gross proceeds received by a contractor
12 licensed under chapter 444 in connection with the construction
13 of a seawater air conditioning district cooling system. The
14 exemption shall extend for a period not to exceed seven years;
15 provided that for qualified businesses engaged in the
16 manufacturing of tangible personal property or the producing or
17 processing of agricultural products, the exemption shall extend
18 for a period not to exceed ten years; provided further that if a
19 force majeure event occurs, then the period of time shall be
20 tolled until the force majeure event ceases."



1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect on January 1, 2112.



Report Title:

Enterprise Zones; Seawater Air Conditioning Cooling System

Description:

Allows the sale of cooling from seawater air conditioning district cooling systems to qualify for state enterprise zone benefits other than the general excise tax exemption for construction. Effective January 1, 2112. (HB424 HD1)

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

