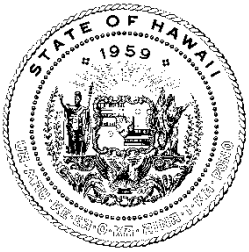


SB 2413

EDT-ENE



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
PEARL IMADA IBOSHI
DEPUTY DIRECTOR

No. 1 Capitol District Bldg., 250 South Hotel St., 5th Flr., Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Tel.: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON
ECONOMIC DEVELOPMENT AND TECHNOLOGY AND
COMMITTEE ON ENERGY AND ENVIRONMENT**
Friday, February 05, 2010
2:15 PM
State Capitol, Conference Room 016

in consideration of
SB 2413
RELATING TO STATE ENTERPRISE ZONES.

Chairs Fukunaga and Gabbard, Vice Chairs Baker and English, and Members of the
Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports
the intent of SB 2413 which expands eligible business activity in the State enterprise zones to
include the development or production of various types of renewable energy. However, as part
of the Administration's Legislative Package, SB2575 relating to renewable energy systems
exempts renewable energy systems greater than 2 Megawatts from the GET for 5 years, 1/1/11 to
12/31/15.

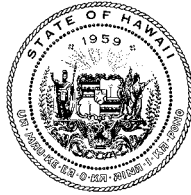
It is our opinion that a direct GET exemption, provided for by SB2575, would be more
beneficial to renewable energy companies as they would not be constrained by the geographical
requirements of the Enterprise Zone Program. We would also note that passage of SB2413
would require a change to the Enterprise Zone program which has been severely affected by

recent budget and staffing cuts. Increasing the scope of the EZ Program at this time may prove to be an unmanageable challenge.

Thank you for the opportunity to provide these comments.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

STANLEY SHIRAKI
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
TESTIMONY REGARDING SB 2413
RELATING TO STATE ENTERPRISE ZONES**

*****WRITTEN TESTIMONY ONLY*****

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)
DATE: FEBRUARY 5, 2010
TIME: 1PM
ROOM: 016

This measure provides, among other things, expands the state enterprise zones to include renewable energy development.

The Department of Taxation (Department) **opposes** this measure because it is **outside the budget priorities this legislative session.**

Notwithstanding the merit of this measure, the Department cannot support the tax impact in this measure because these tax breaks are not factored into the budget. The Department must be cognizant of the biennium budget and financial plan. This measure has not been factored into either. Given the forecasted decrease in revenue projections, this measure would add to the budget shortfall.

The Department simply cannot support expanding the state enterprise zone tax incentives given the other more important competing priorities for general fund revenues.

**Testimony before the
Senate Committees on**

**Economic Development and Technology
And
Energy and Environment**

S.B. 2413 – Relating to State Enterprise Zones

**Friday, February 5, 2010
2:15 pm, Conference Room 016**

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

Chairs Fukunaga and Gabbard, Vice Chairs Baker and English and members of the Committees:

My name is Arthur Seki—I am the Director of Renewable 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 Utilities.

HECO Utilities strongly supports S.B. 2413, which amends the state enterprise zone language to broaden the types of renewable energy activities. Land availability and incentives for renewable energy development continue to be issues.

Thank you for the opportunity to present this testimony.



COLLEGE OF SOCIAL SCIENCES
HAWAII ENERGY POLICY FORUM
UNIVERSITY OF HAWAII AT MĀNOA

Testimony of
Warren Bollmeier
Co-Chair, Renewable Energy Working Group
Hawaii Energy Policy Forum

Hawaii Energy Policy Forum

Ms. Stephanie Ackerman, The Gas Co.
Mr. Robbie Alm, HECO
Ms. Amy Asselbaye, Office of US Rep. Neil Abercrombie
Ms. Madeleine Austin, World Business Academy
Mr. Warren Bollmeier, Hawaii Renewable Energy Alliance
Mr. Carlito Caliboso, PUC (Observer)
Mr. Albert Chee, Chevron
Ms. Elizabeth Cole, The Kohala Center
Mr. Kyle Datta, New Energy Partners
Ms. Laura Dierenfield, People's Advocacy for Trails Hawaii (PATH)
Mr. Mark Duda, HI Solar Energy Asst.
Sen. Kalani English, Hawaii State Senate
Mr. Mitch Ewan, UH HNEI
Mr. Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, Hawaii State Senate
Mr. Mark Glick, OHA
Dr. Michael Hamnett, RCUH
Dr. Robert Harris, Sierra Club
Mr. William Kaneko, Hawaii Institute for Public Affairs
Mr. Darren Kimura, Energy Industries Holdings
Ms. Kelly King, Sustainable Biodiesel Alliance
Mr. Mike Kitamura, Office of US Senator Daniel K. Akaka
Mr. Kal Kobayashi & Victor Reyes, Maui County Energy Office
Mr. Laurence Lau, State of Hawaii DOH
Mr. Allyn Lee, C&C of Honolulu Dept. of Design & Construction
Dr. Stephen Meder, UH Center of Smart Building & Community Design
Dr. Sharon Miyashiro, UH College of Social Sciences Public Policy Center
Rep. Hermina Morita, Hawaii State House of Representatives
Mr. Dean Nishina, Div of Consumer Advocacy
Mr. Tim O'Connell, USDA-Rural Development
Ms. Melissa Pavlicek, Hawaii Public Policy Advocates
Mr. Ted Peck, State of Hawaii DBEDT Strategic Industries Division
Mr. Randy Pereira, Hawaii State AFL-CIO
Dr. Rick Rocheleau, UH HNEI
Mr. William Rolston, Hawaii County Dept. of Research & Development
Mr. Peter Rosegg, HECO
Mr. Steven Rymsha, KIUC
Mr. Riley Saito, PowerLight Corporation
Mr. Glenn Sato, Kauai County Office of Economic Development
Mr. Bill Short, BIA of Hawaii
Ms. Joelle Simonpietri, Simonpietri Enterprises LLC
Mr. H. Ray Starling, Hawaii Energy Group LLC
Mr. Lance Tanaka, Tesoro Hawaii Corp.
Dr. Don Thomas, UH Center for the Study of Active Volcanoes
Ms. Maria Tome, State of Hawaii DBEDT Energy Office
Mr. Murray Towill, Hawaii Hotel Association
Mr. Joshua Wisch, Office US Representative Mazie Hirono
Mr. Alan Yamamoto, Office US Senator Daniel Inouye

Senate Committees on Economic Development and Technology, and
Energy and Environment
Friday, February 5, 2010
2:15 p.m.
Conference Room 016

IN SUPPORT OF SB 2413– Relating to State Enterprise Zones

I am Warren Bollmeier, Co-Chair of the Renewable Energy Working Group of the Hawaii Energy Policy Forum (“Forum”). The Forum is comprised of 47 representatives from the electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. We have been meeting since 2002 and have adopted a common vision and mission, and a comprehensive “10 Point Action Plan,” which serves as a framework and guide for meeting our preferred energy vision and goals.

The Forum supports the passage of SB 2413. This bill will facilitate private sector investment in clean energy production which will benefit the health, safety, and welfare of our state by: (1) stimulating economic development and revitalization of neighborhoods in the designated enterprise zones (“EZ”); (2) establishing new types of employment for EZ residents, i.e. “green jobs”, and, at the same time (3) producing clean and sustainable renewable energy.

SB 2413 expands the definition of “eligible business activity” to include development of all types of renewable energy. The current law is limited to the production of electric power from wind energy. The bill thus proposes to include other technologies to support the growing renewable energy sector. This will benefit the EZ neighborhoods and residents as well as the entire state.

Based on the foregoing, the Forum supports SB 2413; and respectfully urges passage of the bill.

Thank you for the opportunity to testify.

This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.

Testimony In Support of
SB2413 RELATING TO STATE ENTERPRISE ZONES

By
Al Lardizabal, Director of Government Relations
Hawaii Laborers' Union

To the Joint Committees:

Senate Committee on Economic Development and Technology;
and
Senate Committee on Energy and Environment

Friday, February 5, 2010, 2:15 p.m., Rm. 016
State Capitol

Honorable Carol Fukunaga, Chair; Honorable Rosalyn Baker, Vice Chair and Members
of the Committee on Economic Development and Technology;

Honorable Mike Gabbard, Chair; Honorable J. Kalani English, Vice Chair and Members
of the Committee on Energy and Environment:

The Hawaii Laborers' Union fully supports the intent and purpose of SB2413 which
expands eligible business activities in the State Enterprise Zones to include the
development and production of various types of renewable energy. We also encourage
the expansion of State Enterprise Zones or the privileges thereof, to those renewable
energy programs that find it infeasible to locate to existing State Enterprise Zones.

Thank you for the opportunity to submit this testimony.

Testimony of Thomas J. Smyth, CEcD
Before the
Committee on Economic Development and Technology
Committee on Energy and Environment
Friday, February 5, 2010 2:15 p.m. Conference Room 016
On
SB 2413 Relating to State Enterprise Zones

Chairs Fukunaga and Gabbard, Vice Chairs Baker and English and Committee Members:

I support this bill that adds specific types of renewable energy firms to the list of eligible Enterprise Zone Partnership companies. Presently only wind farms are on that list and Hawaii certainly has other forms of renewable energy that could benefit from this tax exclusion and tax credit program.

The current DBEDT staff is not yet proficient in dealing with the relative complexity of the EZ Partnership, but the addition of these types of businesses is relatively straightforward and I believe they can handle the added workload.

I suggest that the language in p.2, line 8 be amended to read: "...resources, including [:] , but not limited to : . This broader definition would ensure that new technologies that we may not even be aware of now, could be added administratively at a later date.

Thank you for the opportunity to provide comments.