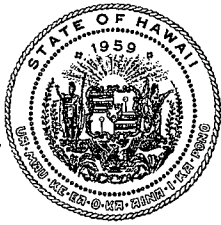


SB 242



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

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Monday, March 2, 2009
9:30 AM
State Capitol, Conference Room 211

in consideration of
SB 242 SD1
RELATING TO SEAWATER AIR CONDITIONING.

Chair Kim, Vice-Chair Tsutsui and Members of the Committee:

The Department of Business, Economic Development, and Tourism (DBEDT) appreciates the intent of this measure, which adds Seawater Air Conditioning (SWAC) District Cooling Systems to the list of businesses eligible for the Enterprise Zone GET exemption and income tax credits for seven years; however, given the current fiscal difficulties, it would not be prudent to pursue enactment at this time. We defer to the Department of Taxation on the fiscal impact of this measure.

The list of qualified business in Chapter 209E, HRS, already includes wind energy, which was added in 2000. DBEDT recognizes that adding other alternative energy production such as SWAC District Cooling Systems would further promote the State's goal of lessening our dependency on fossil fuels.

We do note that seawater air conditioning cooling systems are site specific and all installations may not be located in one or more of the 21 Enterprise Zones across the state whose boundaries are determined by the counties. The downtown Honolulu Seawater Air Conditioning Project is located in the Urban Honolulu Zone which includes Downtown and Kaka'ako. However, not all coastal areas, including Waikiki and the Kohala coast, are within existing zones.

The employment growth requirements for the EZ program: increasing jobs by 10% and holding that level for seven years, may also be a challenging requirement for some companies to meet.

Thank you for the opportunity to offer these comments.