
A BILL FOR AN ACT

RELATING TO ENTERPRISE ZONES.

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

1 SECTION 1. The purpose of this Act is to repeal certain
2 tax incentives received by businesses for the research,
3 development, sale, or production of genetically-engineered
4 products within state enterprise zones.

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

8 ""Eligible business activity" means the:

9 (1) Manufacture of tangible personal property, the
10 wholesale sale of tangible personal property as
11 described in section 237-4, or a service business as
12 defined in this section;

13 (2) Production of agricultural products where the business
14 is a producer as defined in section 237-5, or the
15 processing of agricultural products, all or some of
16 which were grown within an enterprise zone; or



1 ~~[(3) Research, development, sale, or production of all~~
2 ~~types of genetically-engineered medical, agricultural,~~
3 ~~or maritime biotechnology products; or~~
4 ~~(4)]~~ (3) Production of electric power from wind energy for
5 sale primarily to a public utility company for resale
6 to the public."

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

9 "**§209E-11 State general excise exemptions.** The department
10 shall certify annually to the department of taxation that any
11 qualified business is exempt from the payment of general excise
12 taxes on the gross proceeds from an eligible business activity
13 as defined in this chapter; provided that agricultural
14 businesses [~~other than those engaged in the production of~~
15 ~~genetically-engineered agricultural products]~~ shall not be
16 exempt from the payment of general excise taxes on the gross
17 proceeds of agricultural retail sales. The gross proceeds
18 received by a contractor licensed under chapter 444 shall be
19 exempt from the general excise tax for construction within an
20 enterprise zone performed for a qualified business within an
21 enterprise zone or a business that has been approved by the
22 department to enroll into the enterprise zone program. The



1 exemption shall extend for a period not to exceed seven years;
 2 provided that for qualified businesses engaged in the
 3 manufacturing of tangible personal property or the producing or
 4 processing of agricultural products, the exemption shall extend
 5 for a period not to exceed ten years; provided further that if a
 6 force majeure event occurs, then the period of time shall be
 7 tolled until the force majeure event ceases."

8 SECTION 4. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2011, and
 11 shall apply to tax years beginning after December 31, 2010.

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INTRODUCED BY:



JAN 20 2011



Report Title:

Enterprise Zones; Repeal of Incentives

Description:

Amends the definition of "eligible business activity" and repeals certain tax incentives received by businesses for the research, development, sale, or production of genetically-engineered products within state enterprise zones.

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