

STAND. COM. REP. NO. 1141

Honolulu, Hawaii  
March 24, 2011

RE: S.B. No. 1164  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committees on Economic Revitalization & Business and Energy & Environmental Protection, to which was referred S.B. No. 1164, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENTERPRISE ZONES,"

beg leave to report as follows:

The purpose of this bill is to support the renewable energy industry in Hawaii by expanding the definition of "eligible business activity" under the State's Enterprise Zone program to include:

- (1) Production of electric power from renewable energy, as defined under the Public Utilities Commission law, for sale primarily to a public utility company for resale to the public; and
- (2) Ownership, control, operation, or management of any seawater air conditioning district cooling project.

Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, Honolulu Seawater Air Conditioning, LLC, and The Hawaii Building and Construction Trades Council, AFL-CIO, supported this bill. The Department of Business, Economic Development, and Tourism (DBEDT) supported the intent of this



measure. The Department of Taxation, Sopogy, Inc., and Tax Foundation of Hawaii submitted comments.

It is the understanding of your Committees that interested stakeholders and DBEDT have initiated discussions on concerns raised regarding the kinds of activities that may qualify for the incentives provided by this measure. Your Committees note that the parties involved have indicated their willingness to continue this dialogue as this bill moves forward to the Committee on Finance.

Your Committees have amended this measure by:

- (1) Clarifying that the provisions of section 209E-11, Hawaii Revised Statutes (HRS), which establish state general excise tax (GET) exemptions for qualified businesses on the gross proceeds from an eligible business activity, is applicable in spite of the provisions of section 237-13.5 HRS, which relate to assessment of the GET on the sale of electric power to a public utility company for resale to the public;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Revitalization & Business and Energy & Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1164, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1164, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committees on Economic  
Revitalization & Business and  
Energy & Environmental  
Protection,



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DENNY COFFMAN, Acting Chair



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ANGUS L.K. MCKELVEY, Chair



HSCR 1141

State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: <i>SB 1164 ED2</i>	<i>SSR 749</i>	Committee Referral: <i>ERB/EEP, FIN</i>	Date: <i>3/22/11</i>
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:  Pass, unamended (as is)  Pass, with amendments (HD)  Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. AWANA, Karen L.	✓			
4. BROWER, Tom	✓			
5. EVANS, Cindy	✓			
6. HASHEM, Mark J.	✓			
7. NISHIMOTO, Scott Y.	✓			
8. TOKIOKA, James Kunane				✓
9. TSUJI, Clift	✓			
10. MARUMOTO, Barbara C.	✓			<del>✓</del>
11. PINE, Kymberly Marcos				✓
TOTAL (11)	9	0	0	2

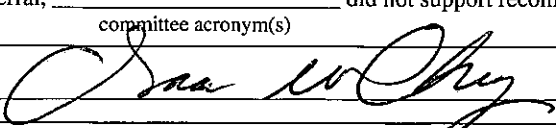
The recommendation is:  Adopted  Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
 committee acronym(s)

Vice Chair's or designee's signature: *[Signature]*

Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO

State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 1164, SD 2	Committee Referral: ERB/EEP, FEN	Date: 3-22-2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. <del>MORITA, Hermina M. (C)</del>				
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida T.R.				✓
4. CARROLL, Mele				✓
5. CHANG, Jerry L.	✓			
6. CHONG, Pono				✓
7. HAR, Sharon E.				✓
8. HERKES, Robert N.	✓			
9. ITO, Ken	✓			
10. NAKASHIMA, Mark M.	✓			
11. RIVIERE, Gil	✓			
12. THIELEN, Cynthia	✓			
TOTAL (12)	7	0	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				