

JAN 17 2014

A BILL FOR AN ACT

RELATING TO TAXATION.

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

1 SECTION 1. The legislature finds that private sector
2 investment and development in a depressed or economically
3 deprived area in the State enhance and revitalize that area and
4 its surrounding neighborhoods through stimulating growth in the
5 business, agricultural, or industrial segments of the economy.
6 The legislature also finds that the tax incentives provided
7 under the State's enterprise zones law are an existing mechanism
8 that encourages and spurs private sector investment in those
9 designated areas.

10 In 2009, the legislature adopted senate concurrent
11 resolution no. 132, S.D. 1, which established the construction
12 industry task force (task force) to determine the economic value
13 of the construction industry in Hawaii. As directed in the
14 concurrent resolution, the task force was charged with
15 developing a series of recommendations to stimulate the
16 construction industry and create new jobs in the local
17 construction industry. Unfortunately, to date, many of the task
18 force's recommendations have yet to be enacted by the



1 legislature. The intent of this Act is to enact and implement
2 one of the recommendations of the task force in an effort to
3 support the local construction industry.

4 The purpose of this Act is to broaden the scope of the
5 State's existing enterprise zones law so that it will further
6 encourage private sector investment to begin projects that will
7 lead to the construction, development, or rehabilitation of new
8 or existing buildings or structures in those designated
9 enterprise zones.

10 SECTION 2. Section 209E-2, Hawaii Revised Statutes, is
11 amended as follows:

12 1. By adding two new definitions to be appropriately
13 inserted and to read:

14 "Historic property" means a building or structure that is:

15 (1) Over fifty years old; and

16 (2) Listed on the National Register of Historic Places or
17 the Hawaii register of historic places.

18 "Multi-family dwelling" means any building or structure for
19 sale, lease, or rent that provides shelter for more than two
20 dwellings."

21 2. By amending the definition of "eligible business
22 activity" to read:



1 "Eligible business activity" means the:

- 2 (1) Manufacture of tangible personal property, the
3 wholesale sale of tangible personal property as
4 described in section 237-4, or a service business as
5 defined in this section;
- 6 (2) Production of agricultural products where the business
7 is a producer as defined in section 237-5, or the
8 processing of agricultural products, all or some of
9 which were grown within an enterprise zone;
- 10 (3) Research, development, sale, or production of all
11 types of genetically-engineered medical, agricultural,
12 or maritime biotechnology products; [~~or~~]
- 13 (4) Production of electric power from wind energy for sale
14 primarily to a public utility company for resale to
15 the public[~~-~~]; or
- 16 (5) Construction or remodeling costs associated with the
17 development or rehabilitation of a:
 - 18 (A) New or existing health care facility, as defined
19 in section 323D-2;
 - 20 (B) Historic property;
 - 21 (C) New or existing single family residence; or
 - 22 (D) Multi-family dwelling."



1 SECTION 3. Section 209E-4, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The governor, upon the recommendation of the
4 director, shall approve the designation of up to [~~six~~] twelve
5 areas in each county as enterprise zones for a period of twenty
6 years. Any such area shall be located in one United States
7 census tract or two or more contiguous United States census
8 tracts in accordance with the most recent decennial United
9 States Census. The census tract or tracts within which each
10 enterprise zone is located also shall meet at least one of the
11 following criteria:

12 (1) Twenty-five per cent or more of the population have
13 incomes below eighty per cent of the median family
14 income of the county; or

15 (2) The unemployment rate is 1.5 times the state average."

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval.

19

INTRODUCED BY:

Neil R. McNeil *NSK*



S.B. NO. 2338

Report Title:

Tax Credit; Enterprise Zones; Eligible Business Activity; Areas;
Construction Industry Task Force

Description:

Expands the definition of an eligible business activity under the state enterprise zones law in chapter 209E, HRS, and increases the number of areas in each county that may be designated as an enterprise zone.

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