



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
Richard C. Lim, Director
Department of Business, Economic Development, and Tourism
before the
**Senate Committee on
WAYS AND MEANS**
Wednesday, February 19, 2014
9:10 AM
State Capitol, Conference Room 211

in consideration of
SB 2020 RELATING TO ECONOMIC DEVELOPMENT.

Chair Ige; Vice Chair Kidani; and Members of the Committee.

The Department of Business, Economic Development, and Tourism, (DBEDT) supports the intent of this bill. This bill is to establish an agricultural Foreign-Trade Zone in Central Oahu. As the federally chartered operator of Foreign-Trade Zones in Hawaii, DBEDT stands ready to assist in applying for Federal designation.

There are several considerations which will need to be taken into account prior to an area being designated and activated as a Foreign-Trade Zone. Foreign-Trade Zones are areas established and designated by the federal government where merchandise of every description may be held without being subject to Customs duties and other ad valorem taxes. In other words, commercial merchandise (both foreign and domestic) receives the same treatment by Customs as if it were outside the commerce of the United States. These zones are designed to lower the cost of U.S.-based businesses engaged in international trade through tariff and tax relief while creating and retaining employment and capital investment that result from those operations.

Foreign-Trade Zones, or FTZs, are approved and designated by the Foreign-Trade Zones Board in Washington, D.C. through a formal application process and must also gain the concurrence of U.S. Customs and Border Protection. Under the review process, U.S. Customs will examine a list of every commodity within the FTZ and determine whether the product will be manipulated or commingled with other elements to effect a change in commodity status of the final product. More importantly, U.S. Customs will examine whether tariff and/or tax relief will be realized through the use of Foreign-Trade Zone procedures. After the Foreign-Trade Zones Board gives its approval to establish a Foreign-Trade Zone, the site is awarded activation status by U.S. Customs and Border Protection upon review and approval of the project's standard

operating procedures. The process generally takes a year, and once established, users of the Zone can take advantage of the level and timing of duty payments and certain Customs procedures afforded by FTZs.

DBEDT believes it's important to note that there are costs associated with the application, implementation, and on-going operations for Foreign-Trade Zones. These application fees range from \$5,000 to \$7,000 for the application process to an annual fee of \$18,000 for charter operator oversight of the Hawaii Zone program.

Thank you for the opportunity to offer comments on this bill.



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February 19, 2014

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2020, SD1
RELATING TO ECONOMIC DEVELOPMENT

Room 211
9:10 AM

Aloha Chair Ige, Vice Chair Kidani, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,832 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFB stands in strong support of SB 2020,SD1.

This is an innovative approach to directly help farmers and ranchers be competitive in the international marketplace; to access new and emerging markets and to strengthen and expand existing ones. We applaud the introducers for their vision and initiative for advancing this measure and we respectfully ask that the members of these committees do the same by passing this bill.

Thank you for the opportunity to comment on this measure.



SB 2020sd1, Relating to Economic Development
Senate Ways and Means Committee
Wednesday, February 19, 2014
9:10 am
Conference Room 211

Testimony by: Larry Jefts
Position: Support

Chair Ige and Members of the Senate Ways and Means Committee:

I am Larry Jefts, co-owner of Sugarland Growers, Inc., a family run farm with more than 35 years experience of Hawaii farm experience on Molokai and Oahu.

We support SB 2020sd1, which seeks to establish a foreign trade zone for agricultural related businesses. This is one of the tools needed to help farmers and ranchers as well as agriculture-related businesses become more competitive with overseas producers that compete with Hawaii producers.

Your support of this measure is appreciated. Thank you for the opportunity to present testimony. I can be reached at (808) 688-2892 if there are any questions.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: roslynn61@yahoo.com
Subject: *Submitted testimony for SB2020 on Feb 19, 2014 09:10AM*
Date: Friday, February 14, 2014 7:07:28 PM

SB2020

Submitted on: 2/14/2014

Testimony for WAM on Feb 19, 2014 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Roslynn Pascua	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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