
A BILL FOR AN ACT

RELATING TO STATE ENTERPRISE ZONES.

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

1 SECTION 1. The legislature finds that the regulation of
2 medical marijuana in the State is of paramount importance to the
3 health and welfare of Hawaii's citizens. The legislature
4 further finds that Act 228, Session Laws of Hawaii 2000, was
5 enacted to provide medical relief for seriously ill individuals
6 in the State. However the State did not provide a legal way for
7 those individuals to obtain medical marijuana, except by growing
8 it themselves or receiving it from a caregiver.

9 To make marijuana more readily available for qualifying
10 patients, Act 241, Session Laws of Hawaii 2015, was enacted to
11 establish a system of medical marijuana dispensaries and
12 cultivation and manufacturing sites in the State. More
13 specifically, this law authorizes the licensure of eight medical
14 marijuana dispensaries in the State, with three licenses issued
15 in the city and county of Honolulu, two issued in the county of
16 Hawaii, two issued in the county of Maui, and one issued in the
17 county of Kauai. Each dispensary may establish up to two



1 production centers and up to two retail dispensing locations.
2 Accordingly, the legislature acknowledges that a significant
3 amount of land may be subject to acquisition, lease, and
4 development, which will undoubtedly have large scale impacts on
5 the State and its resources, as well as the health and welfare
6 of its residents.

7 In light of the impact that medical marijuana dispensary
8 operators will have on land use in the State, the legislature is
9 concerned by the potential conflicts that the development of
10 this new industry will have on existing land use and zoning laws
11 and, in particular, laws that were enacted to incentivize the
12 development of targeted businesses through the provision of tax
13 benefits.

14 For example, chapter 209E, Hawaii Revised Statutes,
15 entitled "State Enterprise Zones," allows businesses established
16 in areas designated as enterprise zones to receive business tax
17 credits, general excise tax exemptions, and other benefits
18 intended to assist those businesses prosper in those
19 communities. Areas designated as enterprise zones must meet at
20 least one of the following criteria:



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

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

5 While the establishment of any new business will potentially
6 benefit areas that need particular attention from government, it
7 is not only prudent, but necessary, for government to choose
8 wisely the industries that would benefit from these incentives
9 to ensure that all of the interests of the general public are
10 served.

11 The purpose of this Act is to clarify that any business
12 authorized pursuant to chapter 329D, Hawaii Revised Statutes, is
13 not qualified to receive and is excluded from deriving the
14 benefits and incentives provided for businesses authorized and
15 situated in an enterprise zone. The legislature asserts that
16 medical marijuana dispensaries--which are to undergo a permit
17 application and review and an anticipated intensive competition
18 for the limited licenses available--are not the type of private
19 sector business the enterprise zone law was intended to target
20 and benefit.



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

4 "Eligible business activity" means the:

- 5 (1) Manufacture of tangible personal property, the
6 wholesale sale of tangible personal property as
7 described in section 237-4, or a service business as
8 defined in this section;
- 9 (2) Production of agricultural products where the business
10 is a producer as defined in section 237-5, or the
11 processing of agricultural products, all or some of
12 which were grown within an enterprise zone;
- 13 (3) Research, development, sale, or production of all
14 types of genetically-engineered medical, agricultural,
15 or maritime biotechnology products; or
- 16 (4) Production of electric power from wind energy for sale
17 primarily to a public utility company for resale to
18 the public[-];

19 provided that the sale or production of marijuana or the
20 manufacturing of manufactured marijuana products, as those terms



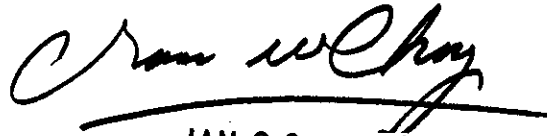
1 are defined in section 329D-1, are not eligible business
2 activities."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

6

INTRODUCED BY:



JAN 22 2016



H.B. NO. 1889

Report Title:

State Enterprise Zones; Medical Marijuana

Description:

Provides that the sale or production of medical marijuana and manufacturing of manufactured marijuana products are not eligible business activities for state enterprise zone purposes.

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