

JAN 27 2016

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**A BILL FOR AN ACT**

RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

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

1           SECTION 1. 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[~~or~~]; or

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1        (5) Production of energy from solar, ocean thermal energy  
2        conversion, or hydrogen on real property within an  
3        enterprise zone and under the control of the natural  
4        energy laboratory of Hawaii authority pursuant to a  
5        new lease executed on or after July 1, 2016."

6        SECTION 2. This act does not affect rights and duties that  
7        matured, penalties that were incurred, and proceedings that were  
8        begun before its effective date.

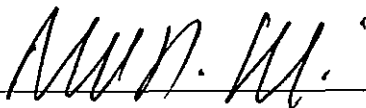
9        SECTION 3. Statutory material to be repealed is bracketed  
10       and stricken. New statutory material is underscored.

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

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INTRODUCED BY:



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BY REQUEST

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**S.B. NO. 2828**

**Report Title:**

Natural Energy Laboratory of Hawaii Authority; Enterprise Zone Incentives; Renewable Energy Technology

**Description:**

Provides Enterprise Zone incentives for qualified renewable energy technology business activity on real property owned by the Natural Energy Laboratory of Hawaii Authority.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

PURPOSE: To make businesses producing renewable energy within research and technology parks established by the Natural Energy Laboratory of Hawaii Authority (NELHA) eligible for the State's enterprise zone (EZ) program.

MEANS: Amends section 209E-2, Hawaii Revised Statutes.

JUSTIFICATION: Businesses producing renewable energy within research and technology parks established by NELHA would be eligible for the State's EZ program. This bill would also assist NELHA in attracting new projects to its technology park, and will broaden the scope of businesses eligible for EZ benefits within NELHA's technology park.

NELHA recently adopted a new Master Plan for the Hawaii Ocean Science and Technology Park. Much of the remaining lands available for lease are in zones designated for renewable energy and applied technology. Chapter 209E currently allows businesses engaged in producing wind energy only to be qualified as eligible for EZ benefits. Many new businesses and projects that NELHA is targeting for leases focus on solar, ocean thermal energy conversion, and hydrogen renewable energy production that do not qualify for EZ status given the current narrow definition.

Impact on the public: Assists businesses in renewable energy sector and increases potential for job growth in West Hawaii.

Impact on the department and other agencies:  
If successful, the Department of Business, Economic Development, and Tourism's (DBEDT's) EZ program will see an increase in applications for EZ status. It is important to note that while this bill allows for businesses in renewable energy at NELHA's technology park to be eligible for EZ status, DBEDT will still need to qualify businesses for EZ status under existing rules and regulations.

GENERAL FUND: Potential to decrease tax revenue slightly in the short-term. However, it is anticipated that this bill will assist in attracting new businesses to the State and creating new businesses. It is important to note that this measure is restricted to new leases signed after the effective date. It does not apply to existing businesses. In this regard, impact is minimal.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED-146.

OTHER AFFECTED AGENCIES: Department of Taxation.

EFFECTIVE DATE: Upon approval.