

STAND. COM. REP. NO. 3117

Honolulu, Hawaii

MAR 24 2016

RE: H.B. No. 2486
H.D. 3
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Economic Development, Environment, and Technology, to which was referred H.B. No. 2486, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a Kapolei Jobs Initiative program to increase the number of jobs in Kapolei by creating incentives for businesses to establish themselves or relocate to the Kapolei region.

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii; Land Use Research Foundation of Hawaii; Kapolei Chamber of Commerce; Hawai'i Construction Alliance; James Campbell Company LLC; Pacific Resource Partnership; Gentry Investment Properties; Hunt Development Group, LLC; Hawaii Laborers-Employers Cooperation and Education Trust; Avalon Group; International Union of Bricklayers and Allied Craftworkers Local #1 of Hawaii; Palehua Townhouse Association; Chuck E. Cheese's Hawaii; Hawaii Operating Engineers Industry Stabilization Fund; and twenty-four individuals. Your Committee received comments on this measure from the Department of Labor and Industrial Relations; Department of Taxation; Department of Business, Economic Development, and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that job growth in the Kapolei region on Oahu is a matter of community and state concern that affects

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employers and employees alike as households continue to outgrow the number of employment opportunities in the region. Your Committee further finds that the state enterprise zone program is restrictive and participation in the program has been relatively low, particularly in the Leeward enterprise zone. Your Committee also finds that there is the potential for the Kapolei Jobs Initiative program to encourage businesses to close a location currently in business elsewhere on Oahu and relocate to the Kapolei region. Your Committee does not support the closure of current businesses and believes that the tax credit should only be available to those who open new businesses or new business locations in Kapolei.

Your Committee has amended this measure by:

- (1) Limiting the Kapolei Jobs Initiative income tax credit to five years, rather than ten years, including by changing the repeal date to December 31, 2021;
- (2) Specifying that the tax credit is available to a business that establishes itself or opens a new location within the Kapolei region, rather than a business that relocates;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Economic Development, Environment, and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2486, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2486, H.D. 3, S.D. 1, and be referred to your Committees on Judiciary and Labor and Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development, Environment, and
Technology,

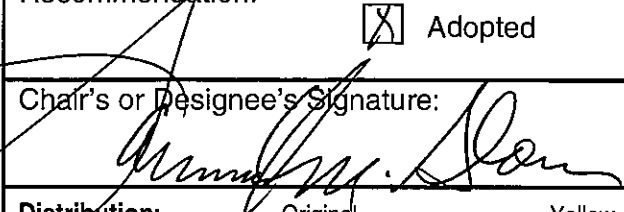


GLENN WAKAI, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Economic Development, Environment, and Technology
EET

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2486 HD3	EET, JDL/WAM	3/16/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.				X
ESPERO, Will	X			
GALUTERIA, Brickwood				X
IHARA, Jr., Les	X			
KEITH-AGARAN, Gilbert S.C.	X			
RUDERMAN, Russell E.				X
THIELEN, Laura H.				X
TOTAL	5	0	0	4
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes