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## A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

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

1 SECTION 1. The legislature finds that job growth in the  
2 Kapolei region is a community and state concern that affects  
3 employers and employees alike as households continue to outgrow  
4 the number of employment opportunities in the region.

5 The legislature further finds that the state enterprise  
6 zone program is restrictive and the participation has been  
7 relatively low, particularly in the Leeward enterprise zone.

8 The purpose of this Act is to establish a Kapolei jobs  
9 initiative to increase the number of jobs in Kapolei by creating  
10 incentives for businesses to establish themselves or relocate to  
11 the Kapolei region.

12 SECTION 2. The Hawaii Revised Statutes is amended by  
13 adding a new chapter to be appropriately designated and to read  
14 as follows:

15 "CHAPTER

16 KAPOLEI JOBS INITIATIVE

17 § -1 **Definitions.** As used in this chapter:



1 "Designated geographic area" means the regions represented  
2 by the zip codes of 96706 and 96707.

3 "Establishment" means a single physical location where  
4 business is conducted; provided that a business may include one  
5 or more establishments.

6 "Full-time employee" means any employee, including a leased  
7 employee and an employee under a joint employment arrangement,  
8 for whom the employer is legally required to provide employee  
9 fringe benefits.

10 § -2 Eligibility; qualified business defined. (a)

11 There is established within the department of business, economic  
12 development, and tourism, the Kapolei jobs initiative program.  
13 Any qualified business is eligible to participate in the Kapolei  
14 jobs initiative and is eligible for the incentives available  
15 pursuant to this chapter.

16 (b) For purpose of this chapter, a "qualified business"  
17 means a business that:

18 (1) Establishes or relocates itself within the designated  
19 geographic area;

20 (2) Has a minimum of ten full-time employees; provided  
21 that a business that has already been established



1           within the designated geographic area as of the  
2           effective date of this Act and has more than ten full-  
3           time employees shall be deemed a qualified business  
4           only if that business increases its number of  
5           employees to net ten additional full-time employees;  
6           and

7           (3) Is not participating in the state enterprise zone  
8           program pursuant to chapter 209E.

9           § -3 Kapolei jobs initiative income tax credit. (a)

10          Each qualified business may apply for and receive, in addition  
11          to any other incentive offered pursuant to this chapter, the  
12          Kapolei jobs initiative income tax credit as provided under  
13          section 235- .

14          (b) Each qualified business shall submit annually to the  
15          department of taxation an approved form supplied by the  
16          department that provides the information necessary for the  
17          department to determine if it may certify the applicability of  
18          the tax credits provided in section 235- .

19          (c) The form referred to in subsection (b) shall be prima  
20          facie evidence of the eligibility of a business for the purposes  
21          of this section.



1           §   -4 Kapolei jobs initiative unemployment tax credit.  
2 Each qualified business may apply for and receive, in addition  
3 to any other incentive offered pursuant to this chapter, the  
4 Kapolei jobs initiative unemployment tax credit pursuant to  
5 section 383- .

6           §   -5 Adoption of rules. The department of business,  
7 economic development, and tourism may adopt rules, pursuant to  
8 chapter 91, to effectuate the purposes of this chapter."

9           SECTION 3. Chapter 235, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12           "§235-   Kapolei jobs initiative tax credit. (a) There  
13 shall be allowed to each qualified business, as defined in  
14 section   -2, subject to the tax imposed by this chapter a  
15 Kapolei jobs initiative tax credit which shall be deductible  
16 from the taxpayer's net income tax liability, if any, imposed by  
17 this chapter for the taxable year in which the credit is  
18 properly claimed.

19           (b) The amount of the tax credit shall be equal to eighty  
20 per cent of any tax imposed by this chapter for the first tax  
21 year and eight per cent less for each of the subsequent ten



1 years for any tax due; provided that a qualified business shall  
2 be allowed to carryover tax credits provided for pursuant to  
3 this section in a loss year until the next income year; provided  
4 further that tax credits may be carried over for a maximum of  
5 ten consecutive years. A maximum of \$ \_\_\_\_\_ of tax credits  
6 in the aggregate for all eligible taxpayers may be used in any  
7 one taxable year.

8 (c) If the tax credit under this section exceeds the  
9 taxpayer's net income tax liability, the excess of credit over  
10 liability may be used as a tax credit against the taxpayer's net  
11 income tax liability in subsequent years until exhausted. For  
12 the purposes of this section, "net income tax liability" means  
13 net income tax liability reduced by all other credits allowed  
14 under this chapter and chapter \_\_\_\_\_. All claims for a tax  
15 credit under this section, including amended claims, shall be  
16 filed on or before the end of the twelfth month following the  
17 close of the taxable year for which the tax credit may be  
18 claimed. Failure to comply with the foregoing provision shall  
19 constitute a waiver of the right to claim the tax credit.

20 (d) In the case of a partnership, S corporation, estate,  
21 or trust, the tax credit allowable is for the qualified costs



1 incurred by the entity for the taxable year. The cost upon  
2 which the tax credit is computed shall be determined at the  
3 entity level. Distribution and share of the tax credit shall be  
4 determined pursuant to section 704(b) (with respect to partner's  
5 distributive share) of the Internal Revenue Code.

6 (e) The director of taxation shall prepare any forms that  
7 may be necessary to claim a credit under this section. The  
8 director may also require the taxpayer to furnish information to  
9 ascertain the validity of the claim for the tax credit made  
10 under this section and may adopt rules necessary to effectuate  
11 the purposes of this section pursuant to chapter 91."

12 SECTION 4. Chapter 383, Hawaii Revised Statutes, is  
13 amended by adding a new section to be appropriately designated  
14 and to read as follows:

15 "§383- Kapolei jobs initiative unemployment tax credit.

16 (a) There shall be allowed to each qualified business who is an  
17 employer subject to the contributions required pursuant to this  
18 chapter a Kapolei jobs initiative unemployment tax credit in an  
19 amount equal to:

20 (1) For the first year, eighty per cent of the  
21 contributions required pursuant to this chapter;



- 1        (2) For the second year, seventy-two per cent of the
- 2                    contributions required pursuant to this chapter;
- 3        (3) For the third year, sixty-four per cent of the
- 4                    contributions required pursuant to this chapter;
- 5        (4) For the fourth year, fifty-six per cent of the
- 6                    contributions required pursuant to this chapter;
- 7        (5) For the fifth year, forty-eight per cent of the
- 8                    contributions required pursuant to this chapter;
- 9        (6) For the sixth year, forty per cent of the
- 10                   contributions required pursuant to this chapter;
- 11        (7) For the seventh year, thirty-two per cent of the
- 12                   contributions required pursuant to this chapter;
- 13        (8) For the eighth year, twenty-four per cent of the
- 14                   contributions required pursuant to this chapter;
- 15        (9) For the ninth year, sixteen per cent of the
- 16                   contributions required pursuant to this chapter; and
- 17        (10) For the tenth year, eight per cent of the
- 18                   contributions required pursuant to this chapter.

19        (b) Tax credits provided pursuant to this section shall  
20 apply only to the contributions required to be made pursuant to  
21 this chapter that are attributed to employees employed at any



1 establishment of the qualified business located within the  
 2 designated geographic area; provided that a qualified business  
 3 shall be allowed to carryover tax credits provided for pursuant  
 4 to this section in a loss year until the next income year. Any  
 5 tax credit not usable shall not be applied to future tax years.

6 (c) The director shall prepare any forms that may be  
 7 necessary to claim a credit under this section. The director  
 8 may also require the taxpayer to furnish information to  
 9 ascertain the validity of the claim for the tax credit made  
 10 under this section and may adopt rules necessary to effectuate  
 11 the purposes of this section pursuant to chapter 91.

12 (d) For the purposes of the section, "designated  
 13 geographic area" and "establishment", shall have the same  
 14 meanings as in section -1, and "qualified business" shall  
 15 have the same meaning as in section -2."

16 SECTION 5. New statutory material is underscored.

17 SECTION 6. This Act, upon its approval, shall apply to  
 18 taxable years beginning after December 31, 2015, and shall be  
 19 repealed on June 30, 2026.

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INTRODUCED BY:

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JAN 26 2016



# H.B. NO. 2406

**Report Title:**

Kapolei Jobs Initiative; Qualified Business; Income Tax Credit;  
Unemployment Tax Credit

**Description:**

Establishes a Kapolei jobs initiative program that offers tax incentives to increase the number of businesses willing to establish or relocate themselves in the Kapolei region. Repeals 6/30/2026.

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





# DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Telephone: (808) 586-2355  
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Statement of  
**LUIS P. SALAVERIA**  
**Director**

Department of Business, Economic Development, and Tourism  
before the

## HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Friday, February 5, 2016  
9:01am  
State Capitol, Conference Room 312

in consideration of  
**HB 2486**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Kawakami, Vice Chair Kong and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on HB 2486. The measure takes certain elements of DBEDT's Enterprise Zone (EZ) program, but then expands eligibility to all businesses within two zip codes in the Kapolei area that have at least ten employees. The goal is to encourage the development of jobs in Kapolei for Kapolei residents, who will then not need to commute onto urban Honolulu.

The EZ program has proven to be an effective job creation program. In 2014, certified EZ program companies reported 1,387 new or maintained jobs statewide. This measure makes reference to a low number of companies participating in the EZ program in the Leeward Enterprise Zone, which includes part of Kapolei. We have identified 14 currently enrolled companies with Kapolei addresses out of a total of 132 currently enrolled EZ companies for Oahu. These companies with Kapolei addresses are located either in the Pearl City-Ewa-Central Oahu or the Leeward Enterprise Zones, both of which include parts of Kapolei.

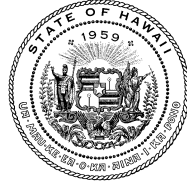
In recent years, the process to enter the EZ program and be certified by DBEDT as meeting program requirements each year has been streamlined. The enrollment application and annual company reporting can now all be done online.

Because of the broad scope of this measure, which may apply to retail establishments and other businesses beyond the currently approved EZ business activities, the financial impact may be substantial. We defer to the Department of Taxation on the fiscal impact of this recommendation.

Thank you for the opportunity to provide this written testimony.

DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

JOSEPH K. KIM  
DEPUTY DIRECTOR

To: The Honorable Derek S.K. Kawakami  
and Members of the House Committee on Economic Development and Business

Date: February 5, 2016  
Time: 9:01 A.M.  
Place: Conference Room 312, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B. 2486, Relating to Economic Development.

The Department of Taxation (Department) appreciates the intent of H.B. 2486, and offers the following comments regarding Section 3 for your consideration.

H.B. 2486, in part, creates an income tax credit for businesses that relocate to the Kapolei area and do not participate in the Enterprise Zone program. The tax credit is subject to an aggregate cap of an unspecified amount. H.B. 2486 applies to taxable years beginning after December 31, 2015, and is repealed June 30, 2026.

The Department notes the carryforward language in subsection (b) may need to be amended to carry out the bill's intent. As currently drafted, the bill only allows the credit to be carried forward in a loss year. However, because the credit is based on the taxpayer's tax liability, it can only be generated in a gain year. Therefore, any year in which the taxpayer can claim the credit, the credit cannot be carried forward. Effectively, this makes the credit impossible to be carried forward.

Lastly the Department notes the effective date should be amended. Making the measure effective during the current year seems contrary to the bill's intent to incentivize relocation to Kapolei, as it would reward businesses that have already made that business decision. Specifically, the Department suggests making the tax credit effective for tax years beginning after December 31, 2016, but not for tax years beginning after December 31, 2026. The current effective date would cut off the tax benefits for calendar year taxpayers half way through 2026.

Thank you for the opportunity to provide comments.

DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

LEONARD HOSHIJO  
DEPUTY DIRECTOR



**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)  
Phone: (808) 586-8844 / Fax: (808) 586-9099  
Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

February 5, 2016

To: The Honorable Derek S.K. Kawakami, Chair,  
The Honorable Sam Satoru Kong, Vice Chair, and  
Members of the House Committee on Economic Development & Business

Date: Friday, February 5, 2016  
Time: 9:01 a.m.  
Place: Conference Room 312, State Capitol

From: Linda Chu Takayama, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 2486 Relating to Economic Development**

**I. OVERVIEW OF PROPOSED LEGISLATION**

H.B. 2486 proposes to amend Chapter 383, Hawaii Revised Statutes (HRS) by adding a new section to provide for a tax credit to be applied against UI contributions by a qualified business which establishes or relocates itself within the Kapolei region.

**II. CURRENT LAW**

Currently, there is no UI tax credit for businesses located in a designated state enterprise zone.

**III. COMMENTS ON THE HOUSE BILL**

The Department opposes HB 2486 as favoring certain employers operating in or relocating to certain localities is inconsistent with the "uniform method" requirement which requires all employers be treated the same.

Section 3303(a)(1) of the Federal Unemployment Tax Act (FUTA) requires that the “experience” of all employers subject to contributions under a state law be measured by the same factor throughout the same period of time by uniform methods applicable to all employers and to all measures of experience under an approved state experience rating system. Any adjustment to the method of measuring experience or in the computation of rates should be applied uniformly to avoid any distortion of relative experience.

Failure of state law to conform to FUTA law may jeopardize certification for the FUTA additional tax credit and would result in higher federal taxes for all Hawaii employers. Employers would have to pay the full FUTA tax rate, as they would not be entitled to the additional offset credit.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, UNEMPLOYMENT, Kapolei jobs initiative program

BILL NUMBER: HB 2486

INTRODUCED BY: CULLEN, AQUINO, BROWER, HAR, KAWAKAMI, LOPRESTI, LUKE, NISHIMOTO, OSHIRO, SAIKI, TAKAYAMA, TOKIOKA, YAMANE

EXECUTIVE SUMMARY: Enacts a Kapolei jobs initiative similar to the current Enterprise Zone program under chapter 209E, but much easier to qualify for. To substantially reduce implementation cost, a designation of the area as an enterprise zone could be considered as an alternative.

BRIEF SUMMARY: Adds a new HRS chapter called Kapolei Jobs Initiative. Defines a “full-time employee” as any employee, including a leased employee and an employee under a joint employment arrangement, for whom the employer is legally required to provide employee fringe benefits. Defines a “qualified business” as a business that: (1) establishes or relocates itself within the designated geographic area (defined as the zip codes 96706 and 96707); (2) has a minimum of ten full-time employees, except that a business that is already established within the designated geographic area as of the effective date of this Act and has more than ten full-time employees shall be deemed a qualified business only if that business increases its number of employees to net ten additional full-time employees; and (3) is not participating in the state enterprise zone program pursuant to chapter 209E.

Adds a new section in HRS chapter 235 that provides for an income tax credit equal to 80% of the taxpayer’s net income tax liability (not restricted to liability attributable to activity in Kapolei) in the year of qualification, and a credit of 8% less for each of the subsequent ten years for any income tax due. Provides that the credit is not refundable, but may be carried forward a maximum of ten consecutive years. Also provides that the credit may be carried forward in subsequent years until exhausted (note this is not consistent with the provision referred to in the preceding sentence). States that all credit claims, including amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the tax credit may be claimed. Failure to do so constitutes a waiver of the right to claim the tax credit.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for the qualified costs incurred by the entity for the taxable year. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of the tax credit shall be determined pursuant to section 704(b) (with respect to partner's distributive share) of the Internal Revenue Code.

Provides that the director of taxation shall prepare any forms that may be necessary to claim a credit under this section, may require the taxpayer to furnish information to ascertain the validity of the claim for the tax credit made, and may adopt rules under chapter 91.



Adds a new section in HRS chapter 383 that provides for an unemployment tax credit equal to 80% of the taxpayer's liability (restricted to liability attributable to employees within Kapolei) in the year of qualification, and a credit of 8% less for each of the subsequent ten years for any unemployment tax due. Provides that the credit may be carried forward from a loss year to an income year, with a maximum of ten consecutive years. Also provides that any credit not usable may not be applied to future years (note this is not consistent with the provision referred to in the preceding sentence).

**EFFECTIVE DATE:** Shall apply to taxable years beginning after December 31, 2015, and shall be repealed on June 30, 2026.

**STAFF COMMENTS:** The enterprise zone program in chapter 209E, HRS, was enacted as a cooperative program between the state and the counties to promote jobs in areas of high unemployment. Certain areas are designated as enterprise zones through joint action of the state and counties. In a zone, the state offers an income tax credit for the tax attributable to the eligible business conducted in the zone, which is normally applied on a sliding scale – 80% for the first year, 70% for the second, and so on until the credit is 20% for the seventh and last year in the program. It also offers an unemployment tax credit for the tax attributable to employees doing the eligible business in the zone, on the same sliding scale. Finally, the state offers a general excise tax exemption for the eligible business attributed to the zone. The counties also offer incentives, which vary by county. In return, the business commits to either maintain or increase the number of employees in the zone doing the eligible activity, depending on whether it was already in the zone upon designation or moved to the zone.

As business incentives go, the enterprise zone program is better than most. The incentive applies to a specific activity (here, creating and maintaining employment) targeted to the problem the program seeks to address. The incentive tapers off over time and then stops. It requires accountability, namely required reports to DBEDT, for a business to retain its eligibility. The business itself may need a different kind of assistance, such as financing, but the state is focusing on creating and maintaining jobs in areas that need them.

The program established by this bill, in contrast, is much easier to qualify for. All a business needs to do is move to the area and is then awarded incentives for ten years. The income tax incentive is not restricted to the activity in the zone, as the enterprise zone incentive is.

In addition, there seem to be no requirements for continued eligibility. Under the enterprise zone program, a business needs to either maintain or increase its employee count within the zone to maintain eligibility. Under the program in this bill, a business could move out of Kapolei the month after it qualifies, and still would be eligible for incentives for ten years.

Next, the bill provisions on carryover of the credit are inconsistent. If the bill is to move forward, these provisions need to be cleaned up.

Rather than attempting to address the problems and inconsistencies in this bill, the legislature may wish to consider enhancements or corrections to the enterprise zone program in order to

achieve the program goals while making sure that the recipients' benefits are tied to their activity in the designated geographic area.

Digested 2/3/2016

# Hawai'i Construction Alliance

P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

February 4, 2016

The Honorable Derek S.K. Kawakami, Chair  
The Honorable Sam Satoru Kong, Vice Chair  
and members  
House Committee on Economic Development & Business  
Hawai'i State Legislature  
Honolulu, Hawai'i 96813



## **RE: Strong Support for HB2486, Relating to Economic Development**

Dear Chair Kawakami, Vice Chair Kong, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We **support HB2486, relating to economic development**. The bill would establish a Kapolei jobs initiative program that offers tax incentives to increase the number of businesses willing to establish or relocate themselves in the Kapolei region.

One key to successfully realizing "smart growth" on Oahu is to encourage more businesses to establish themselves in West Oahu, where the vast majority of the residential growth has occurred on this island in recent years. Businesses that establish themselves in or relocate to West Oahu will be able to avail themselves of the area's large customer base. Once the rail is operational, businesses in TOD areas will attract customers from many other areas of the island as well.

We note that many of our members live in West Oahu, and specifically zip codes 96706 and 96707, and have family members, friends, and neighbors who own, operate, or are employed by small businesses in the area. We expect that they will enjoy the opportunities that the "Kapolei Jobs Initiative Program" will bring.

Thank you for the opportunity to provide this testimony.

Mahalo,

Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)

Testimony of Brooke Wilson  
Pacific Resource Partnership

State of Hawaii  
House of Representatives  
Committee on Economic Development & Business  
Rep. Derek S.K. Kawakami, Chair  
Rep. Sam Satoru Kong, Vice Chair

HB 2486 – Economic Development  
Friday, February 05, 2016  
9:01 A.M.  
State Capitol – Room 312

Aloha Chair Kawakami, Vice Chair Kong and members of the Committee:

We support HB2486, which will establish a Kapolei jobs initiative program that offers tax incentives to increase the number of businesses willing to establish or relocate themselves in the Kapolei region. This proposed measure will promote and redirect growth to the “second city”, reducing traffic congestion by creating jobs in the Kapolei region.

Currently, the job growth in Kapolei is not keeping up to pace with its population growth. The projected population growth in the Kapolei region is expected to grow to 170,000 in the next 20 years and thus, this job initiative will alleviate some of the traffic congestion coming from the Kapolei Region and the surrounding areas. The Kapolei Jobs Initiative program will improve the quality-of-life for the community as well as for the thousands who sit in traffic every day.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on HB 2486.

#### About PRP

*Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii’s top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.*



The Honorable Derek S.K. Kawakami, Chair

The Honorable Sam Satoru Kong, Vice Chair

and Members of the Committee on Economic Development & Business

Hawaii State Capitol

415 South Beretania Street

Honolulu, Hawaii 96813

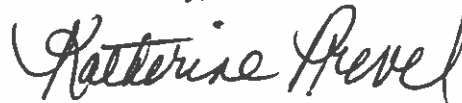
Dear Chair Kawakami, Vice Chair Kong and Committee Members:

**RE: HB2486 – RELATING TO ECONOMIC DEVELOPMENT:**

**Establishing a Kapolei Jobs Initiative to Increase the number of Jobs for businesses to establish themselves or relocate to the Kapolei region**

On behalf of HAWAIIAN AGENTS, INC., I am writing in **SUPPORT** of **HB2486** which will establish a **Kapolei Jobs Initiative** to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region. This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike. I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,



CONTROLLER

\*\*\*\*\*

# Pat Lee & Associates, LLC

45-248 A Pahikaua Place Kaneohe, Hawaii 96744 Phone/Fax: (808) 247-2889 E-mail: patlee @ hawaii.rr.com Mobile: (808) 223-9670

To: The Honorable Derek S.K. Kawakami, Chair  
The Honorable Sam Satoru Kong, Vice Chair, and  
Members of the House Committee on Economic Development and Business

Date: Friday, February 5, 2016

Time: 9:00 A.M.

Place: House Conference Room 312, State Capitol

From: Pat Lee

**Re: H.B. 2486, Relating to Economic Development:** Establishing a Kapolei Jobs Initiative to Increase the number of Jobs for businesses to establish themselves or relocate to the Kapolei region

Chair Kawakami, Vice Chair Kong and members of the Economic Development and Business Committee,

I am writing you in **SUPPORT** of **HB2486** which will establish a Kapolei Jobs Initiative to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region.

As a consultant working on land use projects and policy issues, I have spent much time in West Oahu over the past decade. I often drive out to the Kapolei area for meetings at different times of the day. It can take me an hour or more to do so. I feel for the residents of Kapolei and the leeward area who have to commute daily to and from work in these horrible traffic conditions.

More jobs in Kapolei are needed to keep pace with the area's population growth, the fastest growing region in the State. Creating more jobs in Kapolei would give area residents the opportunity to live and work in their area, and more free time to spend with their families rather than being stuck in traffic.

Each new job created could potentially take one car off the road, who would otherwise be driving to and from urban Honolulu for work. Job creation in the Kapolei region is a quality of life issue affecting both employers and employees, and their families.

For these reasons, I respectfully request that your committee approve HB 2486.

Mahalo,

A handwritten signature in black ink that reads "Pat Lee". The letters are cursive and fluid, with the "P" and "L" being particularly prominent.

Pat Lee & Associates, LLC



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the House Committee on Economic Development & Business  
Friday, February 5, 2016 at 9:01 A.M.  
Conference Room 312, State Capitol**

**RE: HOUSE BILL 2486 Relating to Economic Development**

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of HB 2486, which establishes a Kapolei jobs initiative program that offers tax incentives to increase the number of businesses willing to establish or relocate themselves in the Kapolei region.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Job growth in Kapolei appears to be lagging behind population growth. The purpose of this new legislation is to increase the number of jobs in Kapolei, reduce traffic congestion, and realize the State's policy of directing growth to Kapolei. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike as households in the Kapolei region continue

Thank you for the opportunity to testify.



February 3, 2016

The Honorable Representative Derek S.K. Kawakami, Chair  
The Honorable Representative Sam Satoru Kong, Vice Chair  
and Members of the House Committee on Economic Development  
and Business  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813



*Working together for Kapolei*

Dear Chair Kawakami, Vice Chair Kong and Committee Members:

**RE: HB2486 – RELATING TO ECONOMIC DEVELOPMENT**

The Kapolei Chamber of Commerce respectfully submits this testimony **in support** of HB2486 which will establish a Kapolei Jobs Initiative to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region. This initiative will realize the State's long standing policy of redirecting growth to the second urban core, reducing traffic congestion by creating jobs in the Kapolei region.

Job growth in Kapolei is lagging behind population growth. This is evident in the traffic congestion caused by the number of people who commute to downtown Honolulu for work every day. In turn, our highways reflect the excessive wear costing State taxpayer dollars and Honolulu has been ranked as having the 3<sup>rd</sup> worst traffic in the nation and projected population growth in the Kapolei region is expected to grow to 170,000 in the next 20 years. This job initiative will aide to alleviate some of the traffic congestion coming from the Kapolei Region with a ripple effect affecting other communities. It's about the quality-of-life affecting employers and employees alike. Realizing the live-work-play concept envisioned for Kapolei years ago; the Kapolei Jobs Initiative will improve the quality-of-life for our families and the thousands who sit in traffic every day.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Polk".

Kiran Polk  
Executive Director

Testimony of WOEDA in Support of HB2486

**Date: Thursday, February 4, 2016**

Honorable Chair Kawakami, Vice Chair Kong and Committee Members:

I am Kristi Hirota-Schmidt, representing the members of the West Oahu Economic Development Association, also known as WOEDA, and testifying in support of HB2486.

Our association is made up of business, community and government leaders dedicated to supporting the economic growth of West Oahu. Together we strive to be a voice for job creation in West Oahu and engage in advocacy, education and promotion, to ensure that West Oahu is a great place to live, work and play.

We strongly support the Kapolei Jobs Initiative to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region. Creating more jobs in the Kapolei Region is necessary in order to keep pace with Kapolei's population growth and it will allow people living on the west side to work closer to home, thus improving their quality of life. We also believe this will help to reduce traffic congestion caused by the amount of people driving into downtown Honolulu for work every day.

For these reasons, we request your approval of HB2486.

Thank you for allowing me to provide you with our testimony.

Respectfully on behalf of WOEDA,



Kristi Hirota-Schmidt  
President

1288 Ala Moana, Suite 208  
Honolulu, Hawaii 96814  
TEL: (808) 545-7722  
FAX: (808) 545-7725  
www.tmgohawaii.com

## THE MACNAUGHTON GROUP

February 3, 2016

The Honorable Derek S.K. Kawakami, Chair  
The Honorable Sam Satoru Kong, Vice Chair  
and Members of the Committee on Economic Development & Business  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Kawakami, Vice Chair Kong and Committee Members:

**RE: HB2486 – RELATING TO ECONOMIC DEVELOPMENT:  
Establishing a Kapolei Jobs Initiative to Increase the number of Jobs for businesses to  
establish themselves or relocate to the Kapolei region**

On behalf of The MacNaughton Group, I am writing in **SUPPORT** of **HB2486** which will establish a **Kapolei Jobs Initiative** to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region. This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike. I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Sincerely,

**THE MACNAUGHTON GROUP**



Todd A. Hedrick  
Director of Leasing

## THE MACNAUGHTON GROUP

THE HOUSE OF REPRESENTATIVES  
THE TWENTY-EIGHTH LEGISLATURE  
STATE OF HAWAII  
REGULAR SESSION OF 2016

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
The Honorable Derek S.K. Kawakami, Chair  
The Honorable Sam Satoru Kong, Vice Chair

Friday, February 5, 2016  
Conference Room 312, 9:01 AM  
State Capital, 415 South Beretania Street

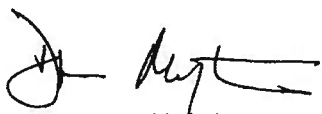
### HB 2486: RELATING TO ECONOMIC DEVELOPMENT

Chair Kawakami, Vice Chair Kong and Economic Development & Business Committee Members, we are writing on behalf of The MacNaughton Group in support to HB 2486.

HB 2486 will establish a Kapolei Jobs Initiative program that offers tax incentives to increase the number of businesses to establish themselves or relocate to the Kapolei region, in turn, increasing the number of job opportunities for Kapolei households. This initiative will realize the State's long-standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day.

The MacNaughton Group views the enactment of HB 2486 as a "must-do" as job creation in the Kapolei region is a quality-of-life, community-building concern affecting employers and employees alike. We encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many.

Thank you for the opportunity to submit this testimony.



Duncan MacNaughton  
Chairman & Founding Partner  
The MacNaughton Group



Ian MacNaughton  
Managing Partner  
The MacNaughton Group



Eric Tema  
Partner  
The MacNaughton Group

From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, February 03, 2016 10:11 AM  
To: edbtestimony  
Cc: pattikimi@yahoo.com  
Subject: Submitted testimony for HB2486 on Feb 5, 2016 09:01AM

**HB2486**

Submitted on: 2/3/2016

Testimony for EDB on Feb 5, 2016 09:01AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patti Cristobal	Individual	Support	No

Comments: I am writing in SUPPORT of HB2486 which will establish a Kapolei Jobs Initiative to increase the number of jobs for businesses to establish themselves or relocate to the Kapolei region. This initiative will realize the State's long standing policy of redirecting growth to the second urban core, creating jobs in the Kapolei region and reducing traffic congestion. More jobs in the Kapolei Region are needed to keep pace with Kapolei's population growth. This is evident in the traffic congestion caused by the number of people who still have to commute to downtown Honolulu for work every day. Sixteen years ago it took me approximately 30 minutes to commute from Kapolei to Downtown leaving approximately at 6:30am. Today, it takes me a minimum of 1 hour and 10 minutes to commute from Kapolei to Downtown leaving at 6:30am and that it assuming there are no traffic infarctions. Job creation in the Kapolei region is a quality-of-life, community- building concern affecting employers and employees alike. I encourage you to support this bill that will bring jobs to the Kapolei region affecting the lives of many. Sincerely, Patti Cristobal

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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kong2 - Christie

---

From: mailinglist@capitol.hawaii.gov  
Sent: Wednesday, February 03, 2016 2:08 PM  
To: edbtestimony  
Cc: rustonu@gmail.com  
Subject: \*Submitted testimony for HB2486 on Feb 5, 2016 09:01AM\*

**HB2486**

Submitted on: 2/3/2016

Testimony for EDB on Feb 5, 2016 09:01AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ruston Utu	Individual	Support	No

Comments:

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kong2 - Christie

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Thursday, February 04, 2016 10:07 AM  
To: edbtestimony  
Cc: hawaiiifishingfanatic@gmail.com  
Subject: Submitted testimony for HB2486 on Feb 5, 2016 09:01AM

**HB2486**

Submitted on: 2/4/2016

Testimony for EDB on Feb 5, 2016 09:01AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Don Aweau	Individual	Support	No

Comments: Incentives to promote the Kapolei area is sorely needed and would be an economic boost to the region if businesses relocate and provide opportunities for willing employees/residents to work. Mahalo.

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Queen's Court  
800 Bethel Street, Suite 501  
Honolulu HI 96813

Phone 808.587.7770  
Fax 808.587.7769  
[www.avalonhi.com](http://www.avalonhi.com)

**LATE**

February 4, 2016

The Honorable Rep. Derek S. K. Kawakami, Chair  
The Honorable Rep. Sam Satoru Kong, Vice Chair  
and Members of the House Committee on Economic Development and Business  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Kawakami, Vice Chair Kong and Committee Members

**RE: HB2486 – RELATING TO ECONOMIC DEVELOPMENT**

On behalf of Avalon Group, we wish to express strong SUPPORT for HB2486 and all efforts that will help build Kapolei as a major job center. Everyday West Oahu residents are forced to suffer through the most congested corridor in the world and much attention is paid to costly traffic solutions that involve facilitating the movement of West Oahu residents to jobs in downtown Honolulu. We believe that equal, if not more attention, should be given to solutions that will redirect the flow of traffic, allow West Oahu residents to work where they live, and alleviate some of the congestion along this East-West corridor.

To date the State of Hawaii has been very successful in directing growth to West Oahu as evidenced by the growing number of people who live there. We believe it is time that the State also direct businesses to West Oahu—encourage more businesses to locate or relocate there—so that people can find high-paying jobs where they live. When you consider the high costs of building highways and mass transit, we believe this bill offers a very cost effective solution to address the traffic congestion that really affects everyone who has to go into Honolulu to work. The jobs that will be created by this bill will act as a catalyst for more businesses and more jobs to be created in West Oahu so that we can take more cars off the road.

Right now the majority of Oahu's residents live a diminished quality of life due to traffic and traffic is costing all of Oahu's taxpayers through increased taxes to fund traffic solutions. This bill has a fixed term of 10 years and we think the costs to the State can be capped yet still yield results that will provide much needed relief.

We respectfully ask for your support of this bill.

Sincerely,

  
THERESIA C. MCMURDO  
Vice President



**LATE**



February 5, 2016

Representative Derek S.K. Kawakami, Chair  
Representative Sam Satoru Kong, Vice Chair  
House Committee on Economic Development & Business

**Strong support of HB 2486 - Relating to Economic Development.  
(Establishes a Kapolei jobs initiative program that offers tax incentives to  
increase the number of businesses willing to establish or relocate  
themselves in the Kapolei region. Repeals 6/30/2026.)**

**Friday, February 5, 2016, at 9:01 a.m., in Conference Room 312**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **strong support of HB 2486**.

**HB 2486.** This bill proposes to establish a Kapolei Jobs Initiative Program that offers tax incentives to increase the number of businesses willing to establish or relocate themselves in the Kapolei region and tax incentives for existing Kapolei businesses that add ten or more employees. The repeal date of this measure is June 30, 2026.

**LURF's Position.** HB 2486 is necessary, because Kapolei has been designated as Oahu's "Second City," however, jobs in the area have not kept pace with the increase in population. LURF understands that, unfortunately, the State's enterprise zone program includes requirements and restrictions on the types of qualified businesses, which are believed to have limited the participation in the Leeward enterprise zone. The "Kapolei Jobs Initiative" proposed by this bill will be a win-win for the State and the Kapolei area, and will contribute to building communities that can live, work and play in the same neighborhoods.

For the above reasons, LURF **strongly supports HB 2486** and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.

**LATE**

kong2 - Christie

From: mailinglist@capitol.hawaii.gov  
Sent: Thursday, February 04, 2016 2:10 PM  
To: edbtestimony  
Cc: lamosao\_rachele@yahoo.com  
Subject: \*Submitted testimony for HB2486 on Feb 5, 2016 09:01AM\*

**HB2486**

Submitted on: 2/4/2016

Testimony for EDB on Feb 5, 2016 09:01AM in Conference Room 312

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rachele	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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