

SB 2828

RELATING TO NATURAL
ENERGY LABORATORY
OF HAWAII AUTHORITY

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

JOSEPH K. KIM
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION

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

To: The Honorable Lorraine R. Inouye, Chair
and Members of the Senate Committee on Transportation and Energy

The Honorable Glenn Wakai, Chair
and Members of the Senate Committee on Economic Development, Environment,
and Technology

Date: February 16, 2016
Time: 2:45 P.M.
Place: Conference Room 229, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: S.B. 2828, Relating to the Natural Energy Laboratory of Hawaii Authority.

The Department of Taxation (Department) supports S.B. 2828, an Administration measure, and offers the following comments for the Committee's consideration.

S.B. 2828 expands the definition of "eligible business activity" for the purposes of the Enterprise Zone program to include production of energy from various sources within an enterprise zone and under the control of the natural energy laboratory of Hawaii authority.

The Department defers to the Department of Business, Economic Development, and Tourism regarding the merits of this change. The Department notes that the site of the Natural Energy Laboratory of Hawaii Authority is located within an existing Enterprise Zone.

Thank you for the opportunity to provide comments.



**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

Telephone: (808) 587-2757
Fax: (808) 586-2589

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
Before the

**SENATE COMMITTEES ON TRANSPORTATION AND ENERGY AND
ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY**

Tuesday, February 16, 2016

2:45 p.m.

State Capitol, Conference Room 229

In consideration of

SB 2828

**RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII
AUTHORITY.**

Chairs Inouye and Wakai, Vice-Chairs Gabbard and Slom, and Members of the Senate Committees on Transportation and Energy and Economic Development, Environment and, Technology.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports** SB 2828. This administration bill provides special Enterprise Zone (EZ) incentives, limited only to renewable energy companies involved in solar, ocean thermal energy conversion, and hydrogen, and only within the control and property boundaries of the Natural Energy Laboratory of Hawaii Authority (NELHA) on new leases executed on or after July 1, 2016. The purpose of this measure is to provide NELHA with an economic development incentive to recruit new companies to its facilities.

NELHA is currently located in an approved Enterprise Zone. This measure expands the definition of renewable energy companies approved for the EZ benefits, but only if the firm is located in NELHA.

DBEDT defers to the Department of Taxation for the State revenue implications of this bill.

Thank you for the opportunity to testify.



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of
Gregory P. Barbour
Executive Director

Natural Energy Laboratory of Hawaii Authority
before the

COMMITTEE ON TRANSPORTATION AND ENERGY

And

COMMITTEE ON ECONOMIC DEVELOPMENT, ENVIRONMENT, AND TECHNOLOGY

Tuesday, February 16, 2016
2:45 Pm
State Capitol, Conference Room 229

in consideration of
S.B. 2828

RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY.

The Natural Energy Laboratory of Hawaii Authority (NELHA) strongly supports H.B. 2299 that amends Chapter 209E-2, Hawaii Revised Statutes, by adding language that would make businesses producing renewable energy from various sources within research and technology parks established by NELHA eligible for the State's enterprise zone program. This measure is an Administration bill and would assist NELHA in attracting new projects to our technology park.

This measure will broaden the scope of businesses eligible for EZ benefits within our technology park. We 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 focused on solar, ocean thermal energy conversion and hydrogen renewable energy production that we are targeting may not qualify for EZ status given the current narrow definition.

We have been successful because the Legislature has given us the “tools” to allow us to succeed. This measure will add an additional tool to help us realize the goals of growing our economic development project and increasing the \$5M in annual State tax revenue that the park already generates.

Thank you for the opportunity to offer these comments.