

JAN 25 2017

A BILL FOR AN ACT

RELATING TO THE KAPOLEI JOBS INITIATIVE.

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 on the island of Oahu is a matter of community
3 and state concern, as households continue to outgrow the number
4 of employment opportunities in the region.

5 The legislature further finds that the state enterprise
6 zone program is restrictive and 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 open a new
11 location in the Kapolei region.

12 SECTION 2. Chapter 209E, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 "§209E- Kapolei jobs initiative; establishment; rules.

16 (a) There is established within the department of business,
17 economic development, and tourism, the Kapolei jobs initiative



1 program. Any qualified business is eligible to participate in
2 the Kapolei jobs initiative and is eligible for the incentives
3 available pursuant to this chapter with the exception of section
4 209E-11.

5 (b) The department of business, economic development, and
6 tourism may adopt rules, pursuant to chapter 91, to effectuate
7 the purposes of this section.

8 (c) As used in this section:

9 "Designated geographic area" means the regions represented
10 by the following zip codes: 96706, 96707, and 96709.

11 "Qualified business" means the same as a qualified business
12 in section 209E-2; provided that:

13 (1) A minimum of ten full-time employees work at the
14 establishment located in the designated geographic
15 area; or if the business is already established in the
16 designated geographic area, the business expands or
17 constructs a new establishment in the same area that
18 results in a net gain of ten full-time employees;

19 (2) The business provides gross annual salaries of \$25,000
20 or more to at least half of its employees at the



1 establishment located in the designated geographic
2 area; and

3 (3) The business earns at least half of its gross annual
4 revenue from its establishment located in the
5 designated geographic area.

6 "Qualified business" excludes retail, except when greater
7 than fifty per cent of the business' sales are to Hawaii general
8 excise tax licensees."

9 SECTION 3. (a) The department of business, economic
10 development, and tourism shall collect from every qualified
11 business claiming a tax credit under section 209E- , Hawaii
12 Revised Statutes, the following information:

13 (1) Total expenditures incurred, if any, in the Kapolei
14 jobs initiative and amount of expenditures applicable
15 to the tax credit expended in the previous taxable
16 year;

17 (2) The amount of tax credits claimed pursuant to this
18 section, if any, and the amount of total taxes paid,
19 if any, in the previous taxable year;



1 (3) The amount of unemployment insurance accrued and the
2 amount of unemployment insurance paid by the qualified
3 business in the previous taxable year;

4 (4) Hawaii employment and wage data, including the numbers
5 of full-time and part-time employees retained, wages
6 for each position, new jobs, temporary positions,
7 external services procured by the qualified business,
8 and payroll taxes; and

9 (5) Any other factors the department of business, economic
10 development, and tourism deems relevant.

11 The purpose of collecting the above information is to study the
12 effectiveness of the tax credit. The department of business,
13 economic development, and tourism may request additional
14 information necessary to measure the effectiveness of the tax
15 credit.

16 (b) The department of business, economic development, and
17 tourism shall:

18 (1) Maintain records of the names of the qualified
19 businesses claiming the tax credit;

20 (2) Obtain and total the aggregate amounts of expenditures
21 from all qualified businesses per taxable year;



- 1 (3) Provide a letter to the director of taxation
2 specifying the amount of the tax credit per qualified
3 business for each taxable year that a tax credit is
4 claimed and the cumulative amount of the tax credit
5 for all years claimed; and
- 6 (4) Submit a report to the legislature no later than
7 twenty days prior to the convening of each regular
8 session detailing the non-aggregated expenditures of
9 qualified businesses that form the basis of the tax
10 credit, itemized by qualified business, in a redacted
11 format to preserve the confidentiality of the
12 qualified businesses claiming the credit.

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act, upon its approval, shall apply to
15 taxable years beginning after December 31, 2017; provided that
16 this Act shall be repealed on December 31, 2024.

17

INTRODUCED BY:



S.B. NO. 1311

Report Title:

Department of Business, Economic Development, and Tourism; Tax Credit; Kapolei Jobs Initiative

Description:

Establishes a Kapolei jobs initiative to increase the number of jobs in Kapolei by creating incentives for businesses to establish themselves or open a new location in the Kapolei region. Requires DBEDT to collect information to study the effectiveness of the tax credit.

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