

Honolulu, Hawaii

February 1, 2017

RE: H.B. No. 784

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Agriculture, to which was referred H.B. No. 784 entitled:

"A BILL FOR AN ACT RELATING TO ENTERPRISE ZONES,"

begs leave to report as follows:

The purpose of this measure is to expand the existing Enterprise Zone program by:

- (1) Allowing businesses that provide renewable energy infrastructure for agricultural producers and meet specified growth targets to participate in the Enterprise Zone program under the same terms as an agricultural producer;
- (2) Providing for the designation of up to six areas in each county as Agricultural Enterprise Zones until the state constitutional mandate of increased agricultural self-sufficiency has been achieved;
- (3) Specifying an additional metric for measuring growth of an agricultural producer for eligibility to participate in the Enterprise Zone program;
- (4) Reducing the length of time that manufacturers of tangible personal property can claim the Enterprise Zone business tax credit from ten years to seven years;



- (5) Allowing the Enterprise Zone business tax credit to be carried forward into future tax years; and
- (6) Allowing agricultural producers and businesses that provide renewable energy infrastructure for agricultural producers to claim eighty percent of the Enterprise Zone business tax credit as long as certain kinds of investments are made.

The Hawaii Farm Bureau, Hawaii Cattlemen's Council, Hawaii Crop Improvement Association, Maui County Farm Bureau, Ponoholo Ranch Limited, and numerous concerned individuals supported this measure. The Department of Agriculture supported the intent of the measure. The Department of Business, Economic Development, and Tourism and a concerned individual opposed the measure. The Department of Taxation, Tax Foundation of Hawaii, and two concerned individuals submitted comments.

Your Committee respectfully requests that your Committee on Energy & Environmental Protection, should it choose to hear this measure, consider the concerns raised by testifiers that the provisions contained in this measure are too expansive and may fundamentally alter the character of the existing Enterprise Zone program.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 784 and recommends that it pass Second Reading and be referred to your Committee on Energy & Environmental Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Agriculture,

  
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RICHARD P. CREAGAN, Chair



