

Honolulu, Hawaii  
**February 14**, 2018

RE: H.B. No. 2659  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2659 entitled:

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

begs leave to report as follows:

The purpose of this measure is to stimulate economic development and job growth on the western portion of the island of Oahu by establishing the Kapolei Jobs Initiative Pilot Program to provide an income tax credit as an incentive for businesses to establish locations in the Kapolei region of Oahu.

The Kapolei Chamber of Commerce, Hunt Development Group, LLC, Palehua Townhouse Association, Coral Crater LLC, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii, Ho'omanopono Political Action Committee, National Kidney Foundation of Hawaii, James Campbell Company LLC, Pat Lee & Associates, LLC, Ko Olina Resort Operators Association, Pacific Resource Partnership, and several concerned individuals testified in support of this measure. The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO testified in support of the intent this measure. The Department of Labor and Industrial Relations, Department of Taxation, Department of Business, Economic Development and Tourism, and Tax Foundation of Hawaii provided comments.



Your Committee has amended this measure by:

- (1) Amending the "designated geographic area" in which the program applies by removing reference to the 96709 ZIP code;
- (2) Clarifying that a business already in existence in the designated geographic area may only qualify for the Kapolei Jobs Initiative Pilot Program and tax credit if the business opens a new location in the designated geographic area that results in a net gain of at least one location for the existing business;
- (3) Increasing the gross annual salary requirement for at least half of the employees at an establishment in the designated geographic area for that business to be qualified to participate in the Kapolei Jobs Initiative Pilot Program from \$25,000 to \$35,000;
- (4) Clarifying that the amount of unemployment insurance premiums eligible for offset under the tax credit be based on accrued premiums actually paid by the business in the taxable year;
- (5) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2659, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2659, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,

*Cindy Evans*

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CINDY EVANS, Chair



