



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

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DIRECTOR

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Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Wednesday, February 15, 2023
10:30 AM
State Capitol, Conference Room 423

In consideration of
HB852, HD1
RELATING TO STATE ENTERPRISE ZONES.

Chair Holt, Vice Chair Lamosao and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB852, HD1, which amends the definition of "eligible business activity" to include the processing of value-added agricultural products grown within an enterprise zone and the development or production of renewable energy.

It should be noted that DBEDT currently in most cases already accepts value-added agricultural processing companies into the program. This amendment does however add clarity to the statute. DBEDT also supports amending wind energy to renewable energy as defined in section 269-91 HRS. This will increase the pool of eligible companies that can participate in the Enterprise Zone program and support the state's renewable energy goals.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

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HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

WEDNESDAY, FEBRUARY 15, 2023
ROOM 423
10:30 A.M.

HOUSE BILL NO. 852, HOUSE DRAFT 1 RELATING TO STATE ENTERPRISE ZONES

Chairperson Holt and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 852, HD1 that seeks to amend the definition of “eligible business activity” by adding “value-added agricultural products” and the “development or production of renewable energy as defined in Section 269-91” in State Enterprise Zones. The Department offers comment.

With respect to the inclusion of “value-added agricultural products”, the Department of Agriculture (Agriculture) supports increasing opportunity for the expanded use of Hawaii’s agricultural products.

With respect to the inclusion of the nine sources of renewable energy described under Section 269-91, the Department has strong concerns and requests the Legislature first establish a fair balance between the competing goals for renewable energy and increasing local food self-sufficiency. Agricultural activities occupying the most productive agricultural lands (particularly here on Oahu in the Kunia Corridor, west of Kunia Road) will be even less able to compete and survive against the utility-scale solar energy industry if the latter is given further “regulatory flexibility” in seeking to occupy the same land used for production agriculture.

Thank you for the opportunity to testify on this measure.





Email: communications@ulupono.com

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
Wednesday, February 15, 2023 — 10:30 a.m.

Ulupono Initiative supports HB 852 HD1, Relating to State Enterprise Zones.

Dear Chair Holt and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono supports HB 852 HD1, which amends the definition of "eligible business activity" to include the processing of value-added agricultural products grown within an enterprise zone and the development or production of renewable energy.

Ulupono supports the State's goals to double local food production by 2030 and the 100% renewable portfolio standard by 2045. This bill seeks to expand business opportunities in both the agricultural and renewable energy sectors with the inclusion of value-added products and renewable energy developments in the enterprise zone. If we are serious about meeting these ambitious goals, the State must find a way to support industry with positive policies and sustained funding.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



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February 15, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON HB 852, HD1
RELATING TO STATE ENTERPRISE ZONES

Conference Room 423 & Videoconference
10:30 AM

Aloha Chair Holt, Vice-Chair Lamosao, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 852, HD1, which amends the definition of "eligible business activity" to include the processing of value-added agricultural products grown within an enterprise zone and the development or production of renewable energy.

The Hawai'i Enterprise Zone Program (EZ) was established to stimulate certain types of business activity and increase employment in targeted areas of the State via tax and other incentives. The EZ program is one of the few State programs which incentivizes economic development in the most rural and distressed communities where agriculture is often the main business activity. Agricultural-related businesses account for roughly half of all businesses in the EZ program.

Farmers can increase their revenues and profits by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities, and help address Hawai'i's goals of increased self-sufficiency and sustainability.

Including the processing of value-added agricultural products that are grown within an enterprise zone as an eligible business activity under that EZ program will support the production of value-added products which can help farmers increase their income while allowing locally produced value-added goods to compete with imported products, and expand into new export markets, strengthening our local economy.

The strength of Hawai'i's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for the opportunity to testify on this measure.



**Testimony to the Committee on Economic Development
Wednesday, February 15, 2023, 10:30 AM
VIA Video Conference & Conference Room 423, Hawaii State Capitol**

HB 852 HD1

Chair Holt, Vice Chair Lamasao, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** HB 852 HD1, which proposes to amend the definition of “eligible business activity” to include the processing of value-added agricultural products grown within an enterprise zone and the development or production of renewable energy.

Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development of clean energy in Hawaii. Our goal is to support the state’s policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state’s clean energy and carbon reduction goals.

The Enterprise Zone program is a powerful economic development tool established by the state in 1986 in conjunction with the counties build stronger communities by bringing economic development and mandatory job growth to targeted economically challenged areas within the state. By expanding this definition to include value-added agriculture products and development and production of renewable energy brings heightened opportunity within two of the state’s most vital – and most at risk – policy priorities.

For farmers, these proposed amendments may help boost local farmers’ ability to grow crops and processing that will provide them steady market commerce for multiple years.

For HCPA, this expanded definition opens opportunity for greater clean energy development or production, essential to meet the state’s clean energy goals. With the recent Inflation Reduction Act (IRA) federal incentives that provide for up to 50% investment tax credit for certain renewable energy development projects, this small incentive will prove to be beneficial in attracting these projects to Hawaii instead of the other 49 states, which are all vying for these IRA subsidized projects. These cost reductions available through federal tax incentives would be passed on to Hawaii ratepayers.

We ask the committee to pass this bill.



**Testimony to
The Committee on Economic Development**

Wednesday, February 15, 2023

10:30 AM

**Conference Room 423 & VIA videoconference
Hawaii State Capitol**

HB 852 HD1

Chair Holt, Vice Chair Lamasao, and members of the committee,

Hawaii Gas **supports HB852 HD1**, which amends the definition of “eligible business activity” to include the processing of value-added agricultural products grown within an enterprise zone and the development or production of renewable energy.

Hawaii Gas distributes a blend of gas that ranges from low-carbon to negative-carbon emissions through approximately 1,100 miles of mostly underground utility pipeline statewide. Our main utility system includes a blend of gas that includes Synthetic Natural Gas (SNG), Renewable Natural Gas (RNG), and Hydrogen. Despite representing less than 1% of the greenhouse gases emitted into Hawaii’s atmosphere, we are working to conscientiously reduce our greenhouse gas emissions by pursuing cost-effective, local, renewable energy projects.

As you know, the Enterprise Zone Program was initially established within DBEDT by the legislature to stimulate various business activity and employment in targeted areas of the state. Clean energy and agriculture are two of Hawaii’s top priorities and essential to the state’s sustainability. By expanding the definition of “eligible business activity” to include value-added agriculture products and the development or production of renewable energy, this proposal will bring the advantages of the EZ Program to two of the state’s top priorities and most challenging sectors.

For Hawaii Gas specifically, this will help stimulate and develop local feedstock that can be used to produce local renewable natural gas (RNG). RNG is made by capturing and refining biogases released from decomposing organic waste material. RNG is considered a carbon neutral and a carbon negative fuel and is derived from various biogenic feedstocks, including wastewater sludge, animal manure, food waste, agricultural residues, forest product residues, municipal waste, and energy crops. Hawaii Gas is actively pursuing locally sourced RNG and hydrogen projects as part of our decarbonization strategies to support the state’s goal of carbon neutrality.

We urge the committee to pass HB 852 HD1.

Thank you for the opportunity to testify.



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

Executive Officers

- Eddie Asato**, Pint Size Hawaii, *Chair*
- Gary Okimoto**, Safeway, *Vice Chair*
- Maile Miyashiro**, C&S Wholesale, *Secretary/Treas.*
- Lauren Zirbel**, HFIA, *President and Executive Director*
- John Schilf**, Rainbow Sales and Marketing, *Advisor*
- Paul Kosasa**, ABC Stores, *Advisor*
- Derek Kurisu**, KTA Superstores, *Advisor*
- Toby Taniguchi**, KTA Superstores, *Advisor*
- Joe Carter**, Coca-Cola Bottling of Hawaii, Odom, *Advisor*
- Charlie Gustafson**, Tamura Super Market, *Immediate Past Chair*

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LATE

LATE

TO: Committee on Economic Development

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, February 15, 2023
TIME: 10:30am
PLACE: Via Videoconference

RE: HB852 HD1 Relating to State Enterprise Zones

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Allowing for the production of renewable energy and the manufacture of value added agricultural products is in keeping with the intent of Enterprise Zones in the state. These are the types of activities that can help create a more diverse, stronger local economy and we encourage the State to support them.

We urge the committee to vote yes and we thank you for the opportunity to testify.