

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

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

DANE K. WICKER
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: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

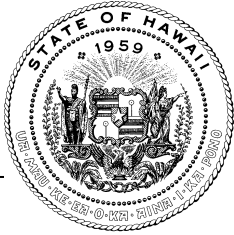
Friday, February 3, 2023
9:00 AM
State Capitol, Conference Room 325

In consideration of
HB852
RELATING TO STATE ENTERPRISE ZONES.

Chair Gates, Vice Chair Kahaloa and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports HB852 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.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

(808) 587-3807
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

Friday, February 3, 2023
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In Support of
HB 852

RELATING TO STATE ENTERPRISE ZONES.

Chair Gates, Vice Chair Kahaloa, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 852, which amends the definition of "eligible business activity" in an enterprise zone to include the development or production of renewable energy. HSEO defers to the Department of Business, Economic Development, and Tourism on implementation.

The addition of renewable energy to the statute will broaden the potential for energy projects in enterprise zones.

Thank you for the opportunity to testify.



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 3, 2023

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 852
RELATING TO STATE ENTERPRISE ZONES

Conference Room 325 & Videoconference
9:00 AM

Aloha Chair Gates, Vice-Chair Kahaloa, 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, 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 Agriculture & Food Systems**

Friday, February 3, 2023

9:00 AM

**Conference Room 325 & VIA videoconference
Hawaii State Capitol**

HB 852

Chair Gates, Vice Chair Kahaloa, and members of the committee,

Hawaii Gas **supports HB 852**, 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 zero-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 and can be considered a carbon neutral 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.

Thank you for the opportunity to testify.





Testimony to the Committee on Agriculture & Food Systems
Friday, February 3, 2023, 9:00 AM
VIA Video Conference & Conference Room 325, Hawaii State Capitol
HB 852

Chair Gates, Vice Chair Kahaloa, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** HB 852, 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 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 tax incentives would be passed on to ratepayers.

We ask the committee to pass this bill

Clearway Energy Group
100 California Street, Floor 4
San Francisco, CA 94111

clearwayenergygroup.com



February 2, 2023

Via Electronic Submittal

COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS

Rep. Cedric Asuega Gates, Chair
Rep. Kirstin Kahaloa, Vice Chair

Rep. Elle Cochran Rep. Justin H. Woodson
Rep. Nicole E. Lowen Rep. Gene Ward
Rep. Amy A. Perruso

Friday, February 3, 2023, 9:00 am
State Capitol, Via Videoconference, Conference Room 325

Nicola Park
Origination Manager, Clearway Energy Group

Testimony In Support of HB 852
Relating to State Enterprise Zones

Chair Lowen, Vice Chair Cochran, and Members of the Committee:

Thank you for the opportunity to testify on HB 852.

This bill seeks to amend the definition of "eligible business activity" for purposes of the Enterprise Zones Program under HRS Chapter 209E. We understand that the purposes of the Enterprise Zones Program are to increase business activity, job retention and job creation in areas where they are most needed and most appropriate via tax and other incentives. This bill proposes to amend the definition of "eligible business activity" by adding processing of "value-added agricultural products" to the types of activities that fall under this definition and by expanding the types of producers of renewable energy that fall under this definition by replacing "production of electric power from wind" with "development or production of renewable energy as defined section 269-91."

Clearway has developed renewable projects in Hawai'i since 2019, including a 45.9 MW site in Waipi'o, a 14.7 MW site in Mililani, and a 49 MW site in Kawaiiloa on O'ahu's North Shore. In addition, in August 2022, Clearway completed O'ahu's first utility-scale solar and battery project in the Mililani Agricultural Park, consisting of a 39 MW solar power plant paired with a

156 MWh battery storage system. Lastly, this month (January 2023), Clearway announced that it has achieved commercial operations on its 36-megawatt (MW) solar farm with 144 MWh of battery storage in Waiawa in Central O'ahu. Altogether, the five projects Clearway developed on Oahu total 185 MW for Hawaiian Electric's grid and generate enough clean electricity to power more than 45,500 O'ahu homes each year.

Clearway supports HB 852 insofar as it will reduce the overall cost of renewable energy projects, enable greater ratepayer savings, and otherwise support the purposes of the Enterprise Zone Program.

Thank you for this opportunity to testify.