

JAN 17 2025

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# A BILL FOR AN ACT

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RELATING TO ENTERPRISE ZONES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that the enterprise zone  
2 program was established in 1986 for the purpose of stimulating  
3 business, agricultural, and industrial growth in areas to  
4 revitalize neighborhoods by providing public benefits to local  
5 companies. In addition to stimulating business activity, the  
6 enterprise zone program also promotes job preservation and job  
7 creation in areas designated by the counties and approved by the  
8 governor. Benefits for local companies include permitting and  
9 zoning assistance, fee waivers, tax relief, and more.

10       The legislature further finds that the most common  
11 industries participating in the enterprise zone program are  
12 agricultural production or processing, manufacturing, and  
13 wholesaling and distribution. Other eligible industries include  
14 aviation or maritime repair or maintenance; telecommunications  
15 switching and delivery systems; information technology design  
16 and production; medical research and clinical trials; for-profit  
17 training programs in international business management or



1 environmental remediation; biotechnology research, development,  
2 production, or sales; repair or maintenance of assisted  
3 technology equipment; certain call centers; and wind energy  
4 producers.

5       The legislature further finds that, for decades, a  
6 manufacturer of tangible products has only been eligible for  
7 enterprise zone program benefits if over one-half of the gross  
8 sales of its products are to wholesalers and the sale takes  
9 place within the enterprise zone. This qualification was  
10 established before modern revolutions in manufacturing and  
11 retail sales. Since the program's establishment, business  
12 models have significantly changed, and local manufacturers now  
13 often skip selling to wholesalers and go directly to retail,  
14 making those manufacturers ineligible to participate in the  
15 enterprise zone program. Allowing local manufacturers that sell  
16 directly to retail to be eligible for the enterprise zone  
17 program will help lift local businesses and promote job creation  
18 and job preservation for local families looking to thrive in  
19 Hawaii.

20       Accordingly, the purpose of this Act is to modernize the  
21 enterprise zone program by allowing additional activities within



an enterprise zone to qualify for enterprise zone benefits,  
specifically:

- (1) Retail and wholesale activity by a local manufacturer made within the enterprise zone;
- (2) The processing of value-added agriculture products;  
and
- (3) The provision of professional services by health care professionals in health care related sectors.

SECTION 2. Section 209E-2, Hawaii Revised Statutes, is amended as follows:

1. By adding a new definition to be appropriately inserted and to read:

""Tangible personal property" means property that can be touched or felt and can be relocated. "Tangible personal property" does not include electricity, real property, or intellectual property."

2. By amending the definition of "eligible business activity" to read:

""Eligible business activity" means the:

- (1) Manufacture of tangible personal property, the wholesale sale of tangible personal property as



1           described in section 237-4, the sale of tangible  
2           personal property manufactured and sold at retail in  
3           the enterprise zone for consumption or use by the  
4           purchaser and not for resale, or a service business as  
5           defined in this section;

6           (2) Production of agricultural products where the business  
7           is a producer as defined in section 237-5, ~~[or]~~ the  
8           processing of agricultural products~~[,]~~ or value-added  
9           agricultural products, all or some of which were grown  
10          within an enterprise zone;

11          (3) Research, development, sale, or production of all  
12          types of genetically-engineered medical, agricultural,  
13          or maritime biotechnology products; ~~[or]~~

14          (4) Production of electric power from wind energy for sale  
15          primarily to a public utility company for resale to  
16          the public; or

17          (5) The provision of professional services by health care  
18          professionals in health care related sectors,  
19          including but not limited to home health care  
20          agencies, specialized care practices, and health  
21          coaching;



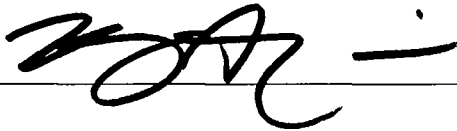
1 provided that medical cannabis dispensary activities pursuant to  
2 chapter 329D shall not be considered an eligible business  
3 activity for the purposes of this chapter."

4 SECTION 3. Statutory material to be repealed is bracketed  
5 and stricken. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to be 'WJA', is written over a horizontal line.



# S.B. NO. 815

**Report Title:**

Enterprise Zones; Eligible Business Activities; Retail Sales;  
Value-added Agricultural Products; Health Care Services

**Description:**

Amends the definition of "eligible business activity" for enterprise zone program purposes to include retail sales of tangible personal property manufactured and sold in the enterprise zone that is to be used or consumed by the purchaser and not for resale, the processing of value-added agricultural products grown within an enterprise zone, and the provision of professional services by health care professionals in health care related sectors.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

