

Honolulu, Hawaii

MAY 1 2026, 2026

RE: S.B. No. 2360
S.D. 1
H.D. 2
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2360, S.D. 1, H.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Amend the definition of "eligible business activity" for the purposes of the Enterprise Zone Program to include certain retail sales of tangible personal property, processing of certain value-added agricultural products, the Hawaii Food and Product Innovation Network, and the provision of certain professional services by health care professionals;
- (2) For taxable years beginning after December 31, 2026, extend the eligibility period of the state business tax



credit for qualified businesses within state enterprise zones; and

- (3) Beginning January 1, 2028, extend the eligibility period of the general excise tax exemption for qualified businesses within state enterprise zones.

Your Committee on Conference finds that the Enterprise Zone Program was established to increase economic growth by providing tax and regulatory incentives to businesses operating in designated areas in the State. Since the Program's establishment, however, additional sectors that are assets to statewide economic goals and would benefit from inclusion have emerged, such as health care services and value-added agricultural production. This measure therefore expands and modernizes the Enterprise Zone Program to promote long-term economic diversification and resilience.

Your Committee on Conference has amended this measure by:

- (1) Amending the definition of "Hawaii food and product innovation network" to include entities engaged in research, development, testing, production, or commercialization of value-added food products derived from agricultural crops, rather than those derived only from local agricultural crops;
- (2) Inserting a definition of "innovation enterprise";
- (3) Deleting language that would have required a "value-added agricultural product" to meet the criteria established for the seal of quality program managed by the Department of Agriculture and Biosecurity pursuant to section 148-63, Hawaii Revised Statutes;
- (4) Amending the definition of "eligible business activity" to also include:
 - (A) Research, development, sale, or production of all types of medical products and medical and health care services;
 - (B) Aerospace research and development activities; and
 - (C) Information technology design and production services;



- (5) Authorizing the Department of Business, Economic Development, and Tourism to declare up to two census tracts on state land that contain an innovation enterprise to be designated as an enterprise zone, subject to the Governor's approval and notwithstanding certain conditions;
- (6) Requiring the Department of Business, Economic Development, and Tourism, in consultation with the Department of Taxation, to conduct a comprehensive review of the State Enterprise Zones Program and submit a report of its findings to the Legislature no later than twenty days prior to the convening of the Regular Session of 2027;
- (7) Amending section 1 to reflect its amended purpose;
- (8) Inserting an effective date of July 1, 2026; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.


As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2360, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2360, S.D. 1, H.D. 2, C.D. 1.



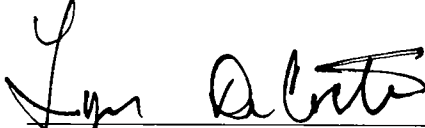
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

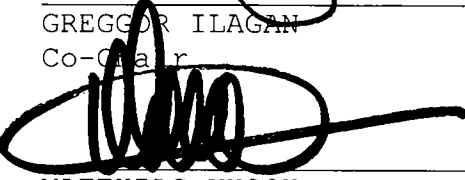
ON THE PART OF THE SENATE



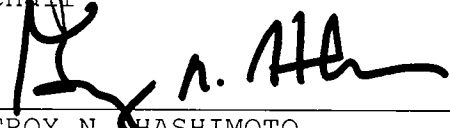
GREGGOR ILAGAN
Co-Chair



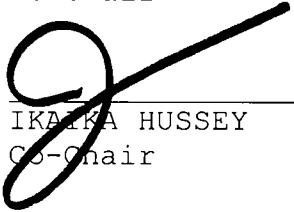
LYNN DECOITE
Chair



MATTHIAS KUSCH
Co-Chair



TROY N. HASHIMOTO
Co-Chair



IKAIKA HUSSEY
Co-Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

LCR 227-26

| | |
|---|--------------------------------|
| Bill / Concurrent Resolution No.: SB 2360, SD 1, HD 2 | Date/Time: 05/01/20 4:49 PM |
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

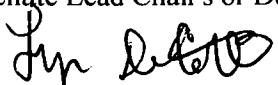
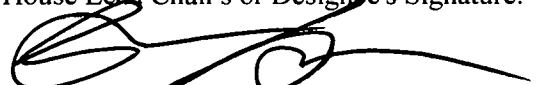
The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

| Senate Managers | A | WR | N | E | House Managers | A | WR | N | E |
|-----------------------------|---|----|---|---|--------------------------|---|----|---|---|
| DECOITE, Lynn, Chr. | ✓ | | | | ILAGAN, Greggor, Co-Chr. | ✓ | | | |
| HASHIMOTO, Troy N., Co-Chr. | ✓ | | | | KUSCH, Matthias, Co-Chr. | ✓ | | | |
| FEVELLA, Kurt | | | | ✓ | HUSSEY, Ikaika, Co-Chr. | ✓ | | | |
| | | | | | TAM, Adrian K. | ✓ | | | |
| | | | | | GEDEON, Joe | ✓ | | | |
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| TOTAL | 2 | 0 | 0 | 1 | TOTAL | 5 | 0 | 0 | 0 |

A = Aye WR = Aye with Reservations N = Nay E = Excused

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| Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted |
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|---|---|
| Senate Lead Chair's or Designee's Signature:  | House Lead Chair's or Designee's Signature:  |
|---|---|

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