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# A BILL FOR AN ACT

RELATING TO STATE ENTERPRISE ZONES.

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

1 SECTION 1. The legislature finds that the State enterprise  
2 zones program was established in 1986 for the purpose of  
3 stimulating business activity, job growth, and job retention in  
4 areas where they are needed the most. These areas, known as  
5 enterprise zones, are designated by the counties and approved by  
6 the governor. Qualified companies who establish themselves in  
7 enterprise zones receive benefits that include state tax credits  
8 and tax waivers, as well as additional incentives provided by  
9 the counties.

10 The legislature further finds that supporting economic  
11 activity around enterprise zones will attract investment, create  
12 high-skilled jobs, and diversify Hawaii's economy consistent  
13 with the State's economic and workforce development goals.

14 Accordingly, the purpose of this Act is to:

15 (1) Expand the activities that would be considered an  
16 eligible business activity within an enterprise zone;  
17 and



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

7 1. By adding a new definition to read:

8        "Hawaii food and product innovation network" means an  
9        entity engaged in research, development, testing, production, or  
10      commercialization of proprietary or novel food products,  
11      including food processing technologies, value-added food  
12      products derived from local agricultural crops, and food science  
13      and nutrition research with commercial applications; provided  
14      that the entity's primary business activity involves such  
15      research, development, testing, production, or  
16      commercialization."

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

**19**        ""Eligible business activity" means the:

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

1 described in section 237-4, or a service business as  
2 defined in this section;

3 (2) Production of agricultural products where the business  
4 is a producer as defined in section 237-5, or the  
5 processing of agricultural products, all or some of  
6 which were grown within an enterprise zone;

7 (3) Research, development, sale, or production of all  
8 types of genetically-engineered medical, agricultural,  
9 or maritime biotechnology products; [or]  
10 (4) Production of electric power from wind energy for sale  
11 primarily to a public utility company for resale to  
12 the public;

13 (5) Hawaii food and product innovation network;  
14 (6) Medical and health care services;  
15 (7) Research and development of aerospace technology; or  
16 (8) Information technology design and production services;  
17 provided that medical cannabis dispensary activities pursuant to  
18 chapter 329D shall not be considered an eligible business  
19 activity for the purposes of this chapter."  
20 3. By amending the definition of "medical and health care  
21 services" to read:



1       ""Medical and health care services" means [medical research  
2       and clinical trials, but not routine medical treatment or  
3       services.] research, development, testing, manufacturing, or  
4       commercialization activities in biotechnology, pharmaceuticals,  
5       pharmacology, medical devices, digital health and health  
6       information technology, clinical and translational research  
7       services, and diagnostic laboratory services. "Medical and  
8       health care services" does not include routine clinical care,  
9       primary care physician services, urgent care operations, or  
10       other health care delivery services that do not involve the  
11       research, development, testing, manufacturing, or  
12       commercialization of new products, technologies, or processes."

13       SECTION 3. Section 209E-4, Hawaii Revised Statutes, is  
14       amended to read as follows:

15       **"§209E-4 Enterprise zone designation.** (a) The governing  
16       body of any county may apply in writing to the department to  
17       have an area declared to be an enterprise zone. The application  
18       shall include a description of the location of the area or areas  
19       in question, and a general statement identifying proposed local  
20       incentives to complement the state and any federal incentives.



9 (1) Twenty-five per cent or more of the population have  
10 incomes below eighty per cent of the median family  
11 income of the county; or  
12 (2) The unemployment rate is 1.5 times the state average.

13                   (c) The department may declare up to two areas in the  
14 State to be designated as an enterprise zone, subject to the  
15 governor's approval."

16 SECTION 4. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

**18** SECTION 5. This Act shall take effect on July 1, 3000.



**Report Title:**

DBEDT; Enterprise Zones; Eligible Business Activity

**Description:**

Expands the activities that would be considered an "eligible business activity" for businesses within an enterprise zone to qualify for enterprise zone benefits. Authorizes the Department of Business, Economic Development, and Tourism to declare up to two areas in the State to be designated as an enterprise zone, subject to the Governor's approval. Effective 7/1/3000. (HD1)

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

