

STAND. COM. REP. NO. **1273**-26

Honolulu, Hawaii

MAR 20, 2026

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

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

Madame:

Your Committee on Economic Development & Technology, to which was referred S.B. No. 2360, S.D. 1, entitled:

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

begs leave to report as follows:

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, 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 credit for qualified businesses within state enterprise zones.



Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Business Development and Support Division of the Department of Business, Economic Development, and Tourism; Agribusiness Development Corporation; Hawai'i Forest Association; Retail Merchants of Hawai'i; Hawaii Food Industry Association; Hawai'i Farm Bureau; Holomua Collaborative; Mana Up; aio; HPM Building Supply; Title Guaranty of Hawai'i; Hawai'i Food+ Policy; Chamber of Commerce Hawaii; Maui Chamber of Commerce; and one individual. Your Committee received comments on this measure from the Department of Taxation; Department of Agriculture and Biosecurity; and Tax Foundation of Hawaii.

Your Committee finds that as part of a long-term economic resilience strategy, the State has been providing targeted support for sectors that will help diversify the economy, including advanced manufacturing, value-added agriculture, local food and value-added products, and health-related sectors. Your Committee further finds that the Enterprise Zone Program, which provides certain tax exemptions, tax credits, and other incentives to eligible businesses, should be updated to include these sectors. Additionally, updating enterprise zone incentives by extending the eligibility period of certain tax exemptions would provide more predictability to businesses. This measure therefore modernizes and strengthens the Enterprise Zone Program by expanding eligible business activities and extending tax credit exemption eligibility periods.

Your Committee has amended this measure by:

- (1) Adding a definition for "Hawaii food and product innovation network" and amending the definition of "eligible business activity" to include the Hawaii food and product innovation network; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2360, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as S.B. No. 2360, S.D. 1, H.D. 1, and be referred to your
Committee on Agriculture & Food Systems.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Technology,



GREGGOR I. LAGAN, Chair



