

STAND. COM. REP. NO.

2693

Honolulu, Hawaii

FEB 20 2026

RE: S.B. No. 2816
S.D. 1

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

Sir:

Your Committees on Economic Development and Tourism and Education, to which was referred S.B. No. 2816 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Increase the number of enterprise zones that may be nominated by each county;
- (2) Authorize enterprise zone designation for census tracts that contain the University of Hawaii John A. Burns School of Medicine and the University of Hawaii Cancer Center; and
- (3) Allow businesses not established in an enterprise zone to qualify for enterprise zone benefits; provided that they have entered into a binding collaboration or contract with a business that is established in the enterprise zone that contains the University of Hawaii John A. Burns School of Medicine and the University of Hawaii Cancer Center.

Your Committees 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; Hawai'i Technology Development Corporation; Hawaii Community Development Authority; Oceanit Laboratories, Inc.; Hawaii Medical Association; and The Queen's Health Systems.

Your Committees received comments on this measure from the Department of Taxation; University of Hawai'i System; Tax Foundation of Hawaii; and Pacific Rim Land, Inc.

Your Committees find that the Enterprise Zones Program was established to stimulate job growth and economic activity in underserved areas of the State. However, as the State's demographics and economic trends evolve, state and county governments require greater flexibility in designating enterprise zones to fulfill the Program's mission. Expanding the Enterprise Zones Program to include more entities will support patient care, economic growth, workforce development, and private-sector investment. This measure modernizes the Enterprise Zones Program to reflect the evolution of economic development and foster the development of innovative sectors such as medical and health care services and research and development of aerospace and information technology.

Your Committees have amended this measure by:

- (1) Deleting language that would have defined "affiliated collaborator";
- (2) Inserting a definition for "innovation enterprise";
- (3) Restoring existing statutory language that authorizes the approval of six enterprise zones in each county;
- (4) Deleting language that would have authorized enterprise zone designation for census tracts that contain the University of Hawaii John A. Burns School of Medicine and the University of Hawaii Cancer Center;
- (5) Authorizing the Department of Business, Economic Development, and Tourism to declare up to two census tracts in the State that contain an innovation enterprise to be designated as an enterprise zone, subject to the Governor's approval;



- (6) Deleting language that would have allowed affiliated collaborators to qualify for enterprise zone benefits and the State Business Tax Credit if they had entered into a binding collaboration or contract with a business that is established in the census tract that contains the University of Hawaii John A. Burns School of Medicine and the University of Hawaii Cancer Center;
- (7) Requiring the Department of Business, Economic Development, and Tourism, in consultation with the Department of Taxation, to:
 - (A) Conduct an in-house comprehensive review of the Enterprise Zones Program established pursuant to chapter 209E, Hawaii Revised Statutes; and
 - (B) Submit a report to the Legislature no later than twenty days prior to the Regular Session of 2027;
- (8) Amending section 1 to reflect its amended purpose;
- (9) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Tourism and Education that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2816, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2816, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Tourism and
Education,



Donna Mercado Kim

DONNA MERCADO KIM, Chair

Lynn DeCoite

LYNN DECOITE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Education
EDU

Bill / Resolution No.:* SB 2816	Committee Referral: EDU/EDU, WAM	Date: 02/19/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
KIDANI, Michelle N. (VC)				/
FUKUNAGA, Carol	/			
HASHIMOTO, Troy N.	/			
DECORTE, Samantha	/			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink File with Committee Report Committee Drafting Agency				

***Only one measure per Record of Votes**