



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

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DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Monday, March 2, 2026
2:00 PM
State Capitol, Conference Room 308

In consideration of
HB2141, HD2
RELATING TO STATE ENTERPRISE ZONES

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Department of Business, Economic Development and Tourism (DBEDT) supports HB2141, HD2, which would strengthen Hawai'i's State Enterprise Zones (EZ) program by: (1) supporting enterprise zone designation for census tracts containing the University of Hawai'i John A. Burns School of Medicine (JABSOM) and the University of Hawai'i Cancer Center; (2) expanding eligible activities to clearly include medical and health care services; and (3) authorizing participation by "affiliated collaborators" outside the zone when there is a binding collaboration agreement with a qualified business located in the designated area.

DBEDT's Economy for Resilience framework focuses on expanding tradable-sector and innovation-driven industries that can raise local wages, increase investment, and diversify Hawai'i's economic base. DBEDT's strategy emphasizes leveraging and modernizing existing incentives, including geographically targeted tools like enterprise zones, so the State can more effectively convert public investments in infrastructure, research capacity, and facilities into private investment, startup formation, and job creation.

This bill is consistent with that approach because it helps align place-based incentives with major public assets and anchors, such as academic medicine and applied research institutions, where Hawai'i can build globally competitive clusters in healthcare technology, biotech, clinical research, and related advanced manufacturing.

Hawai'i faces well-documented cost pressures that impact business viability and expansion decisions. National and widely-used benchmarks consistently identify Hawai'i as a high-cost location for households and employers, including:

- Cost of living: C2ER's Cost of Living Index is one of the standard national references used to compare relative cost pressures across U.S. regions. ([C2ER Cost of Living Index][1])
- Business tax competitiveness: The Tax Foundation's State Tax Competitiveness/Business Tax Climate methodology is a commonly cited national comparison for how states' tax structures affect competitiveness. ([Tax Foundation][2])
- Cost of doing business: DBEDT has also summarized national business climate comparisons (including CNBC's "cost of doing business" measures) in recent analysis of Hawai'i's business cost challenges. ([DBEDT][3])

In a high-cost environment, enterprise zones function as a targeted cost-reduction tool by offering tax credits/waivers and related incentives that can improve project feasibility, reduce early-stage operating burdens, and encourage firms to locate, expand, and hire in designated areas, particularly where the State is already investing in enabling infrastructure and facilities. Economic literature recognizes that tax incentives can alter the "profit equation" of locating in specific areas by reducing costs and improving long-term feasibility, even as outcomes depend on program design and targeting. ([Minnesota Legislature][4])

Healthcare technology and bioscience commercialization are a natural fit for Hawai'i's diversification strategy: they are innovation-intensive, export-capable, and aligned with existing anchors (JABSOM, the Cancer Center, and broader UH research capacity). HB2141, HD2 supports this by (1) enabling enterprise zone designation for the relevant census tracts and (2) expanding participation pathways for firms collaborating with qualified businesses in the zone.

DBEDT respectfully requests two amendments to strengthen the bill's long-term utility and to ensure the EZ program can be aligned with additional State-supported innovation.

1) Amend Section 2 – Add a Definition of "Innovation Center"

Section 2 should be amended by adding:

"Innovation center" means any state-affiliated or supported facility established to facilitate the growth, development, or entrepreneurship of technology-driven or

science-based enterprise initiatives that contribute to the State's economic development, diversification, and workforce advancement goals.

2) Amend Section 3 – Add Governor Authority to Designate Census Tracts Containing an Innovation Center

Section 3 should be amended by adding:

The Department respectfully requests clarification that enterprise zone areas designated pursuant to the John A. Burns School of Medicine or University of Hawai'i Cancer Center eligibility criteria shall not reduce a county's overall enterprise zone capacity or otherwise constrain future designations intended to support economic development objectives. If necessary, the Department is willing to work with the Committee on technical clarifying language to ensure consistency with the eight-area per county limitation reflected in HD2.

These amendments would help ensure the enterprise zones program can be deployed as a nimble competitiveness tool in areas where the State is already making (or will be making) strategic investments in enabling research capacity, and facilities, improving Hawai'i's ability to attract private investment and convert public investments into measurable economic outcomes.

DBEDT supports HB2141, HD2, as a practical step to strengthen Hawai'i's diversification ecosystem, improve business competitiveness in a high-cost environment, and accelerate healthcare technology and bioscience cluster development anchored by world-class institutions. DBEDT respectfully requests the amendments described above.

Thank you for the opportunity to provide testimony.

[1]: https://www.coli.org/?utm_source=chatgpt.com "C2ER Cost of Living Index – the most reliable source of city"

[2]: https://taxfoundation.org/location/hawaii/?utm_source=chatgpt.com "Hawaii Tax Rates & Rankings"

[3]: https://dbedt.hawaii.gov/economic/files/2025/04/Group-3.-Business-Cost.pdf?utm_source=chatgpt.com "Pricing Business Out of Paradise"

[4]: https://www.leg.mn.gov/docs/2005/other/050167.pdf?utm_source=chatgpt.com "Enterprise Zones: A Review of the Economic Theory"



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

BUSINESS DEVELOPMENT AND SUPPORT DIVISION

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Statement of
DENNIS T. LING
Administrator

Business Development and Support Division
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON
FINANCE**

Monday, March 2, 2026
2:00 PM
State Capitol, Conference Room 308

In consideration of
HB2141, HD2
RELATING TO STATE ENTERPRISE ZONES.

Chair Todd, Vice Chair Takenouchi and members of the Committee. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) offers comments on **HB2141, HD2** which increases the number of enterprise zones that may be nominated by each county. It additionally authorizes enterprise zone designation for census tracts that contain the University of Hawaii John A. Burns School of Medicine (JABSOM) and the University of Hawaii Cancer Center (UHCC). The measure further allows 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 census tract that contains JABSOM or UHCC. This bill also defines eligible business activity to include medical and health care services, research and development of aerospace technology and information technology design and production services.

BDSD acknowledges that as Hawaii's demographics change and census tracts become eligible for the Enterprise Zones program, there is value in granting state and

county government greater flexibility in designating more than six (6) enterprise zones per county.

BDSB agrees that JABSOM and UHCC are vital components of Hawaii's economy and attract investment, talent and science-based industries. Allowing the census tracts that contain JABSOM and UHCC to be eligible for enterprise zone designation may stimulate business activity and contribute to job growth in these areas.

Expanding the definition of eligible business activity to include "Affiliate collaborators" reflects the evolution of economic development and encourages public – private partnership. BDSB notes that the Enterprise Zones program's goal is to stimulate job growth and economic activity in underserved areas of the state. Consideration of allowing affiliate collaborators to access program benefits should be made to ensure that there is alignment with the program's intended focus.

BDSB further believes that expanding the program to include medical and health care services, research and development of aerospace technology and information technology design and production services fosters the growth of these sectors and contributes to the State's overall economic stability and diversity. Under this measure, the definition of health care allows a spectrum of practices, including those that may be nonregulated or unlicensed. Delineated and specific program eligibility may help ensure that this measure is implemented as intended.

BDSB defers to the State Department of Taxation for revenue implications, compliance, and administrative issues, e.g., the state tax form N-756 Enterprise Zone Tax Credit would need to be modified.

Thank you for the opportunity to testify.

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

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GARY S. SUGANUMA
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KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

**TESTIMONY OF
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 2141, H.D.2, Relating to State Enterprise Zones.

BEFORE THE:

House Committee on Finance

DATE: Monday, March 2, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 308

Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 2141, H.D.2, for your consideration.

H.B. 2141, H.D.2, amends section 209E-2 and -9, Hawaii Revised Statutes (HRS), to allow an "affiliated collaborator" to be treated as a qualified business for the limited purpose of receiving state and county enterprise zone (EZ) benefits when the collaborator has entered into a binding, written agreement with a qualified, established business located within the EZ. The bill specifically identifies the University of Hawai'i (UH) John A. Burns School of Medicine, and the UH Cancer Center, as qualified, established businesses, and limits the collaborator's eligibility for benefits to not more than seven years while subject to termination if the written agreement expires, terminates, or is breached.

An "affiliated collaborator" is defined as a Hawaii-based business that has entered an agreement as noted above, is engaged in an eligible business activity, and is not established within an EZ but conducts economic activity including Hawai'i-based payroll, research expenditures, and clinical operations in the same county as the affiliated EZ business.

The bill also amends the definition of “eligible business activity” by deleting the term “genetically engineered” and adding the following new categories:

- “Medical and health care services,”
- “Research and development of aerospace technology,” and
- “Information technology design and production services.”

H.B. 2141, H.D.2, also amends section 209E-4, HRS, by increasing the Governor’s authority to approve the designation of EZs in each county from six to eight and adds a criterion that each census tract in which each EZ is located may now also be qualified if the tract contains the UH John A. Burns School of Medicine or the UH Cancer Center.

The bill also amends section 209E-10, HRS, by extending the State business tax credit to “affiliated collaborators” certified under this chapter but only with respect to income, gross receipts, and payroll directly attributable to and resulting from each “certified partnership,” “collaboration,” or “binding agreement” with an established qualified EZ business.

The bill has a defective effective date of July 1, 3000.

DOTAX recommends that the bill be amended to apply to taxable years beginning after December 31, 2026, to allow time to make necessary form and instruction changes.

Thank you for the opportunity to provide comments on this measure.

C. Kimo Alameda, Ph.D.
Mayor



Benson Medina
Director

William V. Brillhante, Jr.
Managing Director

Dennis Lin
Deputy Director

DEPARTMENT OF RESEARCH AND DEVELOPMENT

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March 2, 2026

TESTIMONY IN SUPPORT

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

Monday, March 2, 2026
2:00pm
CONFERENCE ROOM 308

TESTIMONY ON HB 2141 HD1 Relating to State Enterprise Zones

Dear Chair Todd, Vice Chair Takenouchi, and Committee Members,

My name is Benson Medina, Director of the County of Hawaii, Department of Research and Development. Our Department is committed to fostering a stronger, more resilient, and culturally rooted future for our island community. Our programs cover Business and Industry Development, Agriculture and Food Systems, Regenerative Tourism, Film and Creative Media, Community Well-being, and Workforce Development.

Our Department is in **SUPPORT for HB2141 HD1**, which increases the number of enterprise zones that may be nominated by each county and expands the eligible activities to include aerospace technology, information technology design and production services.

We are appreciative of the additional activity of **Hawaii food and product innovation network** to the list of eligible business activities.

We have seen successful utilization of the State's Enterprise Zone program with 104 businesses graduating from the program and 31 currently enrolled.

We appreciate the introducers for the thoughtful additions to the program and look forward to this bill's positive impact on our economy.

We thank you for your consideration of HB2141 HD1 and ask for your support in advancing this bill.

Sincerely,

Benson Medina,
Director, Department of Research and Development

Written Statement of
Trung Lam, Executive Director

before the
House Committee on Finance

Monday, March 2, 2026
2:00 pm
Conference Room 308 & Videoconference

In consideration of
HB2141
RELATING TO STATE ENTERPRISE ZONES

Chair Todd, Vice Chair Takenouchi, and Members of the Committee,

The Hawai'i Technology Development Corporation (HTDC) supports the intent of HB2141 HD2 to modernize and strategically expand the enterprise zone framework in ways that better align with Hawai'i's evolving innovation economy.

HB2141 appropriately recognizes the importance of research-driven institutions such as the University of Hawai'i John A. Burns School of Medicine and the University of Hawai'i Cancer Center as anchors of biomedical research, commercialization, and workforce development. Including these areas within the enterprise zone structure strengthens the connection between research activity and private sector growth.

HTDC respectfully requests a technical amendment to Section 3(b)(3) to expressly include state-run innovation centers in addition to the School of Medicine. State-operated innovation centers—such as HTDC facilities and other publicly supported research and commercialization hubs—serve a similar economic development function. They aggregate startups, attract federal research funding, support commercialization, and foster cluster development in strategic sectors including ocean, space, health, and advanced manufacturing. Explicitly including state-run innovation centers would ensure policy consistency and allow the enterprise zone program to support innovation wherever it is intentionally being cultivated by the State.

This addition would not alter the core purpose of the bill but would provide flexibility to align enterprise zone tools with Hawai'i's broader economic diversification strategy. As the State continues investing in innovation infrastructure, it is important that complementary incentive programs remain adaptable and coordinated.

HTDC appreciates the Legislature's leadership in strengthening economic development policy and respectfully requests consideration of this clarifying amendment. Mahalo for the opportunity to testify.



TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, GENERAL EXCISE, UNEMPLOYMENT, Add to eligible Enterprise Zones including collaborators with John A. Burns School of Medicine

BILL NUMBER: HB 2141 HD2

INTRODUCED BY: HED

EXECUTIVE SUMMARY: Increases the number of enterprise zones that may be nominated by each county. Authorizes enterprise zone designation for census tracts that contain the University of Hawai'i John A. Burns School of Medicine and the University of Hawai'i Cancer Center. 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 census tract that contains the University of Hawai'i John A. Burns School of Medicine or the University of Hawai'i Cancer Center. Effective 7/1/3000. (HD2)

SYNOPSIS: Amends section 209E-2, HRS, to add a definition of "affiliated collaborator" as a Hawaii-based business that: (1) Is not established within an enterprise zone but has entered into a written, binding agreement with a qualified business established in the enterprise zone that includes the university of Hawaii John A. Burns school of medicine and the university of Hawaii cancer center to perform an eligible business activity; (2) Is engaged in an eligible business activity; and (3) Conducts economic activity, including Hawaii-based payroll, research expenditures, and clinical operations, in the same county as the qualified business described in paragraph (1).

Also adds the following as eligible business activities:

- Production of all types of medical, agricultural, or maritime biotechnology products (not limited to genetically engineered products)
- Medical and health care services;
- Research and development of aerospace technology; or
- Information technology design and production services.

Amends section 209E-4, HRS, to designate as an enterprise zone the census tract that contains JABSOM.

Amends section 209E-9, HRS, to allow an affiliated collaborator as an eligible business if: (1) The affiliated collaborator shall have a written, binding agreement with a qualified business established in the enterprise zone that includes the university of Hawaii John A. Burns school of medicine or the university of Hawaii cancer center; (2) The affiliated collaborator shall maintain a valid binding agreement for the duration of its eligibility; provided that the affiliated collaborator's eligibility for enterprise zone benefits shall terminate upon the expiration,

termination, or breach of the agreement; and (3) The affiliated collaborator's eligibility for enterprise zone benefits shall not exceed seven years.

Amends section 209E-10 to provide that an affiliated collaborator certified under this chapter shall be eligible for enterprise zone benefits only with respect to income, gross receipts, and payroll that are directly attributed to and derived from each certified partnership, collaboration, or binding agreement with a qualified business established in the enterprise zone that includes the university of Hawaii John A. Burns school of medicine or the university of Hawaii cancer center.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: The enterprise zone program was enacted as a cooperative program between the state and the counties to promote jobs in areas of high unemployment. Certain areas are designated as enterprise zones through joint action of the state and counties. In a zone, the state offers an income tax credit for the tax attributable to the eligible business conducted in the zone, which is normally applied on a sliding scale – 80% for the first year, 70% for the second, and so on until the credit is 20% for the seventh and last year in the program (under current law). It also offers an unemployment tax credit for the tax attributable to employees doing the eligible business in the zone, on the same sliding scale. Finally, the state offers a general excise tax exemption for the eligible business attributed to the zone. The counties also offer incentives, which vary by county. In return, the business commits to either maintain or increase the number of employees in the zone doing the eligible activity, depending on whether it was already in the zone upon designation or moved to the zone.

As business incentives go, the enterprise zone program is better than most. The incentive applies to a specific activity (here, creating and maintaining employment) targeted to the problem the program seeks to address. The incentive tapers off over time and then stops. It requires accountability, namely required reports to DBEDT for a business to retain its eligibility. The business itself may need a different kind of assistance, such as financing, but the state is here focusing on creating and maintaining jobs in areas that need them.

One criticism of the program is that the designated eligible activities do not seem to have a common thread running through them except that the various activities seem to have been the Flavor of the Month at one time or another. Eligible activities at present are:

- Agricultural production or processing
- Manufacturing
- Wholesaling/Distribution
- Aviation or maritime repair or maintenance
- Telecommunications switching and delivery systems
- Information technology design and production
- Medical research, clinical trials, and telemedicine

- For-profit training programs in international business management or environmental remediation
- Biotechnology research, development, production, or sales
- Repair or maintenance of assisted technology equipment
- Certain types of call centers
- Wind energy producers

The enterprise zone program has been around since 1986. Has there been a comprehensive evaluation of the program and do lawmakers know exactly how much bang they have gotten for their bucks? If the program works, great; if it doesn't work, scrap it. In either event, concurrent efforts must be made to improve Hawaii's business climate to enhance the economic prospects for all businesses.

Digested: 2/28/2026



Hawaii Medical Association

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HOUSE COMMITTEE ON FINANCE

Representative Chris Todd, Chair

Representative Jenna Takenouchi, Vice Chair

Date: March 2, 2026

From: Hawaii Medical Association (HMA)

Elizabeth Ann Ignacio MD - Chair, HMA Public Policy Committee

Christina Marzo MD and Robert Carlisle MD, Vice Chairs, HMA Public Policy Committee

RE HB 2141 HD2 RELATING TO STATE ENTERPRISE ZONES. Enterprise Zones; University of Hawai'i John A. Burns School of Medicine; University of Hawai'i Cancer Center; Affiliated Collaborators
Position: Support

This measure would increase the number of enterprise zones that may be nominated by each county, authorize enterprise zone designation for census tracts that contain the University of Hawai'i John A. Burns School of Medicine and the University of Hawai'i Cancer Center, 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 census tract that contains the University of Hawai'i John A. Burns School of Medicine or the University of Hawai'i Cancer Center. Effective 7/1/3000. (HD2)

HMA supports this measure as amended. The bill will encourage new business investment and high-quality employment opportunities, as well as attract talent and science-based industries that collaborate with University of Hawai'i John A. Burns School of Medicine and the University of Hawai'i Cancer Center, in alignment with the State's broader workforce and development priorities.

HMA supports these efforts to grow economic opportunities across our islands and encourage collaborations that strengthen Hawaii's healthcare innovation ecosystem.

Thank you for allowing the Hawaii Medical Association to testify in support of this measure.

2026 Hawaii Medical Association Public Policy Coordination Team

Elizabeth A Ignacio, MD, Chair • Robert Carlisle, MD, Vice Chair • Christina Marzo, MD, Vice Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director

2026 Hawaii Medical Association Officers

Nadine Tenn-Salle, MD, President • Jerald Garcia, MD, President Elect • Elizabeth Ann Ignacio, MD, • Immediate Past President
Laeton Pang, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

REFERENCES AND QUICK LINKS

University of Hawaii. "JABSOM, UH Cancer Center Launch Coordination Effort." *University of Hawai'i News*, 16 Jan. 2026, hawaii.edu/news/2026/01/16/jabsom-cancer-center-coordination/. Accessed 15 Feb. 2026.

Maui Business and Community. "Hawaii Enterprise Zone Program." *Maui Business and Community Incentives*, mauibusiness.org/incentives. Accessed 15 Feb. 2026.

UH Office of Innovation and Commercialization. "University of Hawai'i at Mānoa Research & Innovation Data." *UH Office of Innovation and Commercialization*, hawaii.edu/ovppp/thirddecade/annex%20B-UHprograms.html. Accessed 15 Feb. 2026.

University of Hawaii. *Hawai'i Innovation Initiative (HI2)*, hawaii.edu/its/hawaii-innovation-initiative-hi2/. Accessed 15 Feb. 2026.

2024 Hawaii Medical Association Officers

Elizabeth Ann Ignacio, MD, President • Nadine Tenn-Salle, MD, President Elect • Angela Pratt, MD, Immediate Past President
Jerris Hedges, MD, Treasurer • Thomas Kosasa, MD, Secretary • Marc Alexander, Executive Director

2024 Hawaii Medical Association Public Policy Coordination Team

Beth England, MD, Chair
Linda Rosehill, JD, Government Relations • Marc Alexander, Executive Director



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
Members, House Committee on Finance

From: Jace Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: March 2, 2026

Re: Support of HB2141 HD2 – Relating to State Enterprise Zones.

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in support of HB2141 HD2, which increases the number of enterprise zones that may be nominated by each county and authorizes enterprise zone designation for census tracts that contain the University of Hawai'i John A. Burns School of Medicine and the University of Hawai'i Cancer Center. The Queen's Medical Center is a long-standing member of the University of Hawai'i Cancer Consortium, of which members have a common goal to eliminate cancer through research. The UH Cancer Center is one of only 73 institutions in the United States that hold the prestigious National Cancer Institute (NCI) designation and is the only NCI-designated center in the Pacific. The NCI designation provides cancer researchers in Hawai'i with greater access to federal funding and research opportunities. More importantly, it gives the people of Hawai'i and the Pacific region access to many innovative and potentially life-saving clinical trials without the necessity of traveling to the mainland.

HB2141 HD2 will further ensure that Hawai'i is seen as a competitive health innovation; thus, expanding opportunities for critical clinical trials, translational research, precision oncology, medical device development, and health data innovation.

Mahalo for allowing Queen's to provide testimony in support of HB2141 HD2.

The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



February 28, 2026

House Committee on Finance
TESTIMONY ON HB2141 HD2
Relating to State Enterprise Zones

By

Ryan Churchill, President
Pacific Rim Land, Inc.
1300 North Holopono Street
Kihei, Hawaii 96753

Dear Chair Todd, Vice Chair Takenouchi, and Members of the Committee.

BACKGROUND. Līpoa, formerly known as the Maui Research & Technology Park, is a master-planned community built around innovation that responds to Maui's pursuit of a diversified economic future. A locally owned entity, Pacific Rim Land has been steadfast partner in Līpoa's 38-year journey, taking on full ownership of its future development in 2019.

Today, the uniquely designed 400-acre LĪPOA is now the venue for research and development aerospace, information technology, high performance computing, disaster mitigation and management and more. Nearly 800 residents work as contractors, specialists, entrepreneurs, academics, and service providers. Hundreds more converge regularly for meetings to collaborate on innovative world-class solutions.

REQUESTED AMENDMENTS. The current version of HB2141 HD2 leaves the existing enterprise zone (EZ) census tract boundary as is which **cuts through the center of Līpoa**. **This renders the section north of Līpoa Parkway eligible for Enterprise Zone benefits and the section south of Līpoa Parkway not eligible for those benefits.** The south section (in purple) is where Līpoa hopes to attract future business growth. The attached map illustrates the challenge.

The section south of Līpoa Parkway includes the Maui high-performance computing center, the state's Maui Research & Technology Center incubator, and the new home for Space Force. Given

these anchor operations, we anticipate and have planned for continued growth in the southern portion of Lipoa for businesses engaged in complementary innovation activities.

To better meet the intent of this bill, we request that the measure be amended to

- Create a new statutory category of "innovation centers" in Section 2
- Allow the Governor, upon recommendation of the DBEDT Director, to directly designate census tracts containing qualifying innovation centers as Enterprise Zones.

This approach would allow the census tract which contains an innovation center in the form of the Maui R & T Center (which is an innovation center) to qualify as an Enterprise Zone, thereby encompassing the entirety of the southern section of Lipoa.

SUPPORT OF CLASSIFICATIONS. We also support the inclusion of the two additional classifications necessary for Lipoa to qualify for enterprise zone benefits:

1. research and development of aerospace technology, and
2. information technology design and production services.

These categories would ensure that Lipoa's recent expansion into space-related initiatives has a clear statutory pathway to eligibility, supporting continued growth and innovation in this sector.

Thank you for the opportunity to provide testimony and for your thoughtful consideration of these requested amendments.





Written Statement of
DR. PATRICK SULLIVAN
FOUNDER & CEO, OCEANIT

Before the
HOUSE COMMITTEE ON FINANCE

Monday, March 2, 2026
2:00 p.m.
State Capitol, Conference Room 308 and Videoconference

In Support of
HB2141 HD2 RELATING TO STATE ENTERPRISE ZONES

To: Chair Representative Chris Todd, Vice Chair Representative Jenna Takenouchi,
and Members of the Committee
From: Dr. Patrick Sullivan, Founder & CEO, OCEANIT
Re: Testimony in Support of HB2141 HD2

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Oceanit Laboratories, Inc. respectfully submits this testimony in support of HB 2141. This measure would strengthen Hawai'i's enterprise zone program, providing targeted incentives for businesses that create jobs and invest in underserved areas of our state.

As a Hawai'i-based technology and innovation company that has operated here for 40 years, we understand the importance of state policies that encourage business investment and job creation. Enterprise zones have been an effective tool in states across the country, and modernizing Hawai'i's program will help attract and retain the types of businesses that offer high-wage employment opportunities for our residents.

UHERO's recent report, "Beyond the Price of Paradise," documents that Hawai'i has experienced 23 of 25 years of net outmigration and that our cost-of-living-adjusted wages rank 43rd nationally. Enterprise zones that incentivize job creation in targeted sectors can help address these challenges by providing pathways to quality employment for local residents.

We would also support efforts to ensure that qualifying business activities are clearly defined to focus incentives on sectors with the greatest potential for economic impact.

We respectfully urge the Committee to pass HB 2141.



March 2, 2026

Representative Chris Todd, Chair
Representative Jenna Takenouchi, Vice Chair
House Committee on Finance

Support for HB 2141, HD2, RELATING TO STATE ENTERPRISE ZONES (EZ) (Increases the number of EZ that may be nominated by each county. Authorizes EZ designation for census tracts that contain the University of Hawai‘i John A. Burns School of Medicine (JABSOM) and the University of Hawai‘i (UH) Cancer Center. Allow businesses not established in an EZ 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 census tract that contains JABSOM or the UH Cancer Center. Effective 7/1/3000. [HD2])

**Monday, March 2, 2026, at 2:00 p.m.
State Capitol, Conference Room 308 & VIA VIDEOCONFERENCE**

The Land Use Research Foundation of Hawaii (LURF) is a private research and trade organization originally founded in 1979, whose members include major Hawaii landowners, developers, real estate investment trusts, utility companies, and land use professionals. LURF’s mission is to research, educate, and advocate for reasonable, rational, and equitable land use planning, laws, and regulations that encourage well-planned economic growth, agriculture, housing, renewable energy, commercial and industrial uses, health care, and tourism, while safeguarding Hawaii’s significant natural, historic, and cultural resources, public health, and safety.

LURF is in **support of HB 2141, HD2, relating to State Enterprise Zones**, particularly the definition of “affiliated collaborator,” which would allow a business not established in an EZ, to qualify for EZ benefits provided that the business has entered into a written, binding agreement with a qualified business established in the EZ that includes the census tracts that contain the JABSOM and the UH Cancer Center. This measure reflects the evolution of economic development and health care in Hawai‘i by modernizing the EZ Program to allow more health care facilities to qualify for EZ benefits. His measure will incentivize private sector investment through EZ designation which can accelerate clinical research and trials, medical device development, and the commercialization of new health treatments and technologies.

Based on the reasons stated above, LURF is in **support of HB 2141, HD2**, and respectfully requests your favorable consideration of this bill. Thank you for the opportunity to provide comments in support of this measure.

HB-2141-HD-2

Submitted on: 3/2/2026 1:28:00 AM

Testimony for FIN on 3/2/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Angela Young	CARES Community Advocacy Research Education Services	Support	Remotely Via Zoom

Comments:

Support

HB-2141-HD-2

Submitted on: 2/28/2026 8:35:03 PM

Testimony for FIN on 3/2/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!! MAHALO!