



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

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

**BUSINESS DEVELOPMENT AND SUPPORT DIVISION**

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
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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  
ECONOMIC DEVELOPMENT & TECHNOLOGY**

Wednesday, February 18, 2026  
9:30 AM  
State Capitol, Conference Room 423

In consideration of  
**HB2201**  
**RELATING TO STATE ENTERPRISE ZONES.**

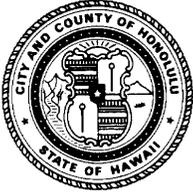
Chair Ilagan, Vice Chair Hussey and members of the Committee. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) supports **HB2201** and offers comments on this bill which amends the definition of "eligible business activity" for enterprise zone program to include recycling facilities and film production. This bill also seeks to increase the number of enterprise zones that may be nominated by each county from six (6) to eight (8).

BDSD agrees that recycling and film production are vital and growing sectors of Hawaii's Economy. Offering support to these sectors through the incentives offered by the Enterprise Zones program, fosters business growth and contributes to the State's overall economic stability and diversity.

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 Enterprise Zones.

BDSB respectfully defers to the State Department of Taxation for revenue implications, compliance, and administrative procedures.

Thank you for the opportunity to testify.



# HONOLULU CITY COUNCIL

*KE KANIHELA O KE KALANA O HONOLULU*

530 S. KING ST. STE. 202, HONOLULU, HI 96813

ANDRIA TUPOLA  
HONOLULU CITY COUNCIL  
DISTRICT I  
TELEPHONE: (808) 768-5001  
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EMAIL: atupola@honolulu.gov

February 18, 2026

**TO:** Committee on Economic Development & Technology

**RE:** H.B. No. 2201 – RELATING TO STATE ENTERPRISE ZONES  
TESTIMONY IN STRONG SUPPORT WITH PROPOSED AMENDMENT

Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Thank you for the opportunity to submit testimony in strong support of H.B. No. 2201. This measure thoughtfully strengthens the State Enterprise Zone Program by expanding the number of enterprise zones that may be designated in each county and broadening the definition of “eligible business activity” under section 209E-2, Hawaii Revised Statutes. These updates will help stimulate investment, create jobs, and expand economic opportunities in communities that need them most.

**I respectfully request that the Committee consider further broadening the definition of “eligible business activity” to include outdoor recreation and related service industries that promote public safety, workforce development, education, and community-based economic activity.** Hawaii’s economy increasingly benefits from diversified recreation, experiential services, and community-based enterprises that:

- Support local job creation in rural and underutilized areas;
- Provide structured, safety-focused services;
- Offer training and workforce development pathways;
- Attract both residents and visitors; and
- Contribute to responsible, regulated economic activity.

By incorporating a broader category of outdoor recreation and related service industries, the Legislature can ensure that the Enterprise Zone Program remains adaptable, future-oriented, and reflective of Hawaii’s evolving economic landscape — without limiting eligibility to traditional sectors alone. This approach aligns with the bill’s intent to modernize and expand economic opportunity while maintaining appropriate policy guardrails.

I respectfully urge the Committee to pass H.B. No. 2201 and to consider this additional clarification to further strengthen the measure. Thank you for your leadership and consideration.

Mahalo,

A handwritten signature in black ink that reads "A. Tupola".

Andria Tupola, Ph.D.  
Honolulu City Councilmember, District 1  
‘Ēwa Beach, Kapolei, Nānākuli, Wai‘anae

# TAX FOUNDATION OF HAWAII

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735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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**SUBJECT:** INCOME, GENERAL EXCISE, UNEMPLOYMENT, Increases Number of Enterprise Zones and Adds Recycling and Film Production as Qualified Activities

**BILL NUMBER:** HB 2201, SB 2586

**INTRODUCED BY:** HB by GARCIA, ALCOS, GEDEON, ILAGAN, IWAMOTO, KAHALOA, KILA, MATSUMOTO, MURAOKA, REYES ODA, SHIMIZU, TEMPLO; SB by GABBARD, CHANG, HASHIMOTO, MORIWAKI

**EXECUTIVE SUMMARY:** Increases the number of enterprise zones that may be nominated by each county. Amends the definition of "eligible business activity" to include recycling facilities and film production.

**SYNOPSIS:** Amends section 209E-2, HRS, to add the following as eligible business activities:

- Operation of a recycling facility, as defined in section 342G-101, HRS; or
- Film production or operation of a film studio.

Amends section 209E-4, HRS, to allow up to eight areas in each county as enterprise zones, up from six.

**EFFECTIVE DATE:** Upon approval.

**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. 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 other. 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; extend the tax benefits; 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: 2/16/2026



February 17, 2026

The Honorable Greggor Ilagan, Chair  
The Honorable Ikaika Hussey, Vice Chair  
and Members of the Committee on Economic Development & Technology

Subject: Testimony: HB2201 Relating to State Enterprise Zones  
Hearing: February 18, 2026 at 9:30 AM, Conference Room 423

Dear Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Legacy Ventures supports HB2201 and respectfully requests amendments to strengthen its impact.

HB2201 appropriately expands the number of enterprise zones (EZs) that may be nominated by each county and broadens the definition of “eligible business activity.” The Enterprise Zone program has proven to be one of the State’s most cost-effective economic development tools.

In 2020, the Department of Business, Economic Development and Tourism reported that Enterprise Zone companies created or maintained 1,095 jobs at a state cost of approximately \$2,470 per job. Over the past five years, the cost per job has remained below \$2,500, demonstrating that EZ incentives are an efficient and accountable use of taxpayer resources when compared to other economic development programs.

The COVID-19 pandemic underscored the risks associated with economic overconcentration in a single industry. Regions with diversified economic bases recovered more quickly and demonstrated greater resilience. Enterprise Zones provide the State with a strategic mechanism to promote diversification, support emerging industries, and stimulate investment in areas that have experienced prolonged economic stagnation.

Kalaeloa is one such area. Since the closure of Barbers Point Naval Air Station in 1999, redevelopment has progressed more slowly than originally envisioned. To accelerate meaningful reinvestment, we respectfully request that the definition of “eligible business activity” be amended to include:

*“Outdoor recreation and related services that strengthen public safety, invest in workforce skills, promote education, and stimulate economic growth.”*

This amendment aligns with the core purpose of the Enterprise Zone program—to catalyze private investment, create quality jobs, and expand economic opportunity in underutilized regions. For these reasons, Legacy Ventures respectfully requests passage of HB2201 with amendments.

Mahalo for the opportunity to testify.

A handwritten signature in black ink, appearing to read 'Pamela Witty-Oakland', is written over a horizontal line.

Pamela Witty-Oakland

February 17, 2026

The Honorable Greggor Ilagan, Chair  
The Honorable Ikaika Hussey, Vice Chair  
and Members of the Committee on Economic Development & Technology

Subject: Testimony: HB2201 Relating to State Enterprise Zones  
Hearing: February 18, 2026 at 9:30 AM, Conference Room 423

Dear Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

Stanford Carr Development strongly supports HB2201 and urges its passage with amendments to maximize its economic impact.

HB2201 appropriately recognizes that enterprise zones (EZs) are one of the State's most effective economic development tools. By increasing the number of zones that may be nominated by each county and expanding the definition of "eligible business activity," the measure strengthens Hawai'i's ability to attract investment, support job creation, and stimulate regional economic growth.

The North Kohala Enterprise Zone on Hawai'i Island illustrates the long-term value of this program. Re-designated in 2020 for an additional 20 years, the zone has provided sustained economic stimulus to a rural community by incentivizing private investment and expanding employment opportunities in an area that has historically faced economic hardship. This is precisely the type of strategic, place-based development tool the State should be expanding—not limiting.

At present, Hawai'i is constrained to 20 enterprise zones statewide, with each county limited to six nominations. This artificial cap restricts the State's flexibility at a time when economic diversification and redevelopment are top priorities. Expanding the number of available zones is not merely beneficial—it is necessary to ensure that high-impact areas are not excluded due to outdated statutory limitations.

Accordingly, we urge the Committee to further amend HB2201 to explicitly authorize enterprise zone eligibility for new businesses located within the Stadium Development District as part of the Aloha Stadium redevelopment initiative. The State has committed to transforming this area into a premier entertainment, commercial, and mixed-use destination. To achieve that vision, enterprise zone incentives must be aligned with this catalytic redevelopment effort.

We respectfully request passage of HB2201 with amendments to expand enterprise zone eligibility to include the Stadium Development District.

Sincerely,



Stanford S. Carr



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON  
ECONOMIC DEVELOPMENT & TECHNOLOGY  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423  
WEDNESDAY, FEBRUARY 18, 2026 AT 9:30 A.M.**

To The Honorable Representative Greggor Ilagan, Chair  
The Honorable Representative Ikaika Hussey, Vice Chair  
Members of the Committee on Economic Development & Technology

**SUPPORT FOR HB2201 RELATING TO STATE ENTERPRISE ZONES**

The Maui Chamber of Commerce supports HB2201 as it expands the scope and reach of the State's enterprise zone program, a proven tool for stimulating local economies, encouraging investment, and supporting industries critical to long-term resilience.

By increasing the number of enterprise zones each county may nominate, the bill enables more communities, including those on the neighbor islands, to benefit from targeted incentives. This flexibility is particularly timely for areas like Maui, where businesses continue to face challenges related to disaster recovery, workforce shortages, and broader economic uncertainty. Expanding enterprise zone access can help attract new investment, support job creation, and provide much-needed relief to struggling sectors.

The inclusion of recycling facilities and film production in the definition of "eligible business activity" aligns with our commitment to economic diversification. Supporting recycling facilities advances sustainability goals, encourages innovation, and creates green jobs. Similarly, recognizing film production as an eligible activity leverages Hawai'i's unique cultural and natural assets, potentially attracting outside investment and building a creative industry ecosystem that benefits local talent and businesses.

Mahalo for the opportunity to share our support of HB2201.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

**HB-2201**

Submitted on: 2/13/2026 1:42:40 PM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Susan Duffy	Individual	Support	Written Testimony Only

Comments:

I **strongly support** HB 220 relating to State Enterprise Zones. This measure strengthens Hawai‘i’s economic development strategy by expanding eligible industries and increasing the number of enterprise zones in economically distressed areas. By supporting agriculture, manufacturing, renewable energy, recycling, biotechnology, and film production, this bill promotes economic diversification and creates meaningful local jobs where they are most needed. Enterprise Zones are a smart, targeted way to encourage private investment while uplifting communities facing high unemployment and lower incomes. HB 220 represents a balanced and forward-thinking approach to growing Hawai‘i’s economy sustainably and strategically. I respectfully urge your **support**.

**HB-2201**

Submitted on: 2/13/2026 2:48:26 PM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Terri Yoshinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill.

**HB-2201**

Submitted on: 2/13/2026 7:16:28 PM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Jacob Wiencek	Individual	Support	Written Testimony Only

Comments:

Aloha Committee Members,

This is an excellent proposal to enhance the competitiveness of our private sector economy. We've got to grow opportunity in Hawaii. I urge the committee to **SUPPORT** this proposal!

**HB-2201**

Submitted on: 2/14/2026 5:09:25 PM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lanette Bourg	Individual	Support	Written Testimony Only

Comments:

HB2201 is a good idea; I am in support of it.

**HB-2201**

Submitted on: 2/16/2026 8:26:05 AM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

WILL HELP GROW THE ECONOMY.

**HB-2201**

Submitted on: 2/17/2026 11:13:08 AM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Mary Smart	Individual	Support	Written Testimony Only

Comments:

I support HB2201.

We need to encourage activities that will provide jobs and increase income/wages in our state.

Please pass HB2201.

**HB-2201**

Submitted on: 2/17/2026 2:44:30 PM

Testimony for ECD on 2/18/2026 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Peggy Regentine	Individual	Support	Written Testimony Only

Comments:

I support HB2201.