

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

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

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

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

Thursday, April 2, 2026  
2:00 PM  
State Capitol, Conference Room 308

In consideration of  
**SB2360, SD1, HD2**  
**RELATING TO STATE ENTERPRISE ZONES.**

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

The Department of Business, Economic Development & Tourism (DBEDT) **supports** SB2360, SD1, HD2, which modernizes and strengthens Hawai'i's Enterprise Zone (EZ) Program as a strategic economic development tool. Importantly, the HD2 amendments further strengthen this measure by explicitly defining and incorporating the Hawai'i Food and Product Innovation Network (FPIN) as an eligible business activity, aligning the Enterprise Zone (EZ) program with the State's investments in food innovation, value-added production, and supply chain resiliency.

Hawai'i's economy is at a transition point. The State has been intentional in targeting industry sectors that can diversify the economy, increase local production, build export capacity, and create higher-wage career pathways. DBEDT's statewide economic framework focuses on anchoring and expanding industries including advanced manufacturing, value-added agriculture, food innovation, technology and innovation, creative industries, energy, and health-related sectors. This framework emphasizes that infrastructure and facilities alone are not enough, they must be paired with targeted policy tools and incentives to help firms start, scale, and remain in Hawai'i.

SB2360, SD1, HD2, helps align the EZ program with how modern businesses operate and how Hawai'i must compete.

1. Aligning Incentives with Targeted Industries  
The bill expands eligibility to include:

- Retail sales of tangible personal property manufactured within the zone
- Processing of value-added agricultural products
- The Hawai'i Food and Product Innovation Network (FPIN)
- Professional health-care related services

These updates directly support sectors the State is intentionally growing:

- Value-added agriculture & food manufacturing – central to food security, local production, and export growth
- Advanced and small-scale manufacturing – critical for import substitution and brand-based exports
- Healthcare and health services – a growing sector tied to workforce development and innovation
- Food and Product Innovation (FPIN) – enabling research, development, testing, and commercialization of value-added food products and technologies, directly supporting Act 151 (food production), Act 175 (DOE food systems), and the State's broader food security and resiliency strategy

To ensure program integrity and avoid unintended expansion, DBEDT recommends that eligibility criteria, particularly for FPIN and value-added products, be clearly tied to production-oriented activities, commercialization outcomes, and use of local inputs where feasible, consistent with concerns raised regarding definitional clarity.

This alignment ensures the EZ program supports industries that are part of Hawai'i's long-term economic resilience strategy rather than legacy business models.

## 2. Incentives That Help Businesses Scale

Hawai'i businesses face higher operating costs, limited access to facilities, and barriers to scaling production. EZ incentives help bridge the "valley of death" between startup and commercial scale by improving cash flow during the most fragile growth years. These incentives include:

- State business tax credits
- General excise tax exemptions on eligible activities
- Unemployment tax credits
- County-level fee waivers and permitting assistance

Extending eligibility periods (from 7 to 9 years, and longer for manufacturing and agricultural processing) recognizes the longer runway required in Hawai'i for capital-intensive sectors such as food processing, manufacturing, and production-oriented businesses. These firms often invest heavily in equipment, facilities, and workforce training before achieving full production scale. Stability and predictability in incentives are essential to attracting, anchoring, and retaining them.

To strengthen accountability and evaluate program effectiveness, DBEDT supports incorporating performance tracking tied to:

- Job creation and wage growth
- Increase in local production and import substitution
- Growth in exports of Hawai'i-made products
- Utilization of shared-use infrastructure

These metrics will ensure that extended tax incentives translate into measurable economic outcomes aligned with the State's resilience strategy.

### 3. Supporting Place-Based Economic Development

Enterprise Zones function as a deployment mechanism for State investments in infrastructure and facilities, including food innovation centers, manufacturing hubs, and regional production nodes. Aligning EZ incentives with these investments ensures:

- Higher utilization of State-funded facilities
- Co-location of businesses to create industry clusters
- Increased return on public infrastructure investments

### 4. Modernizing the Program for Today's Economy

The bill updates outdated requirements that assumed manufacturers sold primarily to wholesalers. Today's local producers often sell directly to retail or through hybrid models. SB2360, SD1, HD2, modernizes eligibility so Hawai'i companies are not penalized for operating under current business practices. This keeps the EZ program relevant and competitive. These updates, including the explicit recognition of FPIN, ensure the EZ program reflects how modern production ecosystems operate, where research, product development, and commercialization are integrated rather than siloed. The inclusion of retail sales of locally manufactured products within enterprise zones corrects an outdated

statutory limitation and reflects modern business models where producers sell directly to consumers or through hybrid channels.

5. Strengthening the Food & Product Innovation Pipeline (FPIN Alignment)

FPIN should be understood not as a standalone activity, but as a statewide production and commercialization system that integrates:

- Research and product development
- Processing and manufacturing infrastructure
- Market access and distribution channels

Aligning EZ incentives with FPIN ensures that companies can transition from concept to commercialization within Hawai'i, reducing economic leakage and increasing in-state value capture.

## Implementation Considerations

DBEDT recommends the following be addressed as this measure advances:

- Clarification of eligibility criteria for FPIN-related activities, including linkage to local production where appropriate
- Coordination with Department of Taxation on certification and compliance processes
- Development of administrative guidance to ensure consistent application across counties
- Evaluation of fiscal impact relative to expected economic output

These steps will ensure the program is scalable, administratively feasible, and aligned with legislative intent.

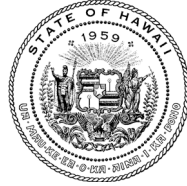
This integration is essential to achieving Hawai'i's goals of doubling local food production, increasing exports of Hawai'i-grown and Hawai'i-made products, and improving supply chain resiliency.

These changes, including the integration of FPIN into the EZ framework, help Hawai'i be intentional not only about building infrastructure and facilities, but also about ensuring those investments translate into viable businesses, scalable production, and measurable economic outcomes.

Mahalo for the opportunity to provide testimony in support of SB2360, SD1, HD2.

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



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**DEPARTMENT OF TAXATION**

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**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

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

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2360, S.D.1, H.D.2, Relating to State Enterprise Zones

**BEFORE THE:**

House Committee on Finance

**DATE:** Thursday, April 2, 2026  
**TIME:** 2:00 p.m.  
**LOCATION:** State Capitol, Conference Room 308

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

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 2360, S.D.1, H.D.2, for your consideration.

S.B. 2360, S.D.1, H.D.2, makes several amendments to the enterprise zone program.

Part I, section 2, of the bill amends section 209E-2, Hawaii Revised Statutes (HRS), to add new definitions for (1) "Hawaii food and product innovation network," (2) "tangible personal property," and (3) "value-added agricultural product." Section 2 also amends the definition of "eligible business activity" within an enterprise zone to include the:

- (1) Retail sale of "tangible personal property" manufactured and sold in an enterprise zone;
- (2) Processing of "value-added agricultural products" in an enterprise zone;
- (3) Hawaii food and product innovation network; and
- (4) Provision of certain health care professional services.

As a result, if these activities are performed in an enterprise zone, they would be entitled to the tax benefits associated with the enterprise zone program.

Part II, section 3 of the bill clarifies that the amendments under Part II would apply to business firms that are designated qualified businesses under chapter 209E, HRS, on or after July 1, 2026.

Part II, section 4 of the bill amends section 209E-9, HRS, by extending the requirement of a qualified business to increase its average annual number of full-time employees by at least 15 percent per year through 9 years, rather than the 7 years currently required.

Part II, section 5 of the bill amends section 209E-10, HRS, to extend the timeframe that the Enterprise Zone Tax Credit may be claimed from 7 years to 9 years. The credits for years 7, 8, and 9 are set at 20 percent of a qualified business' taxes due in the State, and 20 percent of unemployment taxes paid. For qualified businesses engaged in the manufacturing of tangible personal property, or producing or processing agricultural products, the credit for years 10 through 12 are set at 20 percent of the taxes due, and 20 percent of unemployment taxes paid.

Part II, section 6 of the bill amends section 209E-11, HRS, by extending the general excise tax (GET) exemption for construction contractors performed for a qualified business within an enterprise zone from 7 years to 9 years and extending the GET exemption for qualified businesses engaged in the manufacturing of tangible personal property, or the producing or processing of agricultural products, from 10 years to 12 years.

Finally, Part III, section 7 of the bill clarifies that this bill shall apply to all qualified businesses, as defined under section 209E-2, HRS, that join the enterprise zone program on or after the effective date of the bill.

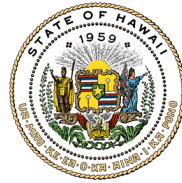
This measure has an effective date of July 1, 3000, provided that section 5 of the bill applies to taxable years beginning after December 31, 2026, and section 6 shall take effect on January 1, 2028.

DOTAX notes that it can administer the tax law changes in sections 5 and 6 of the measure with the stated effective dates.

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

**JOSH GREEN, M.D.**  
Governor

**SYLVIA LUKE**  
Lt. Governor



**SHARON HURD**  
Chairperson  
Board of Agriculture & Biosecurity

**DEAN M. MATSUKAWA**  
Deputy to the Chairperson

State of Hawai'i  
**DEPARTMENT OF AGRICULTURE & BIOSECURITY**  
KA 'OIHANA MAHI'AI A KIA'I MEAOLA  
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**TESTIMONY OF SHARON HURD  
CHAIRPERSON, BOARD OF AGRICULTURE AND BIOSECURITY**

**BEFORE THE HOUSE COMMITTEE ON FINANCE**

**THURSDAY, APRIL 2, 2026  
2:00 PM  
CONFERENCE ROOM 308 & VIDEOCONFERENCE**

**SENATE BILL NO. 2805, SD2, HD1  
RELATING TO AGRICULTURE**

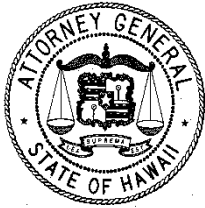
Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 2805, SD 2, HD1. This bill establishes a nonrefundable income tax credit to incentivize significant investment in agricultural production and support expansion of agricultural crops that take longer to become productive. The Department supports this bill.

Incentivizing investment in agricultural production, infrastructure and supporting expansion of longer maturing crops through the use of tax credits will help expand local food production and make agricultural operations more sustainable. The agricultural industry is very capital intensive and requires significant upfront costs to start-up or expand operations. These costs can include acquisition of land, irrigation water development, purchase of equipment and construction of facilities. Orchard and perennial crop development adds further time and expense before any returns can be realized and can discourage many new and potential farmers.

Having a state tax policy that encourages development of farm operations and planting of long-term crops will encourage investment in these types of crops and will broaden the state's economy, reduce food prices, diversify crop production and support the long-term viability of agriculture in the state. Establishing this tax policy helps move the state towards its goal of food self-sufficiency, reduce its reliance on food imports and could be used for development of crops targeted for export.

Thank you for the opportunity to testify on this measure.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2026**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 2360, S.D. 1, H.D. 2, RELATING TO STATE ENTERPRISE ZONES.

**BEFORE THE:**

HOUSE COMMITTEE ON FINANCE

**DATE:** Thursday, April 2, 2026

**TIME:** 2:00 p.m.

**LOCATION:** State Capitol, Room 308

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Mary Bahng Yokota, Deputy Attorney General

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Chair Todd and Members of the Committee:

The Department of the Attorney General provides the following comments.

Under the enterprise zone program, state tax benefits are available to a "qualified business," which must be engaged in an "eligible business activity." Section 209E-2, Hawaii Revised Statutes (HRS). These tax benefits include the State business tax credit under section 209E-10, HRS, and the general excise tax exemption under section 209E-11, HRS. This bill expands the definition of "eligible business activity" to include additional activities.

Among the newly included activities are: (1) the processing of "value-added agricultural products," all or some of which were grown within an enterprise zone (page 5, lines 5-6) and (2) "Hawaii food and product innovation network" (page 5, line 14). The definitions of these terms in the bill may raise concerns under the Commerce Clause of the United States Constitution.

The Commerce Clause provides that Congress shall have the power to "regulate Commerce . . . among the several States." U.S. Const. art. I, § 8, cl. 3. "Though phrased as a grant of regulatory power to Congress, the Clause has long been understood to have a 'negative' aspect that denies the States the power unjustifiably to discriminate against or burden the interstate flow of articles in commerce." Or. Waste Sys., Inc. v. Dep't of Env'tl. Quality, 511 U.S. 93, 98 (1994). In Bacchus Imports Ltd. v. Dias, 468 U.S. 263 (1984), the United States Supreme Court held that a Hawaii liquor tax exemption for certain locally produced alcoholic beverages (okolehao and pineapple

wine) violated the Commerce Clause because the exemption had both the purpose and effect of discriminating in favor of local products. Id. at 273.

The bill defines "value-added agricultural product" as:

A product that has been processed, enhanced, or otherwise modified beyond its raw state in a manner that increases its economic value **and that meets the criteria established for the seal of quality program managed by the department of agriculture and biosecurity pursuant to section 148-63.** [Emphasis added.]

See page 4, lines 7-12. Rules adopted under section 148-63, HRS, appear to require that qualifying products be produced in the State. See e.g., section 4-135-1, Hawaii Administrative Rules (HAR), which allows the State standard seal of quality to be applied generally only to certain agricultural products produced in the State, and section 4-135-4, HAR, which includes the requirement that "[a]ny fresh unprocessed agricultural product shall be entirely produced in the State." To the extent the definition of "value-added agricultural product" in this bill is interpreted to incorporate these requirements in a manner that limits eligibility for tax benefits to products grown or produced in the State, it may be subject to challenge under the Commerce Clause.

Similarly, the definition of "Hawaii food and product innovation network" includes value-added food products derived from "local agricultural crops" (page 3, line 19). This definition may raise similar concerns if interpreted to favor agricultural products grown in the State over those sourced from outside Hawaii.

To address these concerns, we recommend the **deletion** of the following:

- the phrase "**and that meets the criteria established for the seal of quality program managed by the department of agriculture and biosecurity pursuant to section 148-63**" on page 4, lines 9-12; and
- the word "**local**" on page 3, line 19.

Alternatively, we recommend that these provisions be clarified to avoid any interpretation that conditions eligibility for the tax benefits on the geographic origin of agricultural products.

Thank you for the opportunity to provide comments.



**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**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

**DENNIS T. LING**  
ADMINISTRATOR

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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**

Thursday, April 2, 2026  
2:00 PM  
State Capitol, Conference Room 308

In consideration of  
**SB2360, SD1, HD2**  
**RELATING TO STATE ENTERPRISE ZONES.**

Chair Todd, Vice Chair Takenouchi and members of the Committee. The Business Development and Support Division (BDSB) of the Department of Business, Economic Development and Tourism (DBEDT) supports **SB2360, SD1, HD2** and offers comments on this bill which amends the definition of "eligible business activity" for Enterprise Zone program purposes to include retail sales of tangible personal property manufactured and sold in the enterprise zone that is to be used or consumed by the purchaser and not for resale, the processing of value-added agricultural products grown within an enterprise zone, the Hawaii food and product innovation network, and the provision of professional services by health care professionals in health care related sectors. This bill also extends the eligibility period of the state business tax credit and general excise tax exemption for qualified businesses within state enterprise zones from 7 years to 9 years. For qualified businesses engaged in the manufacturing of tangible personal property or the producing or processing of agricultural products, this bill extends the eligibility period from 10 years to 12 years. This bill additionally makes the

extension of the state business tax credit eligibility period applicable to taxable years beginning after 12/31/2026 and the extension of the general excise tax exemption eligibility period take effect on 1/1/2028.

BDSB agrees that new manufacturing and value-added agricultural production business models have evolved since the Enterprise Zones program was established. Specifically, many manufacturers and value-added agricultural product producers sell direct to consumers and thus do not benefit from this program even though they may be creating jobs in economically challenged areas of the state. In addition, agricultural producers and growers have also experienced this changing business environment and would benefit if included in the amended definition. BDSB recognizes concerns that retail sales reporting could potentially include revenue from products manufactured, produced or grown outside of an enterprise zone, which is not eligible for program benefits. Since reporting occurs at the business level, BDSB has limited ability to directly control such action.

BDSB concurs that further expanding Enterprise Zones Program eligibility to include businesses engaged in commercial applications related to Hawaii's food and product innovation network may contribute to the State's economic diversification and enhance overall food security.

BDSB understands that health care services are a growing sector of our economy and that supporting this sector with incentives might help provide our state with these vital services. Under this measure, the broad definition of health care allows a spectrum of practices, including nonregulated or unlicensed practices. Delineated program eligibility, including limitations of the size of the practice, may help ensure that this measure is implemented as intended.

BDSB agrees that this bill should apply to all qualified companies that join the program from July 1, 2026, and there be no provision for retroactivity.

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



WENDY GADY  
EXECUTIVE DIRECTOR

STATE OF HAWAII  
**AGRIBUSINESS DEVELOPMENT CORPORATION**  
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY  
EXECUTIVE DIRECTOR  
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEE ON FINANCE  
April 2, 2026  
2:00 p.m.  
Conference Room 308 & Videoconference

SENATE BILL NO. 2360, SD1, HD2  
RELATING TO STATE ENTERPRISE ZONES

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

Thank you for the opportunity to submit Testimony in support of Senate Bill 2360, SD1, HD2 relating to the State Enterprise Zones program, including the proposed amendment to incorporate the Department of Agriculture and Biosecurity "Seal of Quality" criteria and to ensure inclusion of value-added production activities.

Hawai'i continues to face challenges in strengthening local food production, improving food security, and supporting agricultural businesses. Expanding the Enterprise Zones program to align with the Seal of Quality criteria represents a strategic approach to support producers committed to quality, sustainability, and local sourcing.

Inclusion of value-added production within Enterprise Zones is also important. Supporting activities such as processing, packaging, and transforming Hawai'i-grown products helps retain more economic value within the state,

strengthens supply chains, and creates additional market opportunities for local producers.

These provisions would encourage increased local production, enhance competitiveness of small and mid-sized agricultural businesses, and advance broader goals of food resilience and reduced reliance on imports.

For these reasons, favorable consideration of Senate Bill 2360, SD1, HD2 with inclusion of the Seal of Quality criteria and support for value-added production, is respectfully requested. This testimony may be further amended or refined following review by the Agribusiness Development Corporation Board on April 7, 2026.

**Testimony to the House Committee on Finance  
Representative Chris Todd, Chair  
Representative Jenna Takenouchi, Vice Chair**

**Thursday, April 2, 2026, at 2:00PM  
Conference Room 308 & Videoconference**

**RE: SB2360 SD1 HD2 Relating to State Enterprise Zones**

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

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 2360 Senate Draft 1 House Draft 2 (SB2360 SD1 HD2), which expands eligible business activities and extends incentive eligibility periods for the Enterprise Zone Program.

SB 2360 SD1 HD2 directly advances the Small Business pillar of the Chamber's 2030 Blueprint by broadening eligibility to include local manufacturers who now sell directly to consumers and by extending the duration of state tax credits and general excise tax exemptions. These changes reflect modern business models, such as direct-to-consumer sales, that ensure Hawaii's small business can compete in the modern marketplace. The extension of these benefits provides a longer runway for small businesses to scale and strengthen their operations so that when they leave the program, they are poised for greater success and can offer a higher return on the State's investment in the Enterprise Zone Program.

SB 2360 SD1 HD2 also supports the 21st Century Agriculture pillar of the Chamber's 2030 by explicitly including value-added agricultural product processing within enterprise zones. By making this inclusion, more components of the agricultural value chain benefits from the tax opportunities enterprise zones offer. By facilitating tax relief and other incentives for businesses engaged in processing products grown within enterprise zones, the bill helps lower operating costs, encourages investment in local food systems, and enhances the economic sustainability of Hawaii's agricultural sector, all of which are priorities under the 21st Century Agriculture pillar.

For these reasons, we respectfully ask to pass Senate Bill 2360 Senate Draft 1 House Draft 2. Thank you for the opportunity to testify.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
THURSDAY, APRIL 2, 2026 AT 2:00 P.M.**

To The Honorable Representative Chris Todd, Chair  
The Honorable Representative Jenna Takenouchi, Vice Chair  
Members of the Committee on Finance

## **SUPPORT SB2360 SD1 HD2 RELATING TO STATE ENTERPRISE ZONES**

The Maui Chamber of Commerce believes enterprise zones play a critical role in fostering business development, job creation, and long-term economic resilience. We support SB2360 SD1 HD2 as it proposes to expand the definition of eligible business activities within the Enterprise Zone Program and extend key tax incentives, directly supporting sectors essential to a diversified and sustainable local economy.

The bill's inclusion of retail sales of locally manufactured goods, value-added agricultural processing, and health care professional services as eligible activities aligns with our priority of expanded economic development and diversification. By supporting these sectors, the proposal encourages the growth of industries beyond tourism, helping to stabilize the economy and create new opportunities for residents. These changes can also help address ongoing challenges faced by Maui businesses and support the value-added manufacturers we work closely with through our Made in Maui County program.

Extending the eligibility period for the state business tax credit and general excise tax exemption provides businesses with a longer runway to invest, grow, and contribute to the local economy. The additional years of tax relief can help offset the high costs of doing business in Hawai'i, making the state more attractive for new ventures, supporting the sustainability of existing enterprises, and improving the state's business climate.

We respectfully recommend that implementation of these changes be accompanied by clear guidance and outreach to ensure that businesses, particularly small and locally owned firms, are able to access and benefit from the expanded program.

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.



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April 2, 2026

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON SB 2360, SD1, HD2**  
RELATING TO STATE ENTERPRISE ZONES

Conference Room 308 & Videoconference  
2:00 PM

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

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports SB 2360, SD1, HD2**, which modernizes the State Enterprise Zone (EZ) Program by expanding eligible business activities, including the processing of value-added agricultural products, retail sales of products manufactured within an enterprise zone, and by extending the duration of key tax incentives for qualified businesses.

The Hawai'i Enterprise Zone Program was established to stimulate economic activity and job creation in targeted areas of the State, particularly in rural and economically distressed communities where agriculture is often the primary industry. Agricultural production, processing, and distribution have consistently been among the most common business activities participating in the EZ program.

SB 2360, SD1, HD2 recognizes how business models have evolved since the EZ program was first created. Many agricultural and food businesses now sell products directly to consumers rather than through wholesalers. Allowing locally manufactured and processed agricultural products to be sold at retail within an enterprise zone reflects current market realities and supports small, diversified farming operations that rely on direct-to-consumer sales.

We also strongly support the bill's inclusion and clarification of value-added agricultural products as an eligible business activity. Agriculture in Hawai'i extends beyond growing crops and raising livestock; it includes processing, packaging, and preparing products for market. Value-added processing allows farmers and ranchers to retain more economic value locally, create jobs, and improve the viability of their operations.

Extending the eligibility period for EZ tax credits and general excise tax exemptions provides agricultural businesses with a longer planning horizon. Farming and agricultural processing require substantial upfront investments in land, equipment, labor, and infrastructure, and often take years to become financially stable. Additional time under the EZ program helps businesses weather market volatility, natural disasters, and supply chain disruptions.

We respectfully request that this measure apply to all EZ participants, rather than only to businesses that join the State Enterprise Zone Program on or after the effective date of this measure.

SB 2360, SD1, HD2 builds upon prior efforts supported by HFB to ensure the EZ program remains relevant, effective, and accessible to agricultural businesses. By modernizing eligible activities and extending incentives, this bill strengthens rural economies, supports value-added agriculture, and helps keep more agricultural production and processing in Hawai'i.

Thank you for the opportunity to provide testimony.



April 1, 2026

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

**Strong Support for SB 2360, SD1, HD2, RELATING TO ENTERPRISE ZONES (Amends the definition of "eligible business activity" for the purposes of the Enterprise Zone (EZ) Program to include certain retail sales of tangible personal property, processing of certain value-added agricultural products, the Hawai'i food and product innovation network, and the provision of certain professional services by health care professionals. For taxable years beginning after 12/31/2026, extends the eligibility period of the state business tax credit for qualified businesses within state enterprise zones. Beginning 1/1/2028, extends the eligibility period of the general excise tax exemption for qualified businesses within state enterprise zones. Applies to qualified businesses who join the EZ Program on or after a specific date. Effective 7/1/3000. [HD2])**

**Thursday, April 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 and sustainable economic growth, agriculture, housing, renewable energy, commercial and industrial uses, health care, and tourism, while safeguarding Hawaii's significant natural, environmental, historic, and cultural resources, public health, and safety.

LURF is in **strong support of SB 2360, SD1, HD2**, particularly the portions of the bill that expand the definition of "eligible business activity" to include certain retail sales of tangible personal property, processing of certain value-added agricultural products, the Hawai'i food and product innovation network, and the provision of certain professional services by health care professionals. This measure reflects the evolution of economic development in Hawai'i by modernizing the EZ Program to allow additional businesses, agricultural operations, and health care facilities to share their goods and services with the public and qualify for EZ benefits.

Based on the reasons stated above, LURF is in support of **SB 2360, SD1, HD2**, and respectfully requests your favorable consideration of this bill. Thank you for the opportunity to provide comments in support of this measure.



**Hawai'i Forest Association**  
 7192 Kalaniana'ole Hwy  
 Suite A-143A, #249  
 Honolulu, HI 96825  
 Phone: 808/933/9411  
 Email: hfia@hawaiiiforest.org

**Date:**04/01/26

**TO:** FIN Chair Todd, Vice Chair Takenouchi, Committee Members Hartsfield, Holt, Hussey, Keohokapu-Lee Joy, Kitagawa, Kusch, Lee, Miyake, Morikawa, Perruso, Templo, Yamashita, Alcos, Gedeon, Oda

**FROM:** Hawai'i Forest Association (HFA)

**SUBJECT:** In support of SB2360 SD1 HD2 Relating to State Enterprise Zones

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

On behalf of the Directors and members of the Hawai'i Forest Association (HFA), please support SB2360 SD1 HD2 Relating to State Enterprise Zones.

HFA's membership includes individuals, small businesses, and corporations throughout the state of Hawai'i with a wide array of professional experience and expertise in agriculture and forestry.

The Hawai'i Enterprise Zone Program was established to incentivize the growth of business and increase employment in defined areas of the State. This program is one of the few that focuses efforts on improving the economy of our most rural communities where agriculture, including forestry, is often the main business activity. SB2360 SD1 HD2 will support Hawai'i's healthy and productive forests by expanding the definition of "eligible business activity" to include renewable energy and the processing of value-added agricultural products and providing the advantages of the program to more of our rural communities and businesses.

Sustainable management of our forest and agricultural lands is one of our State's top priorities and expanding the Enterprise Zone Program to include value-added agricultural products will support keeping our forests healthy, productive, and sustainable. Please support SB2360 SD1 HD2.

Mahalo for your time and consideration,

Mahalo,

Irene Sprecher, President  
 Hawai'i Forest Association

*HFA's mission is to promote healthy and productive forests and a sustainable forest industry through management, education, planning, information exchange, and advocacy.*

**HFA Board of Directors**

Officers: President Irene Sprecher, Vice President Taylor Coons, Secretary Nicholas Koch  
 Directors: Jeremy Campbell, Doug, Michael Sowards, Aileen Yeh, Aaron Hammer, Tawn Speetjens

HFA's members include woodworkers, landowners, sawmillers, foresters, educators, researchers, arborists, students and more.	50% of HFA members are business owners, employing nearly 150 people across the State.	HFA actively manages five restoration and/or native plant demonstration sites between Hawai'i Island and O'ahu.
HFA members and their employees reside and work in 64 of the 76 Hawai'i House and Senate districts.	HFA members reside across the Hawaiian Islands, with a majority of members on Hawai'i Island and O'ahu, as well as members located in the continental US, Canada and Guam.	HFA, with its sister organization, the Hawai'i Forest Institute, engages in regular outreach and education.



# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, GENERAL EXCISE, UNEMPLOYMENT, Add Healthcare and Food Product Innovation as eligible Enterprise Zone activities

BILL NUMBER: SB 2360 HD2

INTRODUCED BY: AGR

EXECUTIVE SUMMARY: Amends 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, the Hawai'i food and product innovation network, and the provision of certain professional services by health care professionals. For taxable years beginning after 12/31/2026, extends the eligibility period of the state business tax credit for qualified businesses within state enterprise zones. Beginning 1/1/2028, extends the eligibility period of the general excise tax exemption for qualified businesses within state enterprise zones. Applies to qualified businesses who join the Enterprise Zone Program on or after a specific date. Effective 7/1/3000. (HD1)

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

- Hawaii food and product innovation network; and
- The provision of professional services by health care professionals in health care-related sectors, including but not limited to home health care agencies, specialized care practices, and health coaching.

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

Amends section 209E-9, HRS, to extend enterprise zone eligibility from 7 to 9 years.

Amends section 209E-10, HRS, to allow an income tax credit of 20% of the tax for years 7 through 9. Allows an unemployment tax credit of 20% of the tax for years 7 through 9.

Amends section 209E-11, HRS, to continue the general excise tax exemption for years 7 through 9. For qualified businesses engaged in manufacturing tangible personal property or producing agricultural products, the exemption is extended to 12 years.

This measure shall apply to all qualified businesses that join the enterprise zone program on or after the effective date.

EFFECTIVE DATE: July 1, 3000. The income tax provisions apply to taxable years beginning after December 31, 2026, and the GET provision takes effect on January 1, 2028.

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 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; 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.

As a technical comment, we note that the bill adds to the definition of eligible business *activity* "Hawaii food and product innovation *network*," which is then defined as an *entity*. To enhance clarity, all three terms should be defined in terms of activity, such as by deleting the word "network" and deleting from its definition "an entity engaged in," so the eligible business activity would be "Hawaii food and product innovation," which is then defined as research, development, testing, etc.

Digested: 3/31/2026



TESTIMONY OF DAVE ERDMAN  
INTERIM PRESIDENT & CEO  
RETAIL MERCHANTS OF HAWAI'I

**IN SUPPORT OF SB 2360, SD1, HD2 – RELATING TO STATE ENTERPRISE ZONES**

COMMITTEE ON FINANCE  
Rep. Chris Todd, Chair  
Rep. Jenna Takenouchi, Vice Chair

Thursday, April 2, 2026  
2:00 p.m.  
Via Videoconference  
Conference Room 308

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

My name is Dave Erdman, and I serve as Interim President and CEO of the Retail Merchants of Hawai'i (RMH), a statewide nonprofit trade association representing retailers, shopping centers, restaurants located in retail centers, and allied businesses across the islands.

**RMH supports SB 2360, SD1, HD2, which modernizes and expands the State Enterprise Zones Program.**

Enterprise zones have long served as an important economic development tool to encourage business investment, job creation, and economic diversification across Hawai'i. The program provides targeted incentives that help offset the higher cost of doing business in our state while encouraging new economic activity in areas identified for growth.

The amendments in this measure are particularly important for Hawai'i's evolving business environment. RMH supports expanding eligibility to include retail sales of tangible personal property manufactured within an enterprise zone and sold directly to consumers. Many local manufacturers now operate under direct-to-consumer models, including small local producers, food manufacturers, and value-added product businesses that sell through retail storefronts, markets, and online platforms. Allowing these businesses to qualify for enterprise zone benefits better reflects modern business practices and supports local production.

RMH also supports the inclusion of value-added agricultural products. Encouraging the processing and sale of locally grown products helps strengthen Hawai'i's local supply chains, supports farmers, and increases the availability of locally produced goods within the retail

marketplace. This alignment between agriculture, manufacturing, and retail helps diversify the economy and improves long-term economic resilience.

Additionally, extending the eligibility period for tax credits and general excise tax exemptions provides businesses with a more realistic timeframe to invest, grow, and create jobs. Given Hawai'i's higher operating costs and longer timelines for expansion, these extended incentives will improve the effectiveness of the enterprise zone program.

**SB 2360, SD1, HD2 reflects a thoughtful modernization of the enterprise zone program and supports local manufacturing, agriculture, and retail activity across the state.** These changes help strengthen locally based businesses, promote job creation, and encourage investment in Hawai'i's communities.

Mahalo for the opportunity to provide testimony **in support of SB 2360, SD1, HD2.**

Respectfully submitted,  
Dave Erdman  
Interim President & CEO  
Retail Merchants of Hawai'i



# holomua

COLLABORATIVE

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## OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

## OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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Jason Fujimoto  
Meli James, *Board Chair*  
Micah Kāne  
Brandon Kurisu  
Brad Nicolai  
Mike Pietsch  
Sunshine Topping

## ADVISORY COMMITTEE

Josh Feldman  
Brittany Heyd  
Alicia Moy  
Ed Schultz

Josh Wisch  
*President & Executive Director*

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HolomuaCollaborative.org

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Page 1 of 2

**Committee:** House Committee on Finance  
**Bill Number:** SB2360 HD2, Relating to State Enterprise Zones  
**Hearing Date and Time:** April 2, 2026, at 2:00pm, Room 308  
**Re:** Testimony of Holomua Collaborative in support

Aloha Chair Todd, Vice Chair Takenouchi, and Committee Members:

We write in support of Senate Bill 2360 HD2, Relating to State Enterprise Zones. The purpose of SB2360 HD2 is, in part, to modernize the Enterprise Zone Program by allowing additional activities within an Enterprise Zone to qualify for Enterprise Zone benefits, specifically:

- (1) Retail *and* wholesale activity by a local manufacturer made within the Enterprise Zone ;
- (2) The processing of value-added agriculture products;
- (3) The Hawai'i food and product innovation network; and
- (4) The provision of professional services by health care professionals in health care-related sectors.

Holomua supports initiatives that help keep all local working families in Hawai'i by addressing affordability challenges. We are especially interested in fostering cross-sector collaboration and supporting evidence-based policies.

For Hawai'i to remain affordable for local working families, we need to ensure our local business community can expand and succeed in an uncertain economy. Only 19% of respondents in a recent survey of 3200 local residents agree that "Hawai'i is a good place to do business." This statement also shows a high percentage of disagreement, with 44 percent *disagreeing* that Hawai'i is a good place to do business. 9 of 10 respondents agree that Hawai'i needs to recruit and retain critical workforce members.<sup>1</sup>

One way to improve the business climate in Hawai'i—which should result in more opportunities for recruitment and retention for local employers—is through enhancing the Enterprise Zone program.

Currently, the Enterprise Zone Program provides public benefits to local companies to stimulate business activity, preserve jobs, and create jobs in areas where they are most appropriate or most needed. Benefits for local companies include permitting and zoning assistance, fee waivers, tax relief, and more—in geographic regions selected by the County and approved by the Governor.

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<sup>1</sup> 2025 Affordability Survey, Holomua Collective. [www.holomuacollective.org/survey-25](http://www.holomuacollective.org/survey-25).

The most common eligible industries currently in the Enterprise Zone Program are: Agricultural production or processing; Manufacturing; and Wholesaling/Distribution.<sup>2</sup> Other eligible industries include aviation, maritime repair, or maintenance, Telecommunications switching and delivery systems, information technology design and production; Medical research and clinical trials; For-profit training programs in international business management or environmental remediation; Biotechnology research, development, production, or sales; Repair or maintenance of assistive technology equipment; Certain call centers, and Wind energy producers.

Local manufacturing (and society overall) has undergone a sea change since the law was first enacted in the late 1980s. In particular, the invention of the internet has altered business models for many local manufacturers. For decades, manufacturers of tangible products have been eligible for Enterprise Zone benefits only if 50.1% of their gross sales are to wholesalers and the sale occurs within the Enterprise Zone. Now, manufacturers go directly to retail and miss out on the program's benefits.

Additionally, farmers and agricultural producers are eligible for the Enterprise Zone Program, and most, *but not all*, value-added agricultural processing companies are accepted into it. Clarifying specifically that the processing of value-added agricultural products is an eligible business activity for the Enterprise Zone Program will provide the certainty for our agricultural workers to continue working on value-added products.

Expanding the impact of the Enterprise Zone Program is a cost-effective way to help local businesses thrive with a considerable return on investment. Small local businesses are key to keeping Hawaii's economy strong. They provide multiple ways for people to earn income, create jobs, and keep money within the community. Additionally, they support Hawai'i's unique culture. We ask that you support SB2360 HD2.

Sincerely,

Matthew Prellberg  
Policy and Communications Director

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<sup>2</sup> Hawaii Enterprise Zones Program, Calendar Year Report for Tax Year 2023, Department of Business, Economic Development, and Tourism.



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Statement of  
**Meli James and Brittany Heyd**  
Cofounders  
Mana Up

SB2360 HD2, Relating to State Enterprise Zones

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

We support SB2360 HD2, which expands the types of business activities eligible for the Enterprise Zone Program.

Mana Up is a statewide initiative that provides entrepreneurs in Hawai'i with the resources and tools to grow their businesses and scale globally. As these entrepreneurs continue to grow, they also contribute to the expansion of our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship, providing a better future for generations to come here in Hawai'i.

Since its inception in 1986, the Enterprise Zone Program has been a vital tool for stimulating business activity, revitalizing communities, and creating and preserving jobs. By offering benefits such as tax incentives, fee waivers, and permitting assistance, the program has successfully supported industries essential to Hawaii's economy, including agriculture, technology, and manufacturing. However, to remain effective, the program must evolve to reflect today's business realities.

A critical gap in the current law prevents many local manufacturers from accessing the program's benefits simply because they sell directly to consumers rather than through wholesalers. This outdated requirement does not reflect modern business practices, where e-commerce, direct-to-consumer sales, and small-scale retail operations are key to survival and growth. By updating the eligibility criteria to include manufacturers who sell directly to retail, the state can provide much-needed support to local businesses, ensuring they have the resources to expand, create jobs, and contribute to a stronger, more diversified economy. We urge you to pass this legislation and help Hawaii's manufacturers thrive.

Sincerely,

Meli James | Cofounder, Mana Up  
Brittany Heyd | Cofounder, Mana Up



**BUILDBETTER.LIVEBETTER®**

**April 2, 2026**

**Committee:** House Committee on Finance  
**Bill Number:** SB 2360 HD2, Relating to State Enterprise Zones  
**Hearing Date and Time:** April 2, 2026, 2:00pm  
**Re:** Testimony of HPM Building Supply in Support

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

I would like to submit this testimony in support of SB 2360 HD2, Relating to State Enterprise Zones. The purpose of SB 2360 HD2 is, in part, to expand the eligibility for the Enterprise Zone Program to include direct-to-consumer manufacturer sales, the processing of value-added agricultural products, the Hawai'i food and product innovation network; and the provision of professional services by health care professionals in health care-related sectors.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry, operating since 1921. With 18 locations across Hawai'i and Washington State, HPM offers a range of services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities.

Hawai'i's economy is at a crossroads. As the cost of living continues to rise and businesses face mounting challenges, we must take action to support the industries that keep our local economy diverse and sustainable. By modernizing the Enterprise Zone Program, we provide businesses with incentives to expand, create jobs, and invest in their communities. SB 2360 HD2 will help ensure that economic opportunity is available in all regions of the state, not just in urban centers.

In Hawai'i's competitive market, where costs can be extremely high, it's vital that we provide the support businesses need to launch and expand successfully. This support could have a significant positive impact, generating jobs and strengthening the local economy from the ground up.

We ask that you support SB 2360 HD2.

Sincerely,

Jason Fujimoto  
Chairman & CEO



(808) 966-5466 • FAX (808) 966-7564  
16-166 MELEKAHIWA STREET • KEAAU, HAWAII 96749

HPMHAWAII.COM





TITLE GUARANTY  
HAWAII

April 2, 2026

**Testimony in support of SB2360 HD2, Relating to State Enterprise Zones**

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

We write in support of SB2360 HD2, Relating to State Enterprise Zones, which modernizes the Enterprise Zone Program to reflect today's economic realities. This bill expands program eligibility to:

- (1) Local manufacturers engaging in retail and wholesale activities within an enterprise zone;
- (2) Businesses involved in processing value-added agricultural products;
- (3) The Hawai'i food and product innovation network; and
- (4) Health care professionals offering essential services.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'āina family since 1896, and we are proud to employ over 250 residents across our branches statewide.

The Enterprise Zone Program was originally designed to create jobs and stimulate economic development in areas most in need. However, outdated restrictions prevent many qualified businesses from benefiting, particularly local manufacturers who sell directly to retail customers. By updating the program, we can better support small businesses, strengthen Hawai'i's agricultural sector, and improve health care access in underserved communities. These changes will not only create jobs but also help build a more resilient, diversified economy.

Small businesses are the backbone of Hawai'i's economy, yet many face unnecessary hurdles that limit their growth. The exclusion of direct-to-retail manufacturers from enterprise zone benefits is a clear example of how outdated policies can stifle economic progress. By passing SB2360 HD2, we can remove these barriers and allow businesses to adapt to modern market trends. This will not only help individual businesses succeed but will also contribute to a stronger, more self-sufficient Hawai'i. We respectfully urge the passage of SB2360 HD2 to help local businesses and communities thrive.

Sincerely,

Mike B. Pietsch  
President and Chief Operating Officer  
Title Guaranty of Hawai'i





## Testimony in Support of SB 2360 HD2, Relating to State Enterprise Zones

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

We write in strong support of SB 2360 HD2, which will strengthen and modernize the State Enterprise Zones Program by expanding eligible business activities and extending targeted tax incentives that support local businesses operating in Hawai'i's most economically vulnerable communities.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

Hawai'i continues to face serious challenges related to the cost of doing business and long-term economic competitiveness. SB 2360 HD2 would expand eligible activities to reflect the realities of Hawai'i's economy and extend incentives to encourage sustained participation and support businesses committed to operating, hiring, and reinvesting locally.

SB 2360 HD2 would help to ensure that Enterprise Zones remain relevant, effective, and aligned with Hawai'i's economic development priorities. By strengthening this Program, the State signals its commitment to fostering locally rooted businesses, strengthening the workforce, and creating pathways for long-term, community-centered economic growth.

Mahalo for the opportunity to submit testimony in support of SB 2360 HD2.

A handwritten signature in dark purple ink that reads "Brandon H. Kurisu".

Brandon Kurisu  
aio Family of Companies





1050 Bishop St. PMB 235 |  
Honolulu, HI 96813  
P: 808-533-1292 | e:  
[info@hawaiiifood.com](mailto:info@hawaiiifood.com)

**Executive Officers**

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**Jayson Watts**, Mahi Pono, *Vice Chair*  
**Jill Tamura**, Tamura Super Market, *Secretary/Treas.*  
**Lauren Zirbel**, HFIA, *President and Executive Director*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**Toby Taniguchi**, KTA Superstores, *Advisor*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, Odom, *Advisor*  
**Eddie Asato**, Pint Size Hawaii, *Advisor*  
**Gary Okimoto**, Safeway, *Advisor*  
**Maile Miyashiro**, C&S Wholesale, *Immediate Past Chair*

TO: Committee on Finance  
FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: April 2, 2026  
TIME: 2pm

RE: SB2360 SD1 HD2 Relating to State Enterprise Zones  
Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure to modernize the enterprise zone program by allowing additional activities within an enterprise zone to qualify for enterprise zone benefits. As the measure notes, "Allowing local manufacturers that sell directly to retail to be eligible for the enterprise zone program will help lift local businesses and promote job creation and job preservation for local families looking to thrive in Hawaii." We believe that evolving the rules of the enterprise zone system in this way will enable the program to better fulfill its mission to stimulate economic growth and promote local manufacturing. We urge the Committee to pass this measure and we thank you for the opportunity to testify.

April 1, 2026

To: Chair Chris Todd, Vice Chair Jenna Takenouchi and the House Committee on Finance

Subject: **SB2360 HD2 RELATING TO STATE ENTERPRISE ZONE**

Aloha,

Hawaii Food Plus Policy strongly supports **SB2360 HD2**. This bill is a significant step towards strengthening Hawai'i's agriculture and healthcare businesses and economy. This bill extends the amount of time businesses can get tax benefits. General businesses would have tax credits changed from 7 to 9 years, and agriculture businesses would have tax exemptions go from 10 to 12 years. This encourages businesses to stay and grow in Hawai'i to provide more jobs, strengthen our economy, supports local manufacturing, and reduces transportation costs.

The amendments on this bill clarify the businesses eligible for these tax emotions or credits. Eligibility expands the selling of products made in Hawai'i. Processing value-added agricultural products (food products that can be turned into something else, like fruit into jam), and certain healthcare services. This makes a huge difference for farmers because this bill supports more than growing food, but processing the food and selling it. These tax exemptions would help local food production increase and contribute to food security in Hawai'i.

Passing **SB2360 HD2** helps make farming more realistic to staying business. Farming can have a tight profit maargin and these tax exemptions would be an incentive for local farmers to stay in business or for new farmers to create business.

Mahalo,  
Carlin Rose McFaddin & the Food+ Policy Team  
#fixourfoodsystem

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**The Food+ Policy internship** develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2026, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.

**SB-2360-HD-2**

Submitted on: 3/31/2026 8:10:37 PM

Testimony for FIN on 4/2/2026 2:00:00 PM

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

Comments:

STRONG SUPPORT!!! MAHALO!