



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

JOSH GREEN, M.D.
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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Monday, March 2, 2026
10:31 AM
State Capitol, Conference Room 211

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

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Department of Business, Economic Development & Tourism (DBEDT) supports SB2360, SD1, which modernizes and strengthens Hawai'i's Enterprise Zone (EZ) Program as a strategic economic development tool.

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, 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
- 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

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.

3. Supporting Place-Based Economic Development

Enterprise Zones are not just industry tools, they are place-based development tools. SB2360, SD1, strengthens the State's ability to:

- Target specific areas for economic activation
- Encourage clustering of production-oriented businesses
- Link facilities investments with business growth
- Drive job creation in designated communities

As the State invests in food and product innovation facilities, manufacturing training centers, creative industry spaces, and other economic infrastructure, EZ incentives help ensure businesses can actually locate in and grow within these

regions. Infrastructure without aligned incentives limits return on public investment; SB2360, SD1, helps ensure both work together.

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, modernizes eligibility so Hawai'i companies are not penalized for operating under current business practices. This keeps the EZ program relevant and competitive.

These changes help Hawai'i be intentional not only about building infrastructure and facilities, but also about providing the policy and incentive environment necessary for businesses to grow, create jobs, and contribute to a more resilient economy.

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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



WENDY GADY
EXECUTIVE DIRECTOR

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
HUI HO'OUULU AINA MAHIAI

TESTIMONY OF WENDY L. GADY

EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

Monday, March 2, 2026
10:31 AM
State Capitol, Conference Room 211

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

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Thank you for the opportunity to submit testimony in **support** of SB2360, SD1, which updates Hawai'i's Enterprise Zone (EZ) Program to include value-added products.

This measure modernizes the EZ Program, so it better reflects Hawai'i's current economic development priorities and supports industries that grow local production, increase in-state processing, and expand employment opportunities.

Updating the program to explicitly include value-added products aligns with this original intent by recognizing that economic growth today is driven not only by production, but also by processing, packaging, branding, and product innovation.

We recognize that questions may arise regarding the fiscal impact of expanding Enterprise Zone eligibility. It is important to emphasize that the Enterprise Zone Program is structured as a performance-based incentive. Businesses receive benefits only when they create jobs and generate economic activity within the State.

Rather than representing a net loss of tax revenue, the inclusion of value-added activities is intended to:

- Generate new taxable business activity that would not otherwise occur;
- Expand payroll and increase income tax contributions through job creation;

- Increase general excise tax revenue from expanded in-state processing and sales; and
- Strengthen long-term corporate and commercial tax contributions as businesses scale.

Without value-added capacity, Hawai'i often exports raw or minimally processed materials, capturing limited economic return while importing higher-priced finished goods. This dynamic suppresses the State's taxable economic base. By supporting in-state processing and product development, SB2360, SD1, helps retain a greater share of the value chain locally, thereby broadening and stabilizing the long-term tax base.

In short, the modest and targeted incentives provided through the EZ Program are designed to catalyze significantly greater economic activity and long-term revenue growth.

Value-added activities transform raw or minimally processed inputs into higher-value goods. In agriculture, this includes food processing, specialty product manufacturing, branded consumer goods, and export-ready packaged products.

Including these activities within the EZ Program is critical because it supports:

- Retaining more economic value within the State rather than exporting raw commodities;
- Encouraging innovation, branding, and product diversification;
- Expanding agricultural export capacity; and
- Strengthening linkages between producers, processors, distributors, and retailers.

For Hawai'i's agricultural sector, value-added processing is essential to long-term viability. Farmers and aquaculture producers often operate with high production costs. The ability to process, brand, and sell finished or semi-finished products significantly improves margins, stabilizes revenue, and supports reinvestment into local operations.

Without value-added capacity, producers remain price takers in global commodity markets. With value-added capability, they become market makers, able to differentiate products, access premium markets, and build recognizable Hawai'i-based brands.

Value-added industries generate a broader range of employment opportunities than primary production alone, including:

- Manufacturing and processing positions;
- Logistics and distribution roles;
- Quality control and compliance jobs;
- Food safety and packaging specialists;
- Marketing, branding, and product development professionals; and
- Export coordination and trade support roles.

These jobs tend to be more stable and often higher-skilled, contributing to workforce diversification and career pathway development within rural and urban communities alike.

Expanding EZ eligibility to include value-added products increases the program's potential to create stable, skilled jobs while strengthening the connection between agriculture, manufacturing, and export growth.

Hawai'i's economy has long relied on a limited number of sectors. Expanding the Enterprise Zone Program to include value-added production supports:

- Economic diversification beyond raw production and tourism;
- Growth of small and mid-sized enterprises;
- Increased agricultural export competitiveness; and
- Greater resilience to supply chain disruptions and external market volatility.

By encouraging industries that convert local inputs into higher-value outputs, the State reduces its vulnerability to external shocks and retains a greater share of economic activity within Hawai'i.

SB2360, SD1, strengthens the Enterprise Zone Program by aligning it with modern economic development strategies and Hawai'i's need to expand local processing and value-added production.

By including value-added products, the bill ensures that the program:

- Encourages new economic activity rather than shifting existing activity;
- Expands the State's long-term tax base through job creation and business growth;
- Supports agricultural producers in capturing more value locally;
- Creates diversified and skilled employment opportunities; and
- Advances economic resilience and export capacity.

For these reasons, we respectfully urge your favorable consideration of SB2360, SD1.

Thank you for the opportunity to submit testimony.



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

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

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
**SENATE COMMITTEE ON
WAYS AND MEANS**

Monday, March 2, 2026
10:31 PM
State Capitol, Conference Room 211

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

Chair Decoite, Vice Chair Wakai and members of the Committee. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) supports **SB2360, SD1** 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, 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.

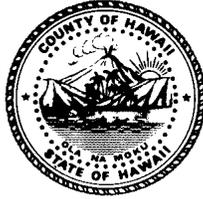
BDSB understands that health care services are a growing sector of our economy and that supporting this sector with incentives might help provide our state with these vital services. Under this measure, the broad definition of health care allows a spectrum of practices, including nonregulated or unlicensed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

BDSB recommends that this bill 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.

C. Kimo Alameda, Ph.D.
Mayor



Benson Medina
Director

Dennis Lin
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

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March 2, 2026
HEARING BEFORE THE
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

MONDAY March 2, 2026
10:31 AM
CONFERENCE ROOM 211

TESTIMONY ON SB 2360 SD1
Relating to State Enterprise Zones

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committee,

I am Benson Medina, Director of the Department of Research and Development, County of Hawai'i. Our Department's Business and Industry Development Program supports a regenerative economy and a thriving business environment.

The County of Hawai'i provides written testimony in **SUPPORT of SB2360 SD1** to amend the definition of "eligible business activity", as well as extending the eligibility period of tax credit and general excise tax exemption.

We have seen successful utilization of the State's Enterprise Zone program with 104 businesses graduating from the program and 31 currently enrolled. 25 of those 31 are agriculture related and the addition of processing of value-added agricultural products grown within the enterprise zone is a welcome amendment to the program. The other addition of healthcare professionals is a much-needed change and will support our island's access to care issues.

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

Thank you for the opportunity to provide testimony in **SUPPORT of SB2360 SD1**.

Respectfully,

Benson Medina
Director, Research and Development
County of Hawai'i



TESTIMONY OF DAVE ERDMAN, PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAII
FEBRUARY 17, 2026

IN SUPPORT OF SB 2360 SD1 – RELATING TO STATE ENTERPRIZE ZONES

Aloha Chair Dela Cruz, Vice Chair Morikawa, and Members of the Committee:

My name is Dave Erdman, and I am the Interim President and CEO of Retail Merchants of Hawai'i (RMH), a statewide nonprofit trade association representing retailers, shopping centers, manufacturers, wholesalers, and allied businesses across Hawai'i.

Retail Merchants of Hawai'i supports SB 2360, SD1, and appreciates the thoughtful amendments that further modernize and strengthen the State's Enterprise Zone Program.

The amendments appropriately recognize how business models have evolved since the program's creation in 1986. Today, many Hawai'i manufacturers sell directly to consumers through their own retail storefronts, online platforms, or hybrid wholesale-retail channels. By clarifying that retail sales of tangible personal property manufactured within an enterprise zone qualify as eligible activity when sold for consumer use, the measure aligns the program with current economic realities. This change supports local producers who design, make, and sell Hawai'i products under one roof.

The inclusion of value-added agricultural products is also significant. Encouraging the processing and enhancement of Hawai'i-grown crops within enterprise zones strengthens local supply chains, supports farmers, and keeps more economic value circulating within our communities. Retailers and wholesalers benefit when locally processed products are available at scale, improving product diversity and reducing reliance on imports.

The extension of the state business tax credit from seven to nine years, and the general excise tax exemption from seven to nine years—along with the extended twelve-year exemption for manufacturers and agricultural processors—provides greater certainty for long-term capital investment. Manufacturing, processing, warehousing, and distribution operations require substantial upfront investments in facilities, equipment, and workforce training. Longer eligibility periods improve project feasibility and encourage businesses to expand and remain in designated enterprise zones.

The addition of health care-related professional services also strengthens the overall ecosystem within enterprise zones, supporting job creation and enhancing the vitality of these designated areas.

Overall, SB 2360 SD1 strengthens one of the State's key economic development tools. It supports vertically integrated retailers, local manufacturers, wholesalers, agricultural processors, and community-based businesses seeking to grow, reinvest, and create quality jobs in Hawai'i.

For these reasons, Retail Merchants of Hawai'i respectfully support SB 2360, SD1.

Thank you for the opportunity to provide testimony.

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

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, GENERAL EXCISE, UNEMPLOYMENT, Add eligible Enterprise Zone activities

BILL NUMBER: SB 2360 SD1

INTRODUCED BY: DECOITE, CHANG, FUKUNAGA, GABBARD, HASHIMOTO, KIDANI, LAMOSAO, MCKELVEY, RICHARDS, Elefante, Wakai

EXECUTIVE SUMMARY: 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, and the provision of professional services by health care professionals in health-care related sectors. 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. Extends the eligibility period of the general excise tax exemption for qualified businesses within state Enterprise Zones engaged in the manufacturing of tangible personal property or the producing or processing of agricultural products from 10 years to 12 years. Makes the extension of the state business tax credit eligibility period applicable to taxable years beginning after 12/31/2026. Makes the extension of the general excise tax exemption eligibility period take effect on 1/1/2028.

SYNOPSIS: Amends section 209E-2, HRS, to add as eligible business activities the activities mentioned in the above summary.

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.

EFFECTIVE DATE: July 1, 2050. 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.

Digested: 2/24/2026



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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 Ways and Means
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 2, 2026
TIME: 10:31am

RE: SB2360 SD1 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.



holomua

COLLABORATIVE

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.

BOARD MEMBERS

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

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Page 1 of 2

Committee: Senate Committee on Ways & Means
Bill Number: SB2360 SD1, Relating to State Enterprise Zones
Hearing Date and Time: March 2, 2026, at 10:31am (Room 211)
Re: Testimony of Holomua Collaborative in support

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

We write in support of Senate Bill 2360 SD1, Relating to State Enterprise Zones. The purpose of SB2360 SD1 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; and
- (3) 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.¹

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.

¹ 2025 Affordability Survey, Holomua Collective. 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.² 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 the program. 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 the unique culture of Hawai'i. We ask that you support SB2360 SD1.

Sincerely,

Matthew Prellberg
Policy and Communications Director

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



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB2360 SD1, Relating to State Enterprise Zones

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and committee members,

We support SB2360 SD1, 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 the realities of today's business environment.

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



Testimony in Support of SB 2360 SD 1, Relating to State Enterprise Zones

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

We write in strong support of SB 2360 SD1, 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 SD1 would expand eligible activities to reflect the realities of Hawai'i's economy and extend incentives that encourage sustained participation and support businesses that are committed to operating, hiring, and reinvesting locally.

SB 2360 SD1 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 SD1.

A handwritten signature in dark purple ink that reads "Brandon H. Kurisu". The signature is fluid and cursive, with a horizontal line at the end.

Brandon Kurisu
aio Family of Companies





TITLE GUARANTY
HAWAII

March 2, 2026

Testimony in support of SB2360 SD1, Relating to State Enterprise Zones

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

We write in support of SB2360 SD1, 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) 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 SD1, 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 SD1 to help local businesses and communities thrive.

Sincerely,

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





MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
MONDAY, MARCH 2, 2026 AT 10:02 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the Committee on Ways and Means

SUPPORT SB2360 SD1 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 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 commitment to economic 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.



P.O. Box 253, Kunia, Hawai'i 96759
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March 2, 2026

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2360, SD1
RELATING TO STATE ENTERPRISE ZONES

Conference Room 211 & Videoconference
10:01 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, 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, 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 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.

SB 2360, SD1 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.

**Testimony to the Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Monday, March 2, 2026, at 9:15AM
Conference Room 211 & Videoconference**

RE: SB2360 SD1 Relating to State Enterprise Zones

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, 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 SD1 (SB2360 SD1), which expands eligible business activities and extends incentive eligibility periods.

SB 2360 SD1 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 reflect a modern business environment and ensure Hawaii's small business can wholly compete in the modern marketplace. Furthermore, the extension of these benefits allows 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 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 SD1. 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.

SB-2360-SD-1

Submitted on: 2/24/2026 8:21:40 PM

Testimony for WAM on 3/2/2026 10:31:00 AM

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

Comments:

STRONG SUPPORT!!!

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

Ka 'Oihana 'Auhau

P.O. BOX 259

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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, Relating to State Enterprise Zones

BEFORE THE:

Senate Committee on Ways and Means

DATE: Monday, March 2, 2026
TIME: 10:02 a.m.
LOCATION: State Capitol, Conference Room 211

Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

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

Part I, section 2 of the bill adds new definitions for (1) “tangible personal property,” and (2) “value-added agricultural product,” and amends the definition of “eligible business activity” within an enterprise zone under section 209E-2, Hawaii Revised Statutes (HRS), to include:

- (1) The retail sale of “tangible personal property” manufactured and sold in an enterprise zone;
- (2) The processing of “value-added agricultural products” in an enterprise zone; and
- (3) The providing 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.

Finally, Part II, section 6 of the bill amends section 209E-11, HRS, to extend 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 to extend 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.

This measure has a defective effective date of July 1, 2050, with section 5 of the bill applicable to taxable years beginning after December 31, 2026, and section 6 effective 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.

DOTAX notes that the revenue estimate for this bill is indeterminate.

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