



**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

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**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

**SENATE COMMITTEE ON  
WAYS AND MEANS**

Wednesday, March 4, 2026  
10:31 AM

State Capitol, Conference Room 211  
In consideration of

**SB2816, SD1  
RELATING TO STATE ENTERPRISE ZONES.**

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee. The Business Development and Support Division (BDS) of the Department of Business, Economic Development and Tourism (DBEDT) supports **SB2816, SD1** and offers the following comments on this bill which expands the definition of "eligible business activity" to include certain research and development activities and information technology design and production services. The measure also authorizes DBEDT to nominate up to two census tracts in the State that contain an innovation enterprise to be designated as an enterprise zone, subject to the Governor's approval. This bill also requires DBEDT to conduct an in-house comprehensive review, in consultation with the Department of Taxation, of the State Enterprise Zones Program.

Expanding the definition of eligible business activity to include medical and healthcare services, research and development activities of aerospace technology and information technology design and production services reflects the evolution of economic development in Hawaii. BDS acknowledges that expanding the definition

may facilitate growth in these industries, aligning with State objectives and promoting economic diversity and stability. Under this measure, the definition of health care allows a spectrum of practices, including those that may be nonregulated or unlicensed. Delineated and specific program eligibility may help ensure that this measure is implemented as intended.

BDSB agrees that as Hawaii's demographics change and census tracts become eligible for the Enterprise Zones program, there is value in granting DBEDT and State government greater flexibility in designating areas within the State that contain innovation enterprises as enterprise zones. Consideration should be given to County government and the designation approval of enterprise zones as they offer additional, local benefits to eligible businesses within the enterprise zones they nominate. Additionally, BDSB would like to note that pursuant to 209E-4, Hawaii Revised Statutes, the Governor is allowed to designate six enterprise zones per county. As such, if a county should have six existing enterprise zones, DBEDT would not be able to nominate an additional area for enterprise zones designation, even if it contains an innovation enterprise.

BDSB recognizes the importance of conducting a comprehensive review of the Enterprise Zones Program to assess program performance and evaluate potential areas for improvement.

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

Thank you for the opportunity to testify.

**SB-2816-SD-1**

Submitted on: 3/2/2026 7:23:50 PM

Testimony for WAM on 3/4/2026 10:31:00 AM

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

Comments:

SUPPORT!!!

Mahalo!

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



**GARY S. SUGANUMA**  
DIRECTOR

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

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
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**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 2816, S.D.1, Relating to State Enterprise Zones

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Wednesday, March 4, 2026

**TIME:** 10:31 a.m.

**LOCATION:** State Capitol, 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. 2816, S.D.1, for your consideration.

Section 2 of S.B. 2816, S.D.1, amends section 209E-2, Hawaii Revised Statutes (HRS), by inserting a definition of "innovation enterprise" to mean "an area located on property owned by the State that is intended to support, or currently contains, businesses primarily engaged in biomedical or life sciences research, clinical trials, medical technology development, pharmaceutical manufacturing, aerospace technology research and development, space domain awareness, or information technology design and production services."

The bill also amends the definition of "eligible business activity" by (1) specifying that eligible business activity includes research, development, sale, or production of "[a]ll types" of medical, agricultural, or maritime biotechnology products (as opposed to only genetically-engineered medical, agricultural, or maritime biotechnology products); (2) adding research, development, sale or production of medical and health care services as an eligible business activity; (3) adding research and development of aerospace technology as an eligible business activity; and (4) adding information technology design and production services as an eligible business activity.

Section 3 of the bill amends section 209E-4, HRS, to authorize the Department of Business, Economic Development, and Tourism (DBEDT) to declare up to two census tracts in the State that contain an “innovation enterprise” to be designated as an enterprise zone (EZ), subject to the Governor’s approval.

Section 4 of S.B. 2816, S.D.1, directs DBEDT, in consultation with DOTAX, to conduct an in-house comprehensive review of the EZ Program and submit a report to the Legislature no later than 20 days prior to the Regular Session of 2027. The review shall include an evaluation of the economic impact of the program, including the number of jobs created and types of industries supported, an assessment of whether existing EZs continue to meet statutory eligibility criteria for designation, and revenues generated by participating companies for reach county.

The bill has a defective effective date of July 1, 2050.

DOTAX defers to DBEDT regarding the changes to the EZ Program and issuance of the Legislative report, but notes that it can administer the changes to the scope of eligible business activity for purposes of the general excise tax exemption as proposed in this bill.

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



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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**

Wednesday, March 4, 2026  
10:31 AM  
State Capitol, Conference Room 211

In consideration of  
**SB 2816, SD1**  
**RELATING TO STATE ENTERPRISE ZONES**

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

The Department of Business, Economic Development and Tourism (DBEDT) **supports** SB 2816, SD1, which strengthens and modernizes Hawai'i's State Enterprise Zones (EZ) program.

SB2816, SD1, inserts a new definition of "innovation enterprise," defined as an area located on state-owned property that is intended to support, or currently contains, businesses primarily engaged in biomedical or life sciences research, clinical trials, medical technology development, pharmaceutical manufacturing, aerospace research and development, space domain awareness, or information technology design and production services. This targeted definition ensures enterprise zone designation is aligned with strategic, innovation-driven industries that contribute to economic diversification, export growth, and high-wage job creation.

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

Hawai'i continues to face structural cost pressures that affect business location and expansion decisions. In a high-cost environment, enterprise zones function as a targeted cost-reduction tool by offering tax credits and related incentives that can improve project feasibility, reduce early-stage operating burdens, and encourage firms to locate, expand, and hire in designated areas. When strategically aligned with state-owned properties that host innovation enterprises, these incentives can help anchor industry clusters and strengthen Hawai'i's competitive positioning.

The inclusion of aerospace research and development and information technology design and production services reflects Hawai'i's growing capabilities in dual-use technology, cybersecurity, space domain awareness, digital systems, and advanced computing. These sectors, along with biomedical and life sciences activities, are innovation-intensive and export-capable, making them well aligned with the State's long-term diversification goals.

DBEDT also supports the requirement in SB 2816, SD1, to conduct a comprehensive in-house review of the Enterprise Zones Program, in consultation with the Department of Taxation. This review will evaluate the program's economic impact, including jobs created and industries supported, assess whether existing zones continue to meet statutory eligibility criteria, and analyze revenues generated by participating companies. The reporting requirement will provide policymakers with updated, data-driven insight to inform future improvements to the program.

By authorizing the designation of up to two census tracts containing innovation enterprises located on state-owned property, SB 2816, SD1, provides a focused and flexible mechanism to align place-based incentives with strategic public investments in research infrastructure, advanced industry facilities, and emerging technology sectors. For these reasons, DBEDT supports SB 2816, SD1.

Thank you for the opportunity to provide testimony.



March 2, 2026

Senate Committee on Ways and Means

TESTIMONY ON SB2816  
Relating to State Enterprise Zones

By

Ryan Churchill

President

Pacific Rim Land, Inc.

1300 North Holopono Street

Kihei, Hawaii 96753

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

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

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

**We support SB2816, SD1 as presented.**

SB2816, SD1 enables the entirety of Līpoa to be in the Enterprise Zone (EZ) program. Without the amendment, the southern portion that is planned for business and employment growth would not be eligible. The southern portion also includes the Maui Research & Technology Center, a key innovation incubator in Līpoa.

We also support the inclusion of the two additional “eligible business activities” to qualify for enterprise zone benefits:

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

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

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



Written Statement of  
**Trung Lam, Executive Director**

before the  
Senate Committee on Ways and Means

Wednesday, March 4, 2026  
10:31 am  
Conference Room 211 & Videoconference

In consideration of  
SB2816 SD1  
RELATING TO STATE ENTERPRISE ZONES

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

HTDC is committed to advancing Hawai'i as a premier technology innovation hub in the Pacific, with a focus on the space, ocean, health, and energy sectors. The proposed expansion of the State Enterprise Zones Program to include research and development activities and information technology design and production services directly aligns with our mission and supports the growth of high-impact industries crucial to the state's economic future.

By broadening the definition of "eligible business activity," the bill recognizes the importance of the aerospace sectors including Space Domain Awareness(SDA) and IT services as drivers of innovation, job creation, and economic diversification. In addition, allowing the department to designate census tracts that contain an innovation center allows for strategic application of the Enterprise Zone to accelerate momentum and create economic incentives in key industries for the state.

Mahalo for this opportunity to testify in support.



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

**Wednesday, March 4, 2026, at 10:31AM  
Conference Room 211 & Videoconference**

**RE: SB2816 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 2816 Senate Draft 1 (SB2816 SD1), which expands the definition of "eligible business activity" to include certain research and development activities and information technology design and production services. Authorizes the Department of Business, Economic Development, and Tourism to declare up to two census tracts in the State that contain an innovation enterprise to be designated as an enterprise zone, subject to the Governor's approval. Requires DBEDT to conduct an in-house comprehensive review, in consultation with the Department of Taxation, of the State Enterprise Zones Program established under chapter 209E, HRS. Requires a report to the Legislature.

SB2816 SD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill promotes small business ecosystem success by increasing the number of enterprise zones that may be nominated by each county, and therefore, expanding the number of businesses that may qualify for these tax benefits of the program. By allowing more businesses to qualify for these benefits, Hawaii can support industry diversification and improved economic resilience for the state.

Furthermore, the Chamber supports bests benefits being extended to the companies that support the health of Hawaii's workforce. Improving community health means improving Hawaii's workforce participation. By supporting business development and profitability in the healthcare sector, Hawaii can help to lower the cost of healthcare, and therefore, improve cost of living.

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.

We respectfully ask to pass Senate Bill 2816 Senate Draft 1. Thank you for the opportunity to testify.