

STAND. COM. REP. NO. 273

Honolulu, Hawaii

Feb 9, 2007

RE: H.B. No. 1923
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committees on Economic Development & Business Concerns and Agriculture, to which was referred H.B. No. 1923 entitled:

"A BILL FOR AN ACT RELATING TO STATE ENTERPRISE ZONES,"

beg leave to report as follows:

The purpose of this bill is to build some flexibility into the State Enterprise Zone Program (Program) to recognize the unique circumstances of agricultural businesses and allow more of these businesses to survive and prosper under the Program by:

- (1) Allowing agricultural businesses whose operations are affected by a "force majeure event," i.e., a damaging natural disaster beyond their control, to remain eligible for tax incentives under the Program;
- (2) Extending the seven year Program benefit period for the time that a business' operations are affected by a force majeure event;
- (3) Providing businesses unable to meet the required increases in the number of annual full-time employees, under the Program, the alternative of meeting annual gross revenue requirements; and
- (4) Including leased employees and employees under a joint employer relationship within the definition of "full-time employee."

HB1923 HD1 HSCR EDB-AGR HMS 2007-1941



The Department of Agriculture, Department of Business, Economic Development, Hawaii Farm Bureau Federation, Hawaii Aquaculture Association, Enterprise Honolulu, Hawaii Agriculture Research Center, Hawaii Crop Improvement Association, and several concerned individuals provided testimony supporting this bill.

This bill recognizes that agricultural business are uniquely subject to factors beyond their control. Farming is vulnerable to the unpredictable forces of nature, and seasonal crops and offshore volume pricing pressures make minimum employment requirements impossible to meet, particularly for small family farms. By providing farmers alternatives to Program requirements that recognize agriculture's unique circumstances, this measure will support the growth and development of the agricultural industry, and thereby diversify our economy and increase our self-sufficiency.

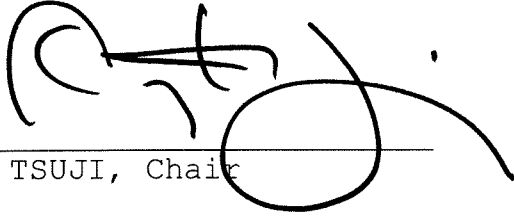
Your Committees have amended this bill by:

- (1) Adding earthquakes to the list of possible force majeure events;
- (2) Making the provisions establishing new agricultural business qualifications for the Program effective retroactive to taxable years beginning after December 31, 2006, to make Program qualifying criteria uniform for the year; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Economic Development & Business Concerns and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1923, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1923, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Economic
Development & Business Concerns
and Agriculture,



CLIFT TSUJI, Chair



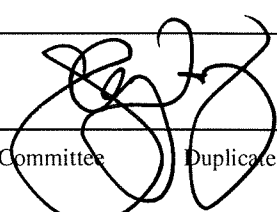
KYLE T. YAMASHITA, Chair



HSCR 213

State of Hawaii
House of Representatives
The Twenty-fourth Legislature

Record of Votes of the Committee on Economic Development & Business Concerns

Bill/Resolution No.: HB 1923		Date: February 6, 2007		
Committee Referral: EDB/AGR		<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.		
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Pass, with amendments, for recommittal for further consideration				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. YAMASHITA, Kyle T. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BERG, Lyla B., Ph.D.				✓
4. BROWER, Tom	✓			
5. CHANG, Jerry L.	✓			
6. HANOHANO, Faye P.	✓			
7. HERKES, Robert N.				✓
8. MANAHAN, Joey	✓			
9. TSUJI, Clift	✓			
10. YAMANE, Ryan I.				✓
11. CHING, Corinne W.L.				✓
12. MARUMOTO, Barbara C.	✓			
TOTAL	8	0	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office				

