

STAND. COM. REP. NO.

3325

Honolulu, Hawaii

APR 03 2008

RE: H.B. No. 2739
H.D. 1
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 2739, H.D. 1, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to allow agricultural businesses to continue to qualify for enterprise zone benefits in case of force majeure events.

Specifically, this measure allows qualified enterprise zone businesses to remain eligible for tax and other benefits for the period of a force majeure event. The measure also creates three new definitions of "force majeure event", "joint employment", and "leased employee", and amends the definitions of "full-time employee" and "qualified business".

In addition, this measure allows businesses either beginning operation or already in operation in an enterprise zone to remain eligible by increasing its gross sales of agricultural crops or agricultural products produced within the enterprise zone by two per cent annually--and counts value-added agricultural product retail sales towards qualification for tax credits--instead of meeting the employment requirement.

Finally, this measure disallows agricultural businesses not engaged in genetically-engineered agricultural production to be exempt from the general excise tax on the gross proceeds of

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agricultural retail sales. This measure takes effect on July 1, 2034.

Your Committee received testimony in support of this measure from the Departments of Business, Economic Development, and Tourism, Agriculture, and Taxation, the County of Maui, Hawaii Crop Improvement Association, Hawaii Agriculture Research Center, Hawaii Farm Bureau Federation, and Hawaii Aquaculture Association. The Tax Foundation of Hawaii offered comments.

Your Committee finds that the purposes expressed in this measure deserve further consideration and discussion.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2739, H.D. 1, S.D. 2, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
<i>HB2739, HDI, SD2</i>	<i>AHW, EDT, WAM</i>	<i>3/28/08</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KIM, Donna Mercado				/
MENOR, Ron	/			
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
WHALEN, Paul	/			
TOTAL	<i>9</i>	<i>0</i>	<i>0</i>	<i>3</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes