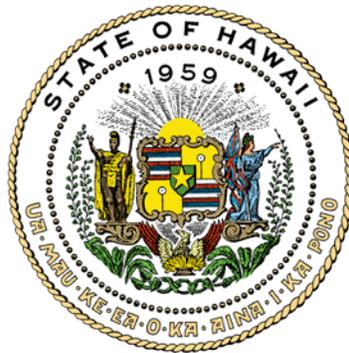


STATE OF HAWAII



HAWAII ENTERPRISE ZONE PROGRAM

ENTERPRISE
ZONES



STATE OF HAWAII

BIENNIAL REPORT 2013 and 2014

HAWAII ENTERPRISE ZONES PARTNERSHIP PROGRAM

ANNUAL REPORT

Calendar Years (CY) 2013-2014

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EXECUTIVE SUMMARY

The Hawaii Enterprise Zones Partnership Program (EZ) was established within the Department of Business, Economic Development and Tourism (DBEDT) by the Hawaii State Legislature to help stimulate certain types of business activity and increase employment in targeted areas of the State. The EZ Program is a significant economic development tool bringing business and employment opportunities to the residents of less affluent areas of Hawaii. Eligible businesses that satisfy EZ hiring requirements are exempt from the Hawaii General Excise Tax (GET) on eligible revenues and can claim partial personal or corporate non-refundable income tax and state unemployment premium credits for up to seven consecutive years. They also qualify for a GET exemption on work done at their site by a Hawaii State licensed contractor or sub-contractor. The counties may also offer additional incentives, such as incremental property tax relief, priority permit processing, or fee waivers.

Since the EZ Program's inception in 1986, at least 1000 eligible Hawaii companies have participated in the EZ Program, whereby jobs are created in exchange for tax incentives. In the following section we outline various program metrics for the calendar years 2013 and 2014. In 2014, "Certified" companies eligible to receive EZ benefits reported 1,387 new or maintained jobs statewide. In 2013 "Certified" companies reported 1,891 new or maintained jobs statewide. The business activities that reported the greatest number of jobs in the EZ Program in 2014 were in order: 1) Manufacturing; 2) Wholesaling; and 3) Agricultural Production or Processing, which fell to third place from first place in 2013. The top three business activities that produced the greatest number of jobs *on average per company* both years were: 1) Repair or maintenance of assistive technology equipment for disabled people; 2) Aviation or maritime repair or maintenance; and 3) Manufacturing. However, the first two business activities had a very small number of companies in the EZ Program and *overall* job totals for these business activities were small. Manufacturing was the business activity that tended to produce the most jobs *overall* and the most jobs *on average per reporting company*.

One of the "business activities" that has struggled with producing the required number of jobs for EZ company certification is agricultural production and processing. Because of this, there are alternative program requirements passed by the legislature in 2008 that make it easier for

agricultural companies to receive program benefits by meeting a yearly revenue increase rather than employment targets. We outline in the next section the percentage distribution of business activities in each County by EZ enrolled companies. Agricultural companies are important to the EZ Program especially in Hawaii and Kauai Counties where they comprise over half of the total number of EZ enrolled companies.

The top three business activities producing the most revenue statewide for both years were: 1) Manufacturing; 2) Wholesaling; and 3) Agricultural Production and Processing. And the top three business activities by *average company revenue* both years were: 1) Wind Energy; 2) Manufacturing; and 3) Wholesaling. However, Wind Energy only has 1 and 2 (2014, 2013 respectively) reporting companies, which have not reported very many jobs. Agriculture was sixth and eighth (2014, 2013 respectively) for *average company revenue* statewide out of the 12 eligible business activities permitted by statute.

Calendar years 2013 and 2014, the scope of this report, involved re-focusing and re-building the EZ Program. In 2011, the legislature passed a measure that suspended one of the program's benefits, the GET exemption for new companies enrolling in the program effective July 1, 2011 through June 30, 2013. This measure did not affect companies that were enrolled in the EZ Program prior to June 30, 2011, if they continued to meet EZ Program hiring, sales, and revenue requirements. But it did make it difficult to recruit new companies to the program. The suspension is the main reason for the drop-off in the number of participating companies from 2013 to 2014. In addition, the GET exemption was suspended for licensed contractors doing work for EZ companies effective July 1, 2011 through June 30, 2013. Now that these restrictions on program benefits have been lifted, a renewed effort is being made on recruiting companies to the program.

During this reporting period, the EZ Program has also been completely upgraded to an online system. Client companies can now access and file their yearly reports and program managers can track and report metrics using the supporting backend database to the EZ Program. This web-based upgrade was planned, designed and implemented for greater program accessibility, efficiency and transparency for currently enrolled and eligible new EZ businesses.

The EZ Program is a State-County partnership. There is an EZ Program Coordinator from each County who works with DBEDT in all aspects of the program including recruiting, administration and customer care. The Counties take the lead in identifying eligible County Enterprise Zones and use the program as a tool for their County’s economic development plans. DBEDT looks forward to even closer collaboration with the Counties in the coming years, particularly as Enterprise Zones expire at the end of their 20 year life and need to be re-configured and re-designated for the future.

PROGRAM METRICS FOR 2013 and 2014

Total Number of Enrolled Enterprise Zone Companies, by County, 2013 and 2014

Enrolled Companies, 2013

Hawaii County	77 companies
Honolulu County	135 companies
Kauai County	20 companies
Maui County	62 companies
Total State of Hawaii	295 companies

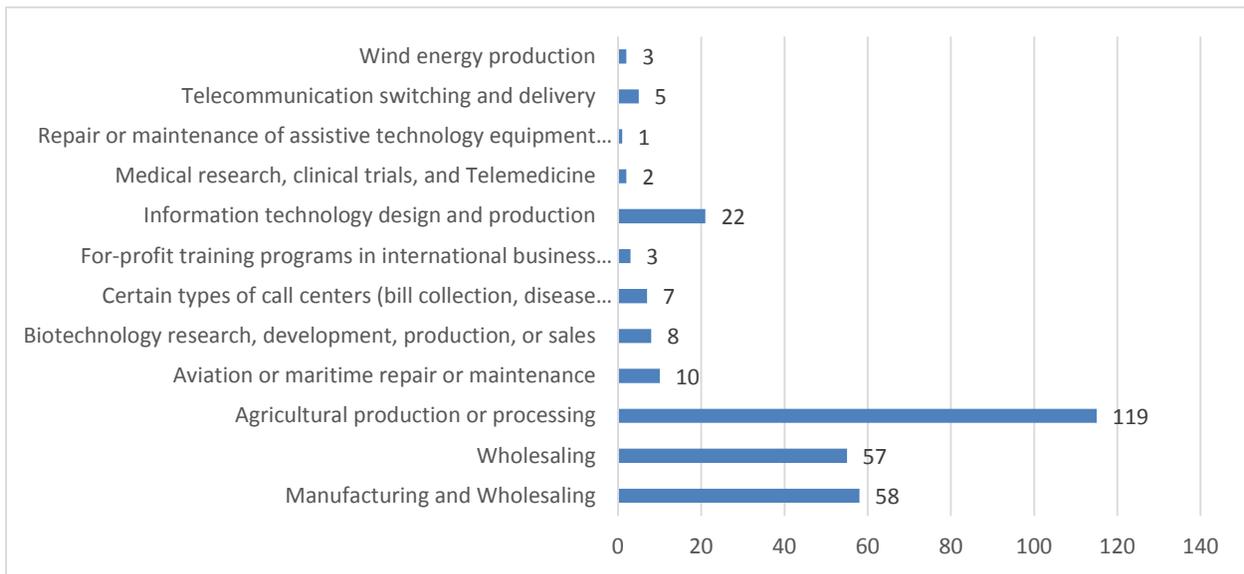
Enrolled Companies, 2014

Hawaii County	74 companies
Honolulu County	132 companies
Kauai County	19 companies
Maui County	62 companies
Total State of Hawaii	287 companies

DBEDT annually reviews End-of-the-Year Reports filed by enrolled companies that report to determine if they have met EZ Program requirements in job creation and retention, or revenue increases for agricultural companies. If a reporting company has met the requirements of the program, DBEDT issues a letter of “Certification” and the company may then file with the State Department of Taxation (DOTAX) for GET exemption and non-refundable income tax benefits on eligible income (Form N-756 - see Appendix E). If a company does not file an End-of-the-Year Report with DBEDT, the company may not claim any GET exemption or non-refundable income tax credits for that tax year with DOTAX.

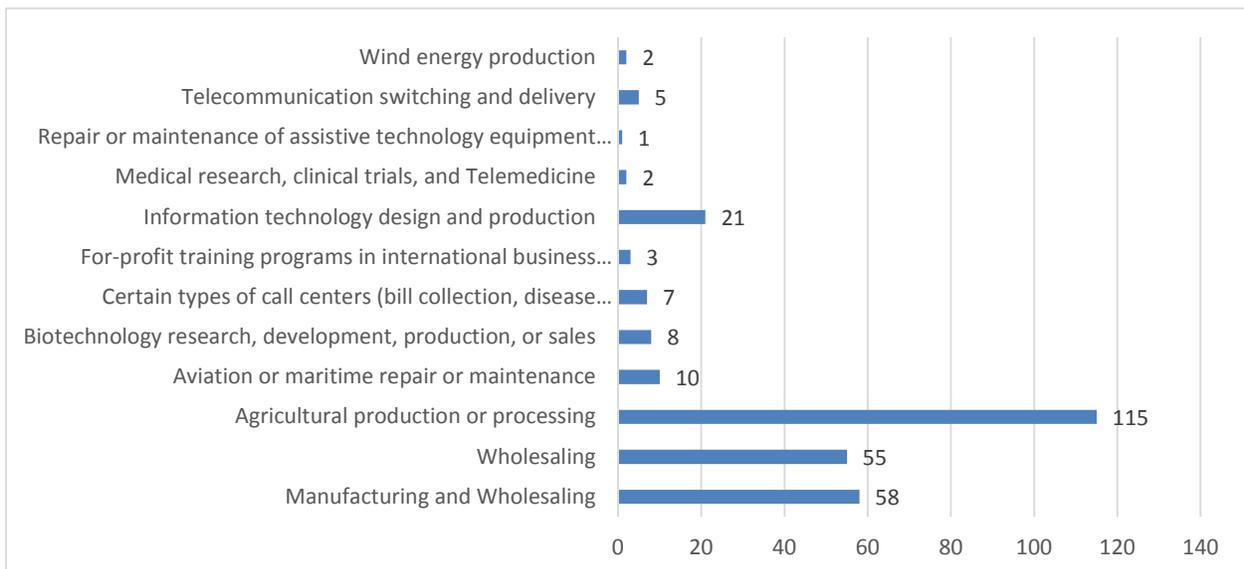
It should be noted that significant statistical information for 2013 and 2014 is based on information provided by *reporting* companies for the respective years. The number of *reporting* companies is less than the number of *enrolled* companies due to a number of companies not submitting their End-of-the-Year Reports. To improve our program tracking, efforts are already underway to encourage enrolled EZ companies to submit their End-of-the-Year reports regardless of whether they have met the EZ Program requirements for tax incentives.

Total Number of Enrolled Enterprise Zone Companies by Industry* Statewide, 2013

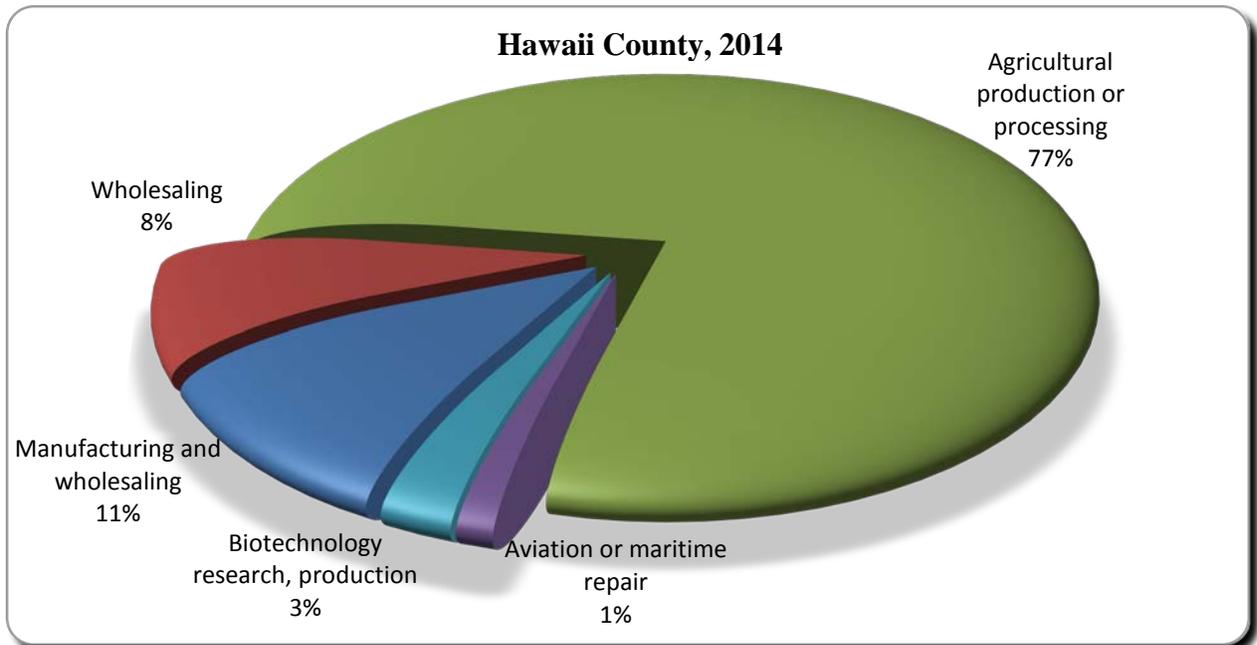
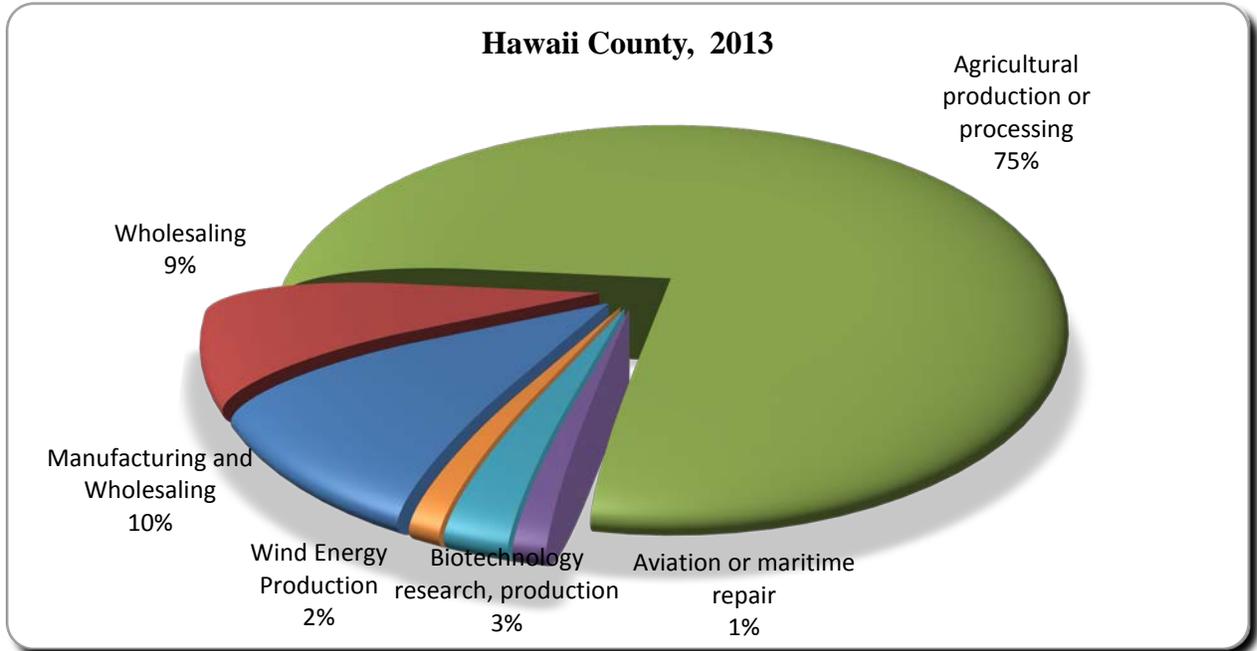


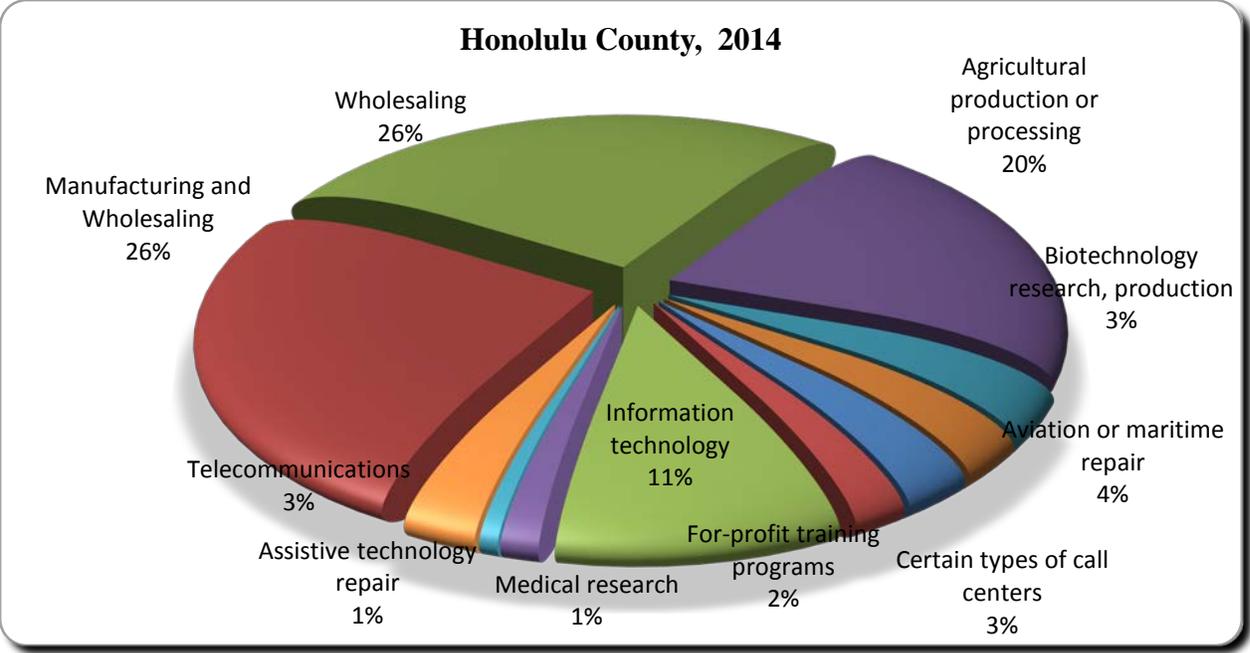
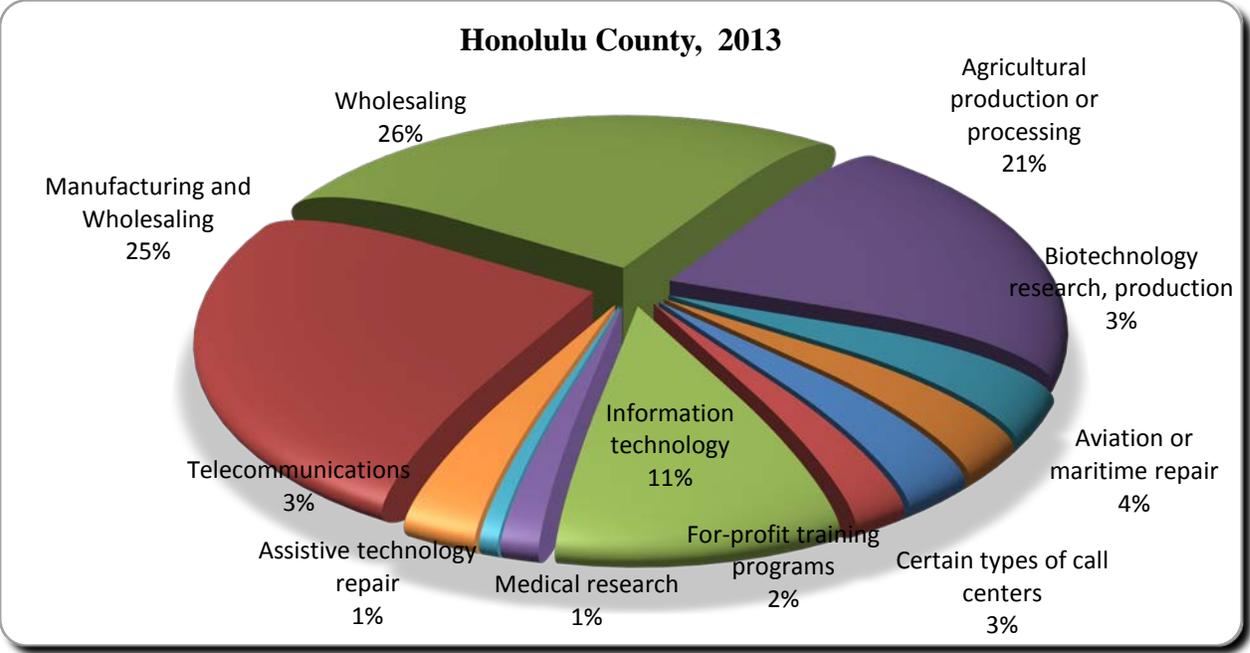
*Note: in this report we use “industry” as synonymous with “business activity,” the term used in HRS 209D.

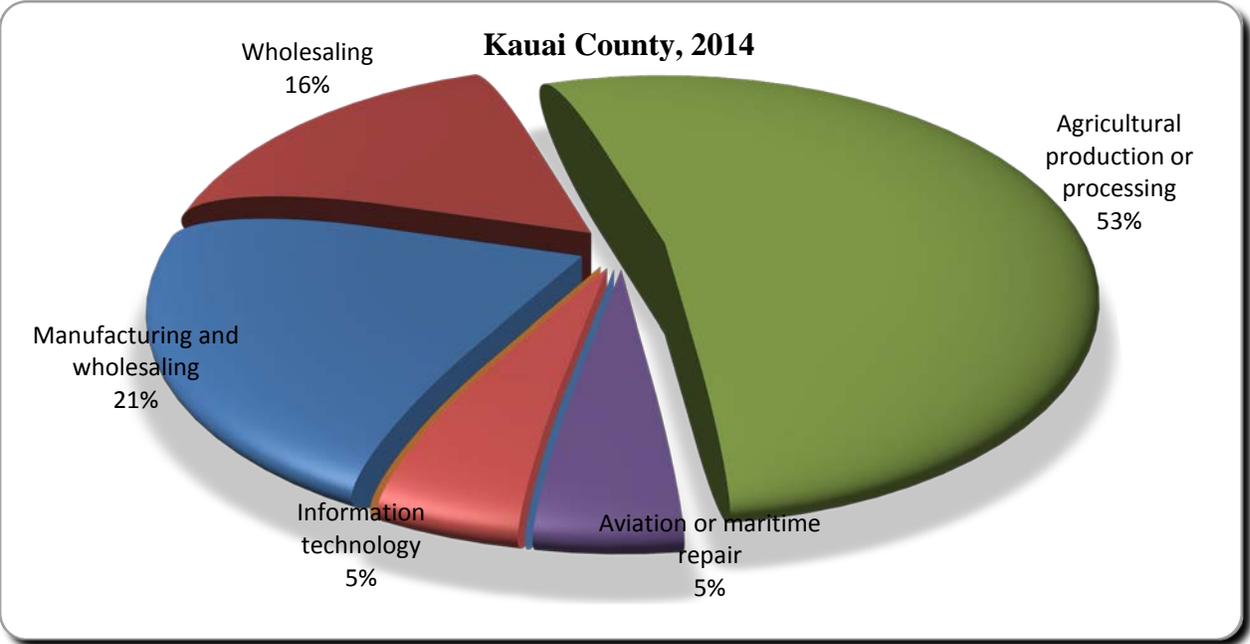
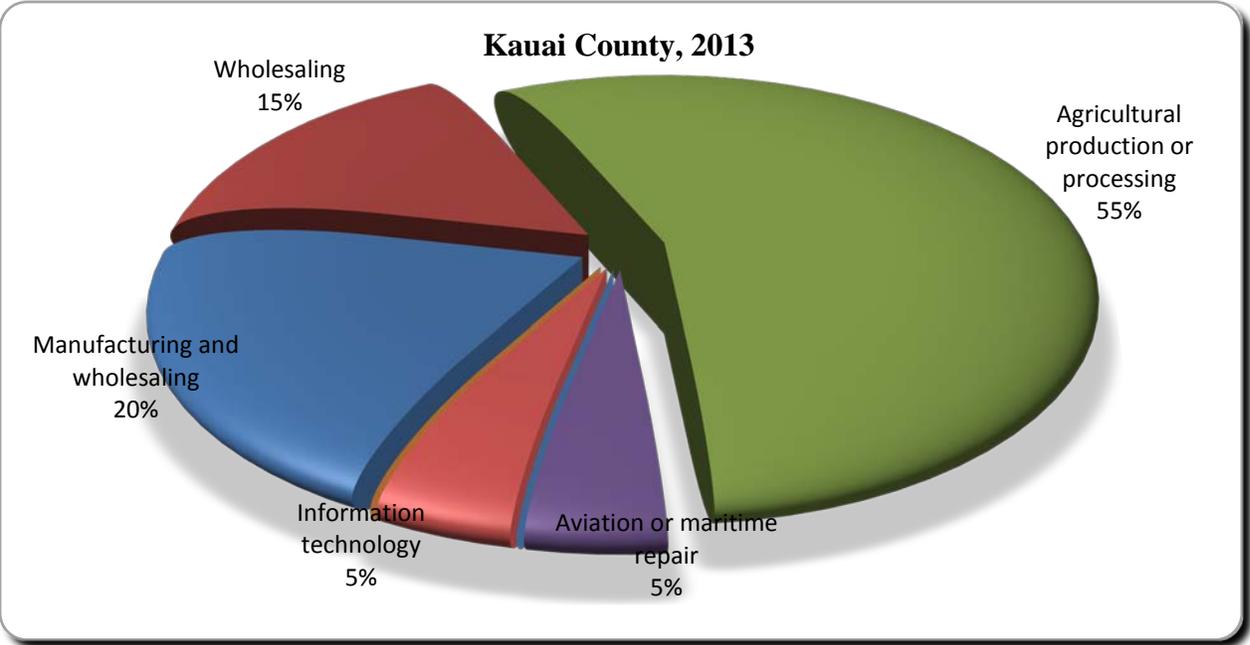
Total Number of Enrolled Enterprise Zone Companies by Industry Statewide, 2014

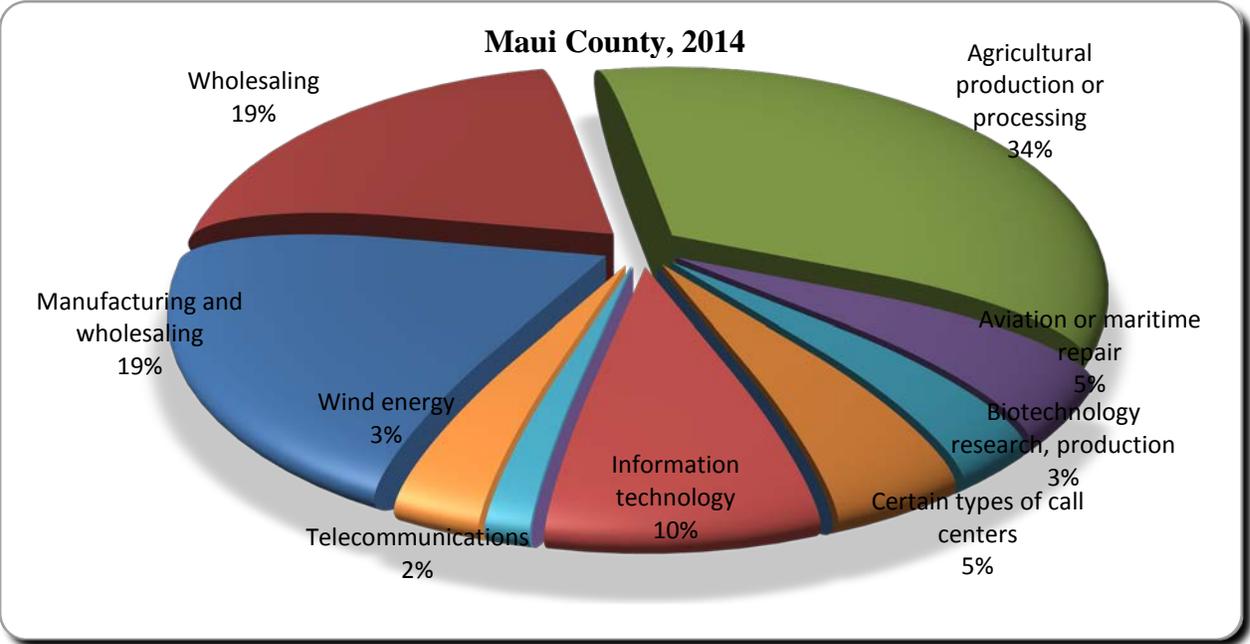
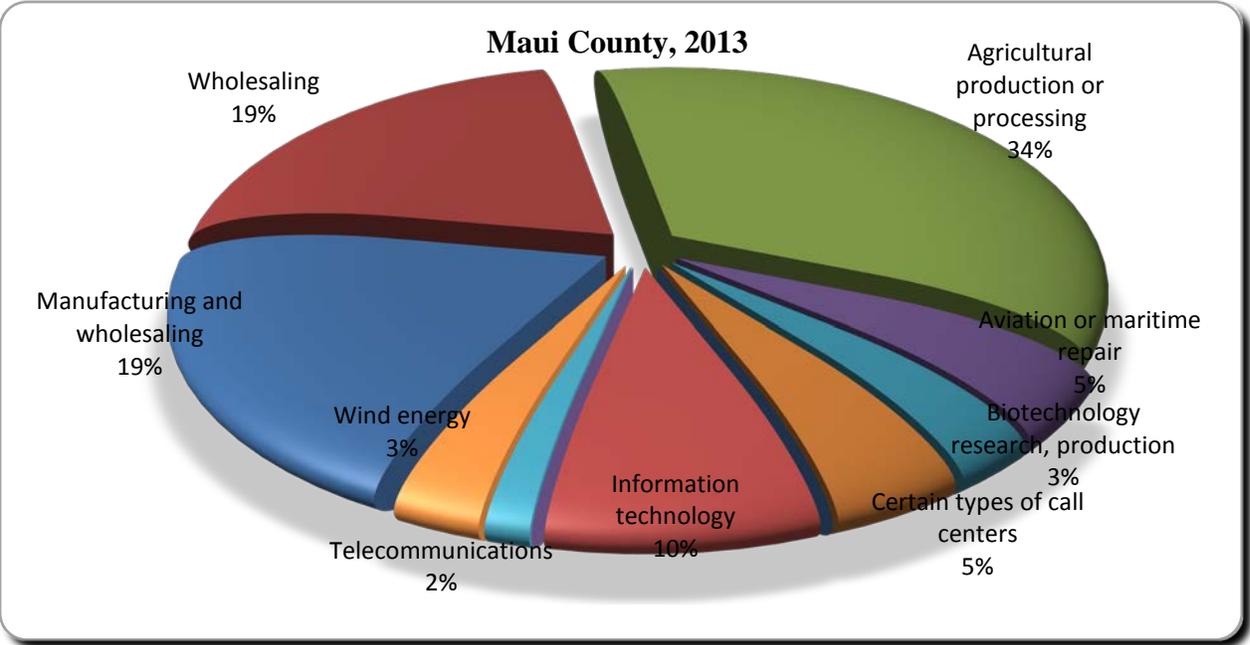


Enrolled Enterprise Zone Companies as Industry Percentage by County









Total Number of Jobs Created or Maintained by Industry by County 2013 and 2014

Total Number of Jobs Created or Maintained, by Industry, by County 2013										
Industry	Total	%	Hawaii	%	Honolulu	%	Kauai	%	Maui	%
Manufacturing and Wholesaling	482	25.5%	12	2%	422	39%	10	42%	38	22%
Wholesaling	272	14.4%	26	4%	178	16%	13	54%	55	32%
Agricultural production or processing	761	40.2%	573	93%	138	13%	*	0%	50	29%
Aviation or maritime repair or maintenance	209	11.1%	0	0%	208	19%	1	4%	0	0%
Biotechnology research	4	0.2%	0	0%	4	0%	0	0%	0	0%
Certain types of call centers	31	1.6%	0	0%	19	2%	0	0%	12	7%
For-profit training programs	2	0.1%	0	0%	2	0%	0	0%	0	0%
Information technology	60	3.2%	0	0%	52	5%	0	0%	8	5%
Medical research	4	0.2%	0	0%	4	0%	0	0%	0	0%
Repair or maintenance of assistive technology equipment used by disabled persons	36	1.9%	0	0%	36	3%	0	0%	0	0%
Telecommunication switching and delivery	23	1.2%	0	0%	16	1%	0	0%	7	4%
Wind energy production	7	0.4%	4	1%	0	0%	0	0%	3	2%
Totals	1,891		615		1079		24		173	

*Kauai County - 10 agricultural businesses were enrolled in 2013 out of a total enrollment (all industries) of 20 eligible businesses. For 2013, no enrolled agricultural business submitted an End-of-the-Year Report for Certification.

Total Number of Jobs Created or Maintained, by Industry, by County 2014										
Industry	Total	%	Hawaii	%	Honolulu	%	Kauai	%	Maui	%
Manufacturing and Wholesaling	363	26.0%	15	3.4%	313	50.0%	9	60%	26	9%
Wholesaling	155	11.0%	10	2.2%	101	16.0%	4	27%	40	14%
Agricultural production or processing	552	40.0%	415	93.0%	121	19.0%	*	0%	16	5%
Aviation or maritime repair or maintenance	183	13.0%	2	0.4%	3	0.4%	2	13%	176	60%
Biotechnology research	5	0.4%	0	0.0%	5	0.8%	0	0%	0	0%
Certain types of call centers	14	1.0%	0	0.0%	2	0.3%	0	0%	12	4%
For-profit training programs	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0%
Information technology	46	3.0%	0	0.0%	34	5.0%	0	0%	12	4%
Medical research	11	1.0%	0	0.0%	11	1.8%	0	0%	0	0%
Repair or maintenance of assistive technology equipment used by disabled persons	37	3.0%	0	0.0%	37	6.0%	0	0%	0	0%
Telecommunication switching and delivery	17	1.0%	0	0.0%	8	0.7%	0	0%	9	3%
Wind energy production	8	0.6%	4	0.8%	0	0.0%	0	0%	4	1%
Totals	1,391		446		635	100.0%	15		295	

*Kauai County - 9 agricultural businesses were enrolled in 2014 out of a total enrollment (all industries) of 19 eligible businesses. For 2014, no enrolled agricultural business submitted an End-of-the-Year Report for Certification.

**Average Number of Jobs per Company Created or Maintained Statewide
by Industry 2013 and 2014**

Average Number of Jobs per Company, by Industry, Statewide 2013			
Industry	Total No. of Reported Jobs, by Industry	No. of Reporting Companies, by Industry	Average No. of Jobs by Reporting Company, by Industry
Manufacturing and wholesaling	482	14	34.4
Wholesaling	272	18	15.1
Agricultural production or processing	761	41	18.6
Aviation or maritime repair or maintenance	209	5	41.8
Biotechnology research, development, production, or sales	4	1	4.0
Certain types of call centers	31	3	10.3
For-profit training programs	2	1	2.0
Information technology	60	6	10.0
Medical research	4	1	4.0
Repair or maintenance of assistive technology equipment used by disabled persons	36	1	36.0
Telecommunication switching and delivery	23	3	7.7
Wind energy production	7	2	3.5
Totals	1,891	96	19.7

**Average Number of Jobs per Company Created or Maintained Statewide
By Industry 2013 and 2014 (continued)**

Average Number of Jobs per Company, by Industry, Statewide 2014			
Industry	Total No. of Reported Jobs, by Industry	No. of Reporting Companies, by Industry	Average No. of Jobs by Reporting Company, by Industry
Manufacturing and wholesaling	363	13	27.9
Wholesaling	155	13	11.9
Agricultural production or processing	552	32	17.3
Aviation or maritime repair or maintenance	183	6	30.5
Biotechnology research, development, production, or sales	5	1	5.0
Certain types of call centers	14	2	7.0
For-profit training programs	0	0	0.00
Information technology	46	4	11.5
Medical research	11	1	11.0
Repair or maintenance of assistive technology equipment used by disabled persons	37	1	37.0
Telecommunication switching and delivery	17	2	8.5
Wind energy production	4	1	4.0
Totals	1,387	76	18.3

Total Revenue of Participating Companies by Industry and County 2013 and 2014

Total Revenue of Reporting Companies by Industry and by County 2013										
	Total		Hawaii		Honolulu		Kauai		Maui	
Industry	\$	%	\$	%	\$	%	\$	%	\$	%
Manufacturing and Wholesaling	72,855,585	19	845,858	1	63,174,115	31	1,582,607	17	7,253,005	11
Wholesaling	131,346,188	34	21,743,093	21	81,866,300	40	7,744,950	82	19,991,845	29.6
Agricultural production or processing	102,105,015	26	74,754,470	71	21,963,279	11	*	0	5,387,266	7.9
Aviation or maritime repair or maintenance	26,433,026	7	0	0	10,694,699	5	133,584	1	15,604,743	23
Biotechnology research	534,894	0.1	0	0	534,894	0.3	0	0	0	0
Certain types of call centers	1,758,530	0.4	0	0	905,987	0.4	0	0	852,543	1.3
For-profit training programs	157,110	0.04	0	0	157,110	0.08	0	0	0	0
Information technology	14,764,149	4	0	0	11,946,885	6	0	0	2,817,264	4.2
Medical research	2,550,000	1	0	0	2,550,000	1	0	0	0	0
Repair or maintenance of assistive technology equipment used by disabled persons	3,373,125	1	0	0	3,373,125	1.6	0	0	0	0
Telecommunication switching and delivery	9,596,188	2	0	0	8,816,188	4	0	0	780,000	1.2
Wind energy production	22,229,132	6	7,347,256	7	0	0	0	0	14,881,876	22
Totals	387,702,942		104,690,677		205,982,582		9,461,141		67,568,542	

*Kauai County - 10 agricultural businesses were enrolled in 2013 out of a total enrollment (all industries) of 20 eligible businesses. For 2013, no enrolled agricultural business submitted an End-of-the-Year Report for Certification.

Total Revenue of Reporting Companies by Industry and by County 2014										
	Total		Hawaii		Honolulu		Kauai		Maui	
Industry	\$	%	\$	%	\$	%	\$	%	\$	%
Manufacturing and Wholesaling	101,047,977	33	992,721	1.4	94,521,504	54	1,308,546	24	4,225,206	7
Wholesaling	74,900,504	24	13,204,016	18	43,171,586	25	4,118,087	74	14,406,815	25
Agricultural production or processing	74,261,178	24	58,760,561	80.3	13,628,108	8	*	0	1,872,508	3
Aviation or maritime repair or maintenance	22,524,474	7	243,167	0.3	7,063,433	4	128,146	2	15,089,728	26.4
Biotechnology research	568,806	0	0	0	568,806	0.3	0	0	0	0
Certain types of call centers	3,280,039	1	0	0	2,455,292	1.4	0	0	824,747	1.4
For-profit training programs	0	0	0	0	0	0	0	0	0	0
Information technology	8,806,550	3	0	0	5,441,778	3.1	0	0	3,364,772	6
Medical research	1,738,270	1	0	0	1,738,270	1	0	0	0	0
Repair or maintenance of assistive technology equipment used by disabled persons	3,824,837	1	0	0	3,824,837	2	0	0	0	0
Telecommunication switching and delivery	2,596,281	1	0	0	1,684,281	1	0	0	912,000	2
Wind energy production	16,434,279	5	0	0	0	0	0	0	16,434,279	29
Totals	309,983,195		73,200,465		174,097,895		5,554,779		57,130,055	

*Kauai County - 9 agricultural businesses were enrolled in 2014 out of a total enrollment (all industries) of 19 eligible businesses. For 2014, no enrolled agricultural business submitted an End-of-the-Year Report for Certification.

Average Revenue per Company by Industry Statewide 2013 and 2014

Average Revenue per Company by Industry Statewide, 2013			
Industry	Total Revenue	No. of Reporting Companies	Average Revenue per company
Manufacturing and Wholesaling	72,855,585	14	5,203,970
Wholesaling	131,346,188	18	7,297,010
Agricultural production or processing	102,105,015	41	2,490,366
Aviation or maritime repair or maintenance	26,433,026	5	5,286,605
Biotechnology research	534,894	1	534,894
Certain types of call centers	1,758,530	3	586,177
For-profit training programs	157,110	1	157,110
Information technology	14,764,149	6	2,460,692
Medical research	2,550,000	1	2,550,000
Repair or maintenance of assistive technology equipment	3,373,125	1	3,373,125
Telecommunication switching and delivery	9,596,188	3	3,198,729
Wind energy production	22,229,132	2	11,114,566
Totals	387,702,942	96	4,038,572

Average Revenue per Company by Industry Statewide, 2014			
Industry	Total Revenue	No. of Reporting Companies	Average Revenue per company
Manufacturing and Wholesaling	101,047,977	13	7,772,921
Wholesaling	74,900,504	13	5,761,577
Agricultural production or processing	74,261,178	32	2,320,662
Aviation or maritime repair or maintenance	22,524,474	6	3,754,079
Biotechnology research	568,806	1	568,806
Certain types of call centers	3,280,039	2	1,640,020
For-profit training programs	0	0	-
Information technology	8,806,550	4	2,201,638
Medical research	1,738,270	1	1,738,270
Repair or maintenance of assistive technology equipment	3,824,837	1	3,824,837
Telecommunication switching and delivery	2,596,281	2	1,298,141
Wind energy production	16,434,279	1	16,434,279
Totals	309,983,195	76	4,078,726

PROGRAM PURPOSE

The purpose of the Enterprise Zones (EZ) Partnership Program is to increase business activity, job retention, and job creation in areas and industries where they are most needed and most appropriate via tax and other incentives.

To be designated as an enterprise zone, a proposed area must be located within one United States census tract or two or more contiguous United States census tracts in accordance with the most recent decennial United States Census. The census tract or tracts within which each enterprise zone is located also must meet at least one of the following requirements:

- (1) At least twenty-five per cent of the population of each census tract shall have a median family income below eighty per cent of the median family income of the County in which the census tract is located; or
- (2) The unemployment rate in each census tract shall be at least 1.5 times the state average unemployment rate.

The EZ Program encourages a collaborative relationship between the State, the Counties, and qualifying businesses.

Each County can select up to six areas which satisfy unemployment or income criteria for 20-year designations as Enterprise Zones by the Governor. Eligible businesses that satisfy certain hiring requirements are exempt from Hawaii's General Excise Tax (GET) on the gross proceeds from the manufacture of tangible personal property, the wholesale of tangible personal property, the engaging in a service business by a qualified business, or the engaging in research, development, sale, or production of all types of genetically-engineered medical agricultural, or maritime biotechnology products.

The Counties also contribute one or more incentives which may include, but are not limited to:

- Priority zoning or building permit processing;
- Zoning or building fee or permit waivers or variances;
- Incremental property tax relief resulting from added value due to property improvements;
and
- Priority consideration for federal job training or community development funds.

ELIGIBLE BUSINESS ACTIVITIES

In order to be eligible to participate in the program, a business located in an enterprise zone must earn at least half of its annual gross revenue in a zone from one or more of the following:

- Agricultural production or processing;
- Manufacturing;
- Wholesaling or distribution;
- Aviation or maritime repair or maintenance;
- Telecommunications switching and delivery systems (but not consumer sales or services);
- Certain types of call centers (bill collection services, disaster management services, disease management services, product fulfillment services, or technical support for computer hardware or software manufacturers, but not telemarketing or sales);
- Information technology design and production (software development, imagery creation, and data compilation, but not consumer sales or services);
- Medical research, clinical trials, and telemedicine service;
- Biotechnology research, development, production, or sales;
- Repair or maintenance of assistive technology equipment used by disabled persons;
- For-profit international business management training;
- Environmental remediation technician training; and
- Wind energy production.

Almost all other businesses are *not* eligible, including retailers, all other professional services, and firms that build, maintain or repair real estate, such as custodial, carpentry, painting, electrical, and plumbing firms. The eligibility of some types of businesses and transactions may not always be clear. If so, consultation with DBEDT may be needed to determine eligibility.

Regarding renewable energy companies, DOTAX has determined that electricity is not tangible personal property (TPP) for EZ eligibility purposes or for purposes of the GET. The legislature, in enacting Act 160, Session Laws of 2000, specifically amended the definition of qualified business activity for EZ purposes. However, the amendment only qualified wind farms and no other producers of electricity.

Electricity producers, other than wind farms, which were enrolled in the EZ Program under Hawaii Revised Statutes (HRS) Section 209E-2 either under the “manufacture of tangible personal property” or the “wholesale sale of tangible personal property,” were not eligible to be enrolled in the EZ Program. All companies, whether or not they are enrolled in the EZ Program, that sell electric power to a public utility company for resale to the public must pay tax on the gross proceeds of such activity at the rate of 0.5 percent.

OUTREACH ACTIVITIES

2013 Hawaii Small Business Fair - Winter

On February 2, 2013, the DBEDT partnered with the U.S. Small Business Administration, the Internal Revenue Service, Leeward Community College, the Hawaii Small Business Development Center, State DCCA – Business Action Center, Bank of Hawaii, Foreign Trade Zone, and Ewa Beach Community-Based Development Organization, to conduct the 2013 Small Business Winter Fair at Leeward Community College. There were 26 exhibitors, including partners and others, including AARP, SCORE, Hawaii Health Connector, BIA-Hawaii, the U.S. Postal Service, HI-PTAC, Central Pacific Bank, First Hawaiian Bank, Hawaii USA FCU, Pacific Business News and others, that provided business information, conducted 24 technical assistance workshops, and sponsored a plenary session featuring Howard Dicus and Hawaii Entrepreneur, Eddie Flores, the L & L Drive-In Guru. Not including “walk-ins,” over 200 business owners and entrepreneurs registered to attend the events and workshops. Workshops included topics such as “Forming and Registering Your Business, State and Federal Tax Basics, Financing Options for Small Businesses, Specialty Loans and Tax Breaks, Starting a Culinary/Food Truck Business, Off the Wall Marketing, Stepping into the Global Marketplace, Fine Tuning Your Business Plan and more.”

2013 Hawaii Small Business Fair - Fall



Entrepreneurs register for Small Business Fair

On October 12, 2013, at Chaminade University’s Henry Hall in Honolulu, DBEDT co-hosted the Small Business Fall Fair, “Launch Your Dreams into Reality.” More than 200 small business owners and entrepreneurs attended the free one-day event featuring 23 business-related workshops and one-on-one business counseling, plus exhibits with vendors from Federal, State and local agencies, organizations and financial institutions.

Attendees enjoyed a wide range of workshop topics including How to “Sell” Yourself & Your

Product, Specialty Loans & Tax Breaks, Brand Imaging, Understanding Business Accounting, Exporting: The New Wave for Small Business, Filing and Paying Taxes, and many more. There were also opportunities for one-on-one business counseling provided by the Small Business Development Center and SCORE.

DBEDT co-hosted this free one-day event with partners U.S. Small Business Administration, Chaminade University, Small Business Development Center (SBDC), Internal Revenue Service, Bank of Hawaii, and the Business Action Center.

2014 Hawaii Small Business Fair – Spring



On February 22, 2014, DBEDT co-hosted the 2014 Hawaii Small Business Spring Fair, “Launch Your Dreams Into Reality” at Leeward Community College in Pearl City. The free one-day event featured more than 30 workshops and exhibits from Federal, State and local agencies and participating organizations.

Sponsored by a partnership of DBEDT with other Federal, State and other local organizations, the free workshops and exhibits provided a great opportunity for small business owners and future business owners to learn how to grow or start their businesses. More than 350 individuals registered for a wide range of workshop topics including: Show Me the Money: Financing Options, Forming and Registering Your Business, Secrets of marketing, The 24/7 Salesperson: Your Website, Getting FIT: Federal Income Taxes, and many more. In addition, SCORE provided one-on-one business counseling to more than 100 business and future business owners.

Partnering with DBEDT to bring this successful one-day event to Hawaii's business owners and entrepreneurs were the U.S. Small Business Administration, the Internal Revenue Service, Leeward Community College, Small Business Development Center (SBDC), Bank of Hawaii and the Business Action Center.

Providing information and assistance were more than 30 exhibitors including agencies such as DBEDT, SCORE, State Department of Transportation, USDA Rural Development, State Department of Taxation, State Department of Health, Office of Hawaiian Affairs, Patsy T. Mink Center for Business and Leadership, Hawaii Health Connector, local banks and many more.

2014 Hawaii Small Business Fair - Summer

On August 23, 2014, at Honolulu Community College, DBEDT co-hosted the 2014 Hawaii Small Business Summer Fair, "Launch Your Dreams into Reality." More than 300 small business owners and entrepreneurs attended the one-day event at Honolulu Community College. This event featured more than 25 business-related workshops and one-on-one business counseling sessions, plus exhibits with vendors from Federal, State and local agencies, organizations and financial institutions.

Chamber of Commerce Hawaii 2014 Small BIZ Academy

On October 29, 2014, the Chamber of Commerce Hawaii launched their first one-day Small BIZ Academy in partnership with the City and County of Honolulu. Various business support organizations including DBEDT presented complimentary seminars designed to provide small businesses with information and tools needed to start, develop and grow their businesses. Turnout

for the event at the Neal S. Blaisdell Center in Honolulu included around 300 attendees, many just starting their business ventures.

In addition to an information table DBEDT and its attached agencies led a seminar on *Manufacturing in Hawaii: Services available to help your business*. The speakers were Wayne Inouye, Manufacturing Extension Partnership Center Director, INNOVATE Hawaii; Mark Ritchie, Business Support Branch Chief, Business Development and Support Division, DBEDT; and David Sikkink, Administrator, Hawaii Foreign-Trade Zone No. 9.

Kauai Small Business Fair 2014



George Costa, Director of Kauai County Office of Economic Development, speaking before the panel discussion

On November 6, 2014, Kauai launched its inaugural Small Business Fair with the subtitle, “Learn Effective Strategies for a Successful Business.” Organized by the County of Kauai’s Office of Economic Development, the fair included a number of business support organizations as exhibitors, such as DBEDT, the Department of Commerce and Consumer Affairs’ (DCCA) Business Action Center (BAC), the Small Business Development Center (SBDC) and the Kauai Chamber of

Commerce. Additionally, an impressive panel discussion was held, which included successful Kauai entrepreneurs presenting and fielding questions on their secrets to successfully starting and growing their businesses. Attendees, many of whom were just starting their businesses, were pleased to find a one-stop business support network at the Fair. DCCA, for instance, distributed information on all the legal logistics of setting up a business, and DBEDT spoke with attendees about the Department’s exporting and EZ programs.

PROGRAM HISTORY

The Hawaii EZ Program was created by Act 78, 1986, and codified in Chapter 209E, Hawaii Revised Statutes. The enabling legislation was amended by Act 390, 1989 to more specifically

define and limit the types of businesses that would be eligible and the hiring requirements that eligible businesses must satisfy. Since most head-to-head business competition is in the small-scale retail sector, the legislature removed almost all retail businesses from eligibility due to concerns that EZ designation could create "unfair" competitive advantages for retailers located in Enterprise Zones.

The administrative rules for the program were completed and approved in 1990. The Counties did not immediately submit EZ nominations because the local economy was still strong and unemployment rates were low, which reduced the need for a program intended to maintain and create jobs.

Two amendments in 1993 added that agricultural producers are eligible to participate (Act 17) and to make Kauai County census tract #405, which includes Lihue and vicinity, eligible for designation as an Enterprise Zone (Act 341). Tract #405 was the only Kauai census tract not eligible based on 1990 census data. Additional housekeeping amendments were made in Act 91 of 1995 to allow the EZ low-income employee earning thresholds to be updated annually, instead of every 10 years, and to vary according to family size.

The first three zones were designated in 1994 on the Island of Hawaii in the North Kona, Hilo-Puna, and Hamakua districts. In 1995 and 1996, the North Kona and Hilo-Puna zones were expanded and two more zones were designated on the Island of Hawaii in the Kau and South Kona districts. The first zone on Kauai (in the Lihue area), and the first three zones on Oahu were also created. The latter included the Haleiwa-Waialua area, Mililani Technology Park and parts of Wahiawa, and parts of Waipahu, Pearl City, and Waipio. Act 286 was passed in 1996 to enhance the EZ Program's effectiveness as an economic diversification tool. This legislation made the following activities EZ-eligible:

- Medical research, clinical trials, and telemedicine;
- Information technology design and production;
- Telecommunications switching and delivery; and
- For-profit training programs for international business managements and environmental remediation technicians.

Previously, EZ-eligible business activities were limited to manufacturing, wholesaling, and farming, as well as maintenance or repair of aircraft or waterborne vessels. These changes were intended to help increase the quality of jobs created in EZs as well as enhance the State's other economic diversification efforts.

Act 286 also eliminated completely the low-income hiring requirements, and the overall hiring requirements were slightly increased. The telecommunication, information technology, medical, and training categories were also added to the definition of eligible businesses, while eligibility in the cleaning, repair, and maintenance category was limited to aviation and maritime activities. These changes were intended to increase the quality of jobs created by enterprise zone businesses.

In 1997, Act 262 further clarified the definitions of the new eligible business categories added in 1996, and also added new incentives. These included exemption from use tax on supplies and equipment purchased out of state by EZ enrolled firms, and the contractor GET exemption on work done at the EZ site and paid for by EZ enrolled firms. Act 262 also expanded the North Shore zone on Oahu to include all agricultural lands in the Waiialua district until June 30, 2002.

Also in 1997, Molokai became a zone, along with four new Kauai zones which, in combination with the Lihue zone, included all land on Kauai with commercial or agricultural land use zoning. The North Shore zone on Oahu was also expanded to include most of the area between Mokuleia and Pupukea.

In 1999, the Hamakua and Pearl City-Waipahu zones were expanded, the later to include most of the Ewa plain and Campbell Industrial Park (except for the refineries).

In 2000, Lanai, East Maui, and North Kohala, on the Island of Hawaii, were zones added. Acts 118 and 160 EZ expanded business eligibility to include the following:

- Biotechnology research, development, production and sales;
- Repair and maintenance of assistive technology equipment used by disabled persons;
- Wind energy production; and

- Certain types of call centers (bill collection, product fulfillment, disaster management, and technical support for computer hardware and software companies, but not direct telemarketing or sales).

In 2001, the North Shore zone on Oahu was further expanded to include the Koolauloa district, and new zones were added in urban Honolulu from the airport area through lower Kalihi, Iwilei and downtown into the Ala Moana area and on the leeward coast of Oahu. Five of the six Island of Hawaii zones were also expanded.

In 2002, the definition of EZ-eligible call centers was amended by Act 122 to include disease management services. The Use Tax exemption was eliminated by Act 146, because this discouraged EZ firms from purchasing supplies and equipment from local vendors. Finally, Act 146 also provided a one-time easement of the EZ hiring requirements for firms enrolled in the EZ Program prior to the terrorist attacks of September 11, 2001.

In September 2004, the Urban Honolulu zone was expanded to include all of Kakaako.

In 2006, the Greater Maui and East Maui zones were added to increase Maui County's zones to five.

In December, 2007, Hilo-Puna and North Kohala in the Hawaii County EZs were expanded.

In March 2008, due to the large number of agricultural related businesses and to support agriculture, the Waimanalo zone was added to Honolulu County as its sixth and final zone.

See the following chart for a summary of Enterprise Zone start and expiration dates.

DESIGNATED ENTERPRISE ZONES

Enterprize Zones		
City & County of Honolulu	Effective Date	Expiration Date
Mililani-Wahiawa	10/1/1996	9/30/2016
Pearl City-Ewa-Central Oahu	10/1/1996	9/30/2016
North Shore Oahu	10/1/1996	9/30/2016
Leeward Oahu	4/1/2001	3/31/2021
Urban Honolulu	4/1/2001	3/31/2021
Waimanalo	3/1/2008	2/28/2028
Hawaii County	Effective Date	Expiration Date
Hamakua	10/1/1994	9/30/2014
Hilo-Puna	10/1/1994	9/30/2014
North Kona	10/1/1994	9/30/2014
Kau	5/1/1995	4/30/2015
South Kona	4/1/1996	3/31/2016
North Kohala	4/1/2000	3/31/2020
Kauai County	Effective Date	Expiration Date
Lihue	5/1/1996	4/30/2016
North Shore Kauai	2/1/1997	1/31/2017
Kapaa	2/1/1997	1/31/2017
South Central Kauai	4/1/1997	3/31/2017
West Kauai	4/1/1997	3/31/2017
Maui County (Molokai / Lanai)	Effective Date	Expiration Date
Molokai	1/1/1997	12/31/2016
Lanai	4/1/2000	3/31/2020
East Maui	4/1/2000	3/31/2020
Greater Maui	5/1/2006	4/30/2026
West Maui	5/1/2006	4/30/2026

City and County of Honolulu (Island of Oahu)

- In October of 1996, the following areas were designated as Oahu’s first enterprise zones:
 1. Mililani Technology Park and parts of Wahiawa;
 2. The Oahu Sugar mill site and other parts of Waipahu and Pearl City; and
 3. The Waialua Sugar mill site and other parts of Waialua and Haleiwa.

- In 1997, Act 262 temporarily expanded the North Shore zone to include all agricultural lands in the Waialua district until June 30, 2002.
- In November of 1997, further expansion of the North Shore zone boundaries was approved to include areas in Pupukea and Mokuleia which were not included in Act 262. The expanded boundaries requested by the County will remain in effect for the remainder of the original zone's 20-year span.
- In March of 1999, expansion of the Waipahu-Pearl City zone was approved to include most of Campbell Industrial Park (except the oil refineries), Barbers Point Harbor and Naval Air Station, Kapolei, and parts of Kunia and Ewa.
- In January of 2001, the North Shore EZ was expanded from Pupukea to Kaaawa. The designation of new zones in urban Honolulu (from Honolulu International Airport to Ala Moana) and on the leeward coast followed in April.
- In November of 2002, Mililani Tech Park/Wahiawa zone was expanded.
- In September 2004, the Urban Honolulu zone was expanded to include Kakaako.
- In March 2008, Waimanalo was designated as the sixth and final Enterprise Zone on Oahu. This selection was based on the significant number of agricultural businesses that are eligible activity under the EZ Program.
- County incentives include a two-year rebate on increases in real property taxes resulting from new construction by EZ-eligible firms, and a waiver of all building and grading permit fees for new construction by EZ-eligible firms at their EZ sites.

Hawaii County (Island of Hawaii)

- In October of 1994, the state's first three EZs were designated in Hamakua, Hilo-Puna, and Kona.
- In May of 1995, a fourth Big Island zone was designated in Kau, and the Hilo-Puna and Kona zones were expanded.
- In March of 1996, further expansion of the Hilo-Puna zone and designation of a fifth zone in southern Kona were approved.
- In January of 1999, expansion of the Hamakua zone was approved.
- In April of 2000, North Kohala as designated as the Big Island's sixth zone.
- In December of 2001, all Big Island zones except Kau were expanded.

- In September 2014, three of the Island of Hawaii’s Enterprise Zones 20-year term expired. The County Administration and County Council have passed a resolution requesting that the Governor designate two new zones, re-designate one zone, and expand one existing zone.
- Hawaii County offers a three-year exemption from the incremental property tax increases resulting from new construction by eligible businesses in EZs.

Kauai County (Islands of Kauai and Niihau)

- In April of 1996, Lihue and vicinity was designated as Kauai’s first enterprise zone.
- In February of 1997, North Shore and Kapaa zones were designated.
- In April of 1997, two more zones were designated in southern and western Kauai.
- All land on the island zoned for industrial, commercial or agricultural activity is now included in enterprise zones.
- Kauai County offers fast-track permit processing to eligible businesses.

Maui County (Islands of Maui, Molokai, Lanai and Kahoolawe)

- In January of 1997, Molokai was designated as Maui County’s first enterprise zone.
- In April of 2000, Lanai and East Maui were designated as enterprise zones.
- The County waives business permit fees for EZ-eligible businesses.
- The County gives priority consideration to EZs and EZ-eligible businesses when allocating federal grant monies, processing business permits, and granting zoning waivers.
- In May of 2006 West Maui and Greater Maui were added as new enterprise zones. Immediately after the addition of the EZ’s, five new applications were received.

PROGRAM BENEFITS

State Incentives

- Exemption from GET on EZ eligible activities for up to seven years. (Effective July 1, 2011 through June 30, 2013, the GET exemption was temporarily suspended on gross proceeds received by qualified businesses in the EZ that do not have valid certificates of qualification from DBEDT.)

- Non-refundable income tax credit equal to 80 percent of tax liability the first year, decreasing 10 percent each year thereafter over the next six years to 20 percent of tax liability the last year (see below), and
- Non-refundable income tax credit equal to 80 percent of the unemployment insurance premiums paid during the first year, decreasing 10 percent each year over the next six years to 20 percent of premiums paid the last year (see below).

Year	1	2	3	4	5	6	7
State Income Tax Credit	80%	70%	60%	50%	40%	30%	20%
Unemp. Insurance Equivalent Tax Credit	80%	70%	60%	50%	40%	30%	20%

Businesses engaged in agricultural production or processing and/or manufacturing of tangible personal property that have completed their initial 7-years in the EZ Program are eligible to extend their EZ participation for an additional three years (36-months). Eligibility for EZ tax and other benefits will begin when this application is approved. However, approval of a company’s application does not guarantee that the business will qualify for all EZ Program benefits every year. At the end of each tax year, an End-Of-Year report form *is required to be submitted* to determine if a business has satisfied the annual gross receipts and/or hiring requirements.

Construction and construction trade contractors are also *exempt from GET* for work done at the EZ-enrolled business site. This means an EZ-eligible firm must first apply to participate in the EZ Program and be officially approved prior to completing a contract with a licensed contractor. An EZ-enrolled firm may benefit from this EZ benefit by negotiating with licensed contractors to share all or part of the contractor’s tax exemption. Neither licensed contractors nor licensed sub-contractors are obligated to negotiate any tax savings. However, if the contractor or sub-contractor

does charge the EZ company GET, that contractor or sub-contractor must pay GET to the State. (Note: EZ-eligible firms can choose to enroll before beginning operations if necessary for their contractors to claim this exemption before the EZ firm opens for business at its EZ location. But firms must report the number of full-time employees when the firm's EZ establishment becomes operational.)

County Incentives

These vary by County and may include, but are not limited to:

- Incremental property tax abatement based on new construction;
- "Fast track" or priority permit processing;
- Zoning or building permit waivers or variances; or fee waivers; and
- Priority consideration for federal programs controlled by the counties such as Community Development Block Grants (CDBG), Workforce Incentive Act (WIA), and others.

ENTERPRISE ZONE NOMINATION, DESIGNATION, AMENDMENT AND TERMINATION PROCESS

County zone nominations must include the following information:

1. A description of the proposed zone boundaries.
2. Maps identifying the following:
 - the proposed zone boundaries relative to the boundaries of the census tracts that will be fully or partially included in the zone;
 - land use classifications within the proposed zone;
 - publicly-held lands within the proposed zone including ceded lands; and
 - the County general plan and/or development plan classifications for areas within the proposed zone.
3. A description of the incentives to be offered by the County to eligible businesses within each zone. Each County may propose incentives which can be made available:
 - in one, some, or all of the County's zones;
 - to certain types of eligible businesses only; and

- for certain time periods only.

Prior to approval by the Governor, the qualifications of nominated areas will be reviewed by DBEDT for appropriateness, as will the business incentives proposed by the counties. Each zone is approved for 20 years unless earlier termination is requested by the County. Businesses in a terminated zone that have already begun their seven-year cycle of eligibility will continue to be eligible to qualify for the State EZ Program incentives in the remaining years of their cycle. However, no new businesses will be allowed to begin participation in a terminated zone after the zone is terminated. Counties may request an amendment of zone boundaries from the Governor at any time, and may also change their own zone incentives at any time without the Governor's approval.

APPENDICES

- A. State and County Coordinators
- B. Maps of Enterprise Zones
- C. List of Firms in the Enterprise Zones Partnership Program
- D. EZ Success Stories
- E. Hawaii State Tax Form N-756

APPENDIX A

STATE AND COUNTY

COORDINATORS

HAWAII STATE AND COUNTY ENTERPRISE ZONES COORDINATORS

CONTACT INFORMATION

State of Hawaii Department of Business, Economic Development & Tourism
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Department of Research and Development
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25 Aupuni Street, Suite 1301
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County of Kauai George Costa, Director
Office of Economic Development
County of Kauai
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Lihue, Hawaii 96766
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Email: gcosta@kauai.gov

County of Maui

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Office of Economic Development

County of Maui

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City & County
of Honolulu

James Lota, Planner

Office of Special Projects

Department of Community Services

City & County of Honolulu

715 South King Street, Suite 311

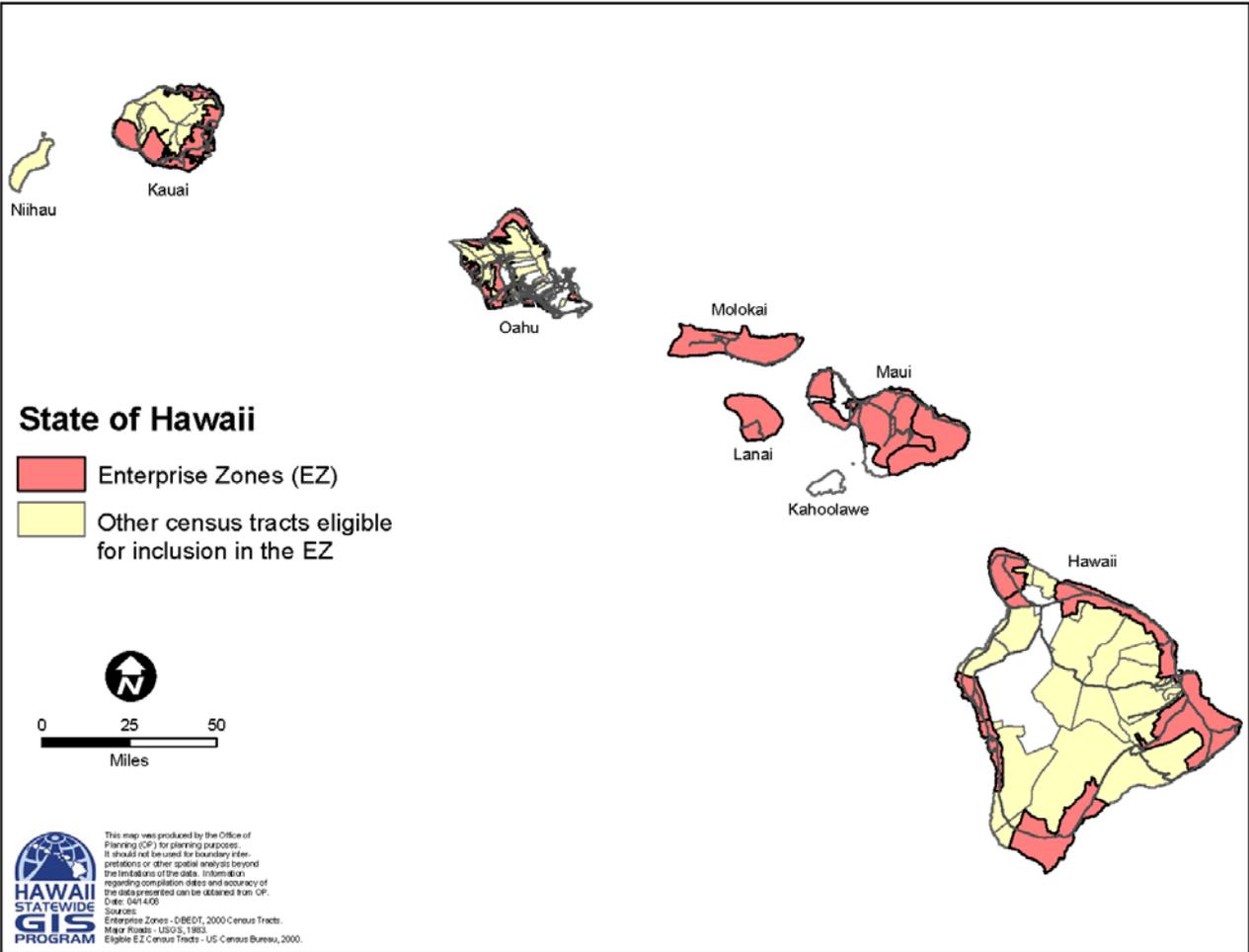
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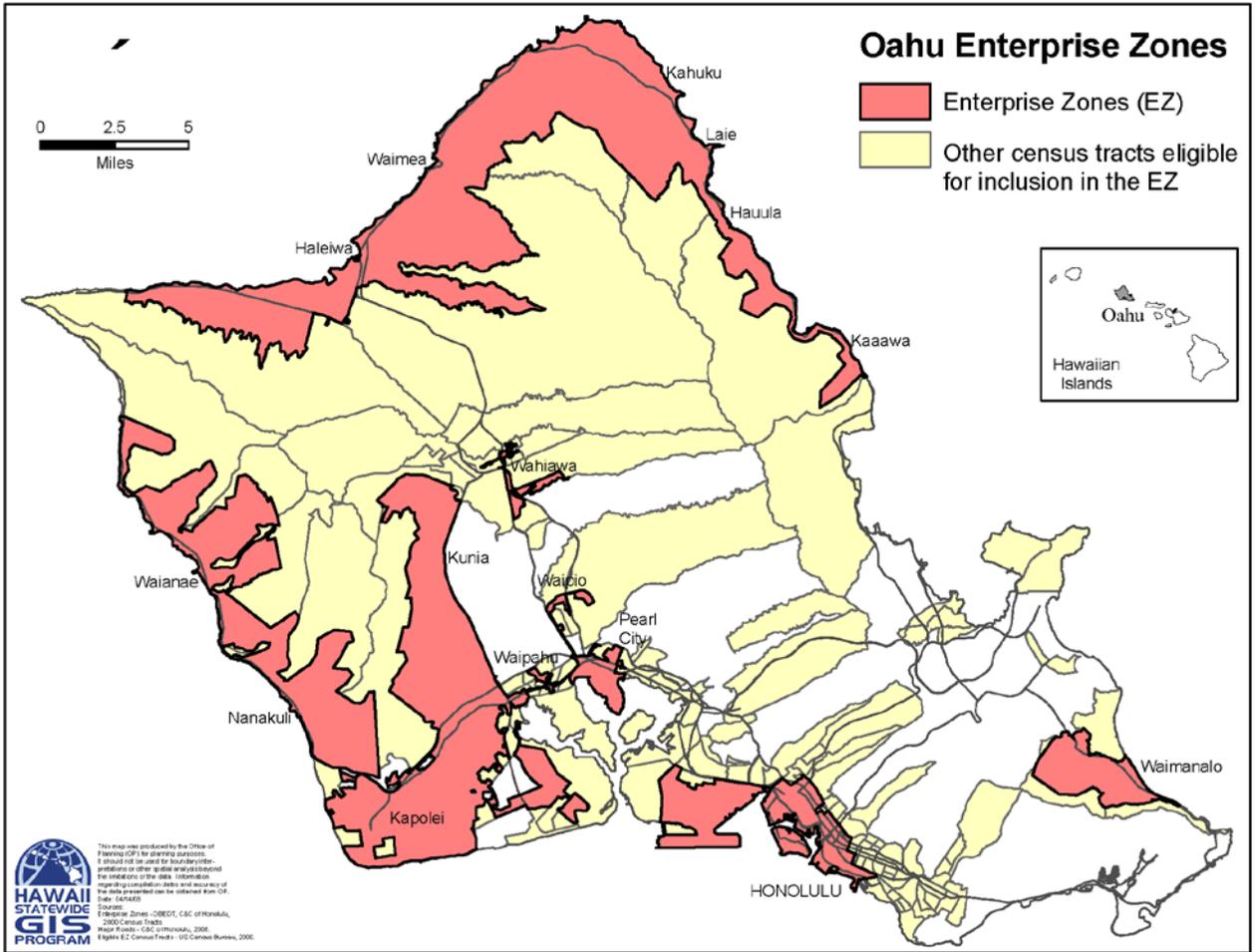
Phone: (808) 766-5861 Fax: (808) 768-1251

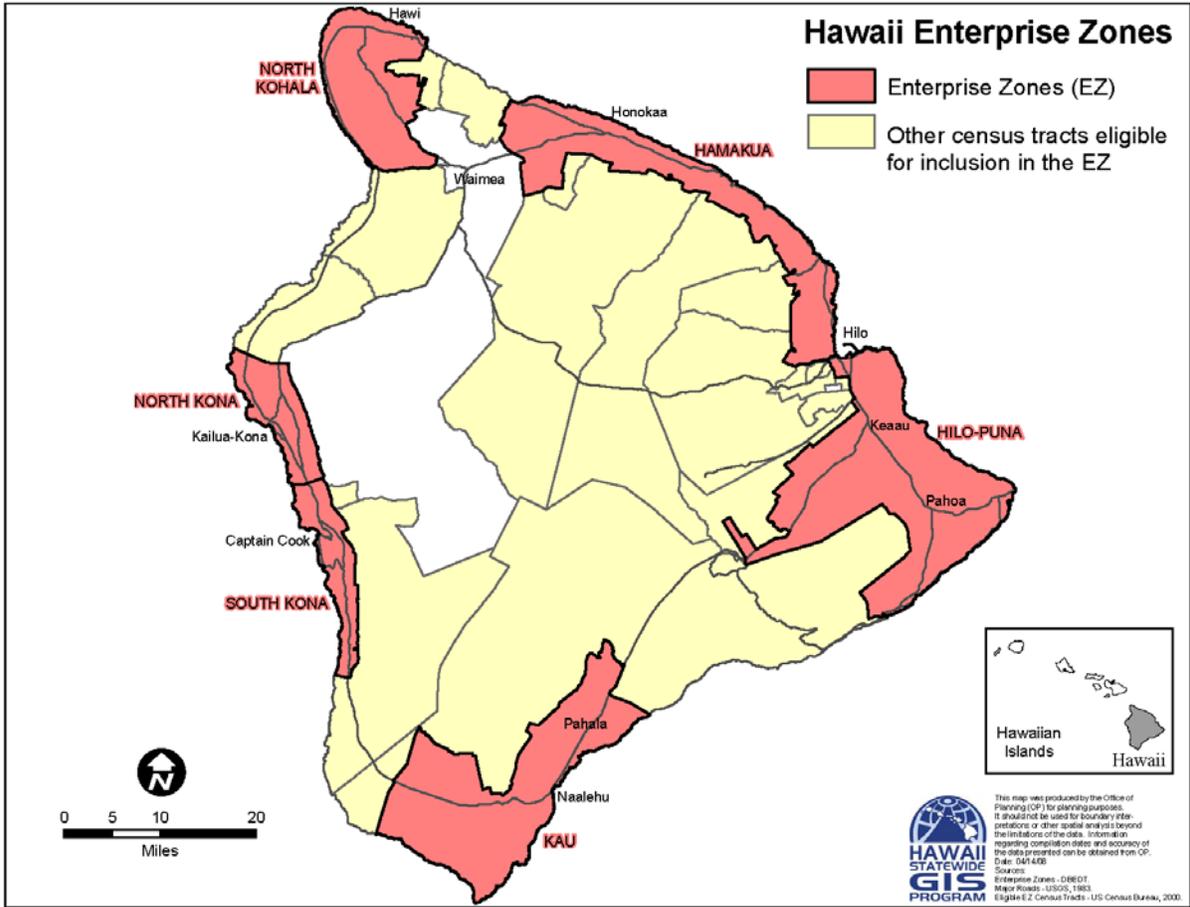
Email: jlota@honolulu.gov

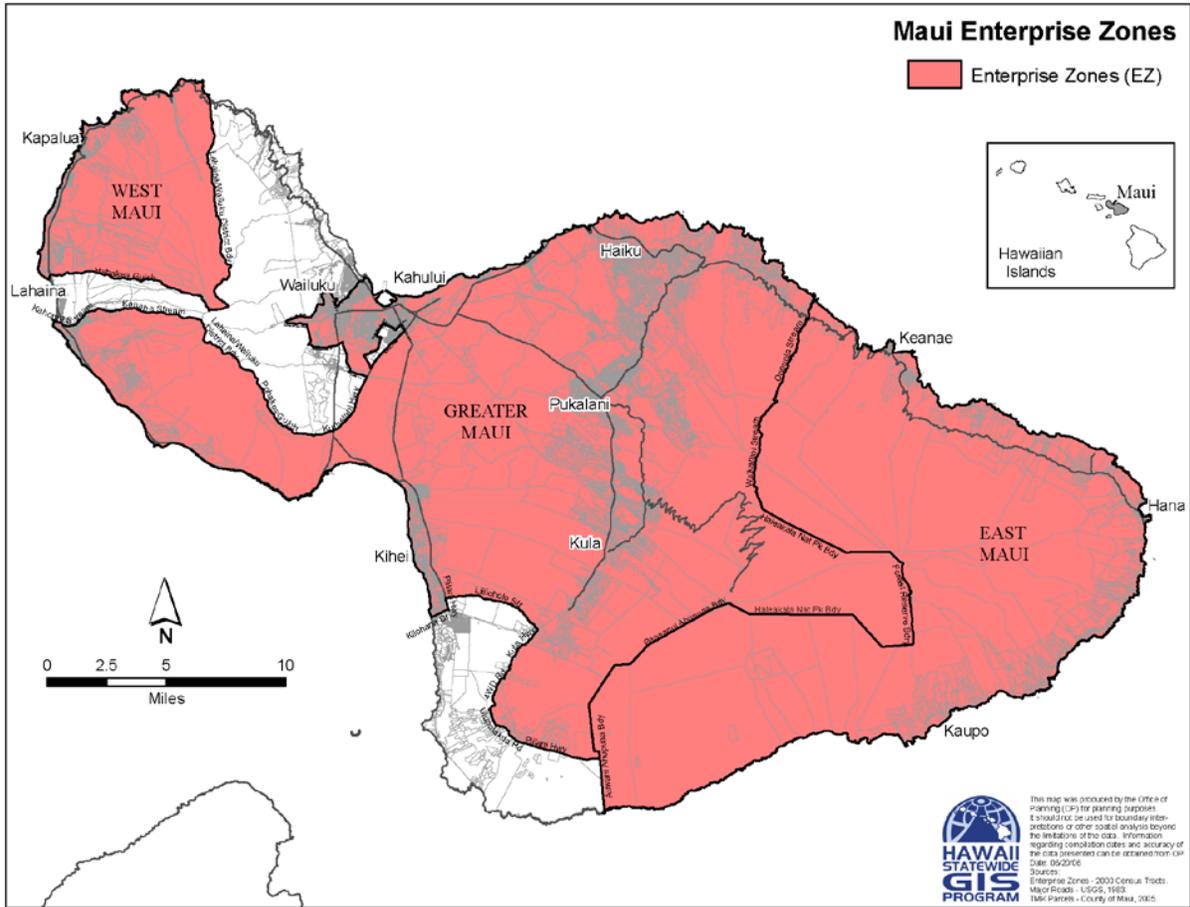
APPENDIX B

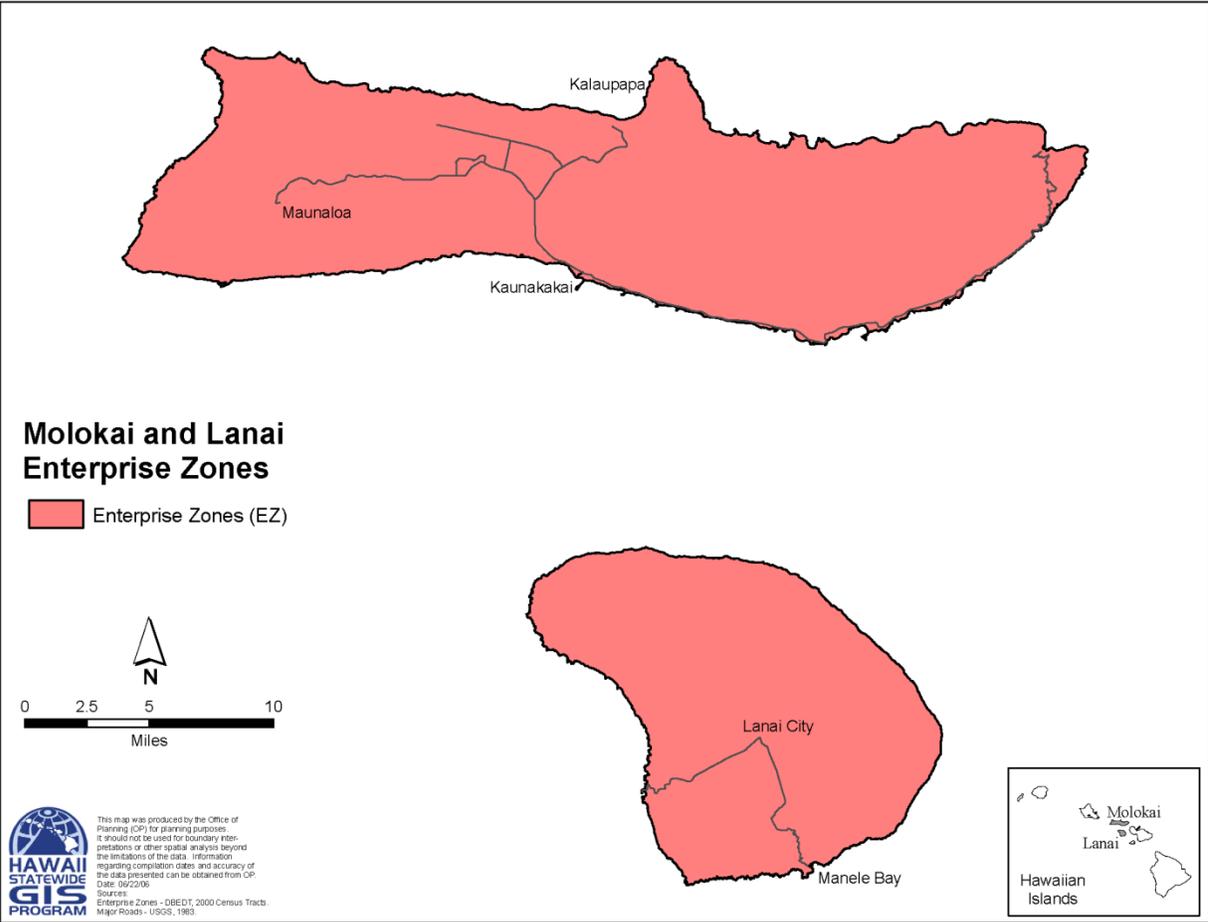
MAPS OF ENTERPRISE ZONES





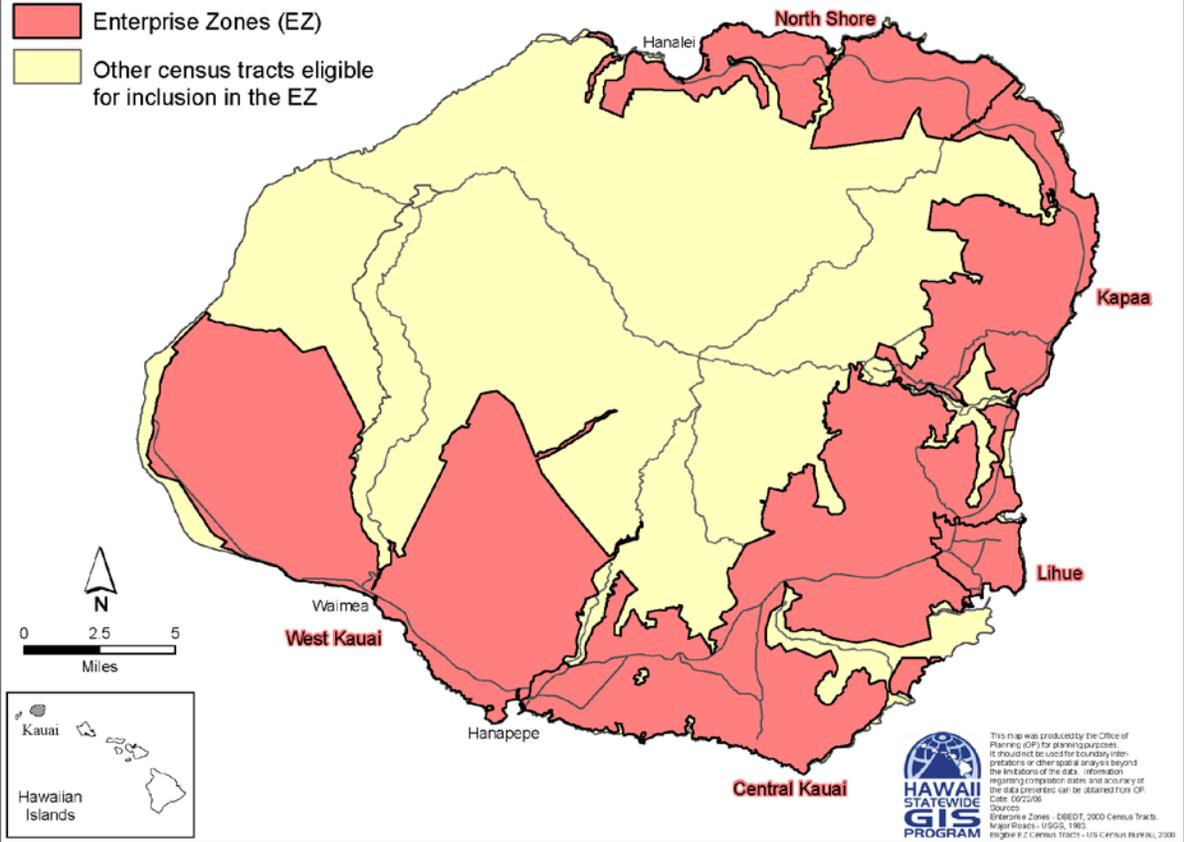






Kauai Enterprise Zones

-  Enterprise Zones (EZ)
-  Other census tracts eligible for inclusion in the EZ



This map was produced by the Office of Planning (OP) for planning purposes. It should not be used for boundary interpretations or other spatial analysis beyond the limitations of the data. Information regarding compilation dates and accuracy of the data presented can be obtained from OP.
Date: 02/20/06
Sources:
Enterprise Zones - DBEDT, 2000 Census Tracts.
Major Roads - USGS, 1982
Major Cities - US Census Bureau, 2000



APPENDIX C

LIST OF EZ FIRMS BY COUNTY

As of December 31, 2014

FIRMS CURRENTLY ENROLLED IN THE EZ PARTNERSHIP PROGRAM

Hawaii County

A & T Belmes Farm, LLC	Kapapala Ranch
Ahualoa Farms, LLC	Kau Farms Management LLC
Alan Kuwahara dba Puna Floriculture	Kohala Nursery Inc.
Aloha Hawaiian Stores dba Donkey Ball Stores	Kona Bay Marine Resources
Aloha Hills Kona Coffee, LLC	Kona Coast Shellfish, LLC
Aloha Orchids, LLC	Kona Fish Company, Inc.
Bangs Farm	Kona Gold Rum Company, LLC
Big Island Agriculture Distribution Co., Inc.	Kona Joe Coffee, LLC
Big Island Biodiesel, LLC	Koolau Aviation Services, Inc. (N. Kona)
Big Island Carbon, LLC	Kuahiwi Contractors, Inc.
Big Island Dairy, LLC	Leilani Palms & Foliage
Big Island Landscaping	Maebo Noodle Factory, Inc.
Big Island Plant & Foliage, Inc	Margaret Collins dba Paradise Meadows
Boteilho Hawaii Enterprises	Mauna Kea Moo
Buddha's Sanctuary, LLC	Miranda Farms
Cellana LLC	Moku Nui Bioenergy Corp.
Eco Terrestrial Concepts, LLC	Moonrise Tea Garden
Fox Forest Farm, LLC	Mountain Meadows, Inc.
FU Molina Farm	Natural Stone LLC (Big Island)
Full Circle Brewing Co. Ltd.	Nestor G. Madamba Farm
Garden Isle Seafood - Kona Division LLC	Orlando Manuel & Ella Manuel dba Manuel Farms
Great Pacific Chocolate Co., Inc. dba The Original Hawaiian Chocolate Factory	Pacific Biodiesel Logistics, LLC (Big Island)
Green Point Nurseries, Inc.	Pacific Biodiesel Technologies, LLC
Hamakua Macadamia Nut Co., Inc.	Ponoholo Ranch Limited
Hawaiian B Natural Farms, Inc.	PRL English, LLC
Hawaiian Legacy Hardwoods, LLC	Punachicks Farm
Hawaiian Rainforest Water Co., LLC	Puueo Poi Factory, Ltd.
Hilo Fish Company, Inc.	R. R. & S. Flowers LLC
Hilo Orchid Farm Hawaii, Inc.	Risley Farms
Hog Heaven	Royal Hawaiian Orchards, L.P.
Hoku Kai Biofuels, LLC	Rusty's Hawaiian, LLC
Island Harvest Organics, LLC	S. Taka
Island Harvest, Inc.	Shrimp Improvement Systems Hawaii, LLC
Jeffrey Juan	Standard Bakery, Inc.

The Dutch Hawaiian Cheesery, LLC	Tradewinds Hawaiian Woods, LLC
The Kona Coffee and Tea Company	Wailea Agricultural Group, Inc.
Tradewinds Forest Products LLC	Vantage Nursery, LLC

Honolulu County

3D Travel, Inc	Gannett Hawaii Publishing LLC
Ace Farm LLC	German Foods, LLC
Ace Quality Farm Products, LLC	Glenn's Flowers and Plants
Aloha Beer Company LP	GLP Asphalt LLC
Aloha Data Services, Inc.	Goldwings Supply Service, Inc.
American LED and Energy Corporation	Guardian Capital Management Hawaii LLC
Animate Farm LLC	Ham Produce & Seafood, Inc.
Ba-Le, Inc. dba Tour Bakehouse	Hardware Hawaii Kapolei LLC
Base 10, Inc dba Oils of Aloha	Hawaii Business Group Inc dba Wing Coffee Co.
Bel Air Distributors, Inc	Hawaii Clinical Research Center
Black Sand Publishing, Inc.	Hawaii Diesel Production Company
C&S Wholesale Grocers, Inc.	Hawaii Fish Company
CACI-ISS, Inc.	Hawaii Fruit Company
Classic Sales, Inc.	Hawaii Star Bakery
Cleanway, Inc.	Hawaii Supply LLC
Credit Associates of Maui, Ltd (Oahu)	Hawaiian Agricultural Products, LLC
David Fitz-Patrick MD Inc.	Hawaiian Chip Company, LLC
Delaware Resource Group of Oklahoma, LLC	Hawaiian Pie Company, LLC
DOITNOW, INC. dba Carrier Hawaii	Hawaiian Sun Products, Inc.
Dr Fortress, LLC	Hawaiian Sunshine Nursery, Inc.
dtghawaii	HI Planning Mill, LLC
Environmental Waste Mgmt. Sys., Inc.	HNK, Inc. dba Koha Oriental Foods
Epicenter Technologies, Inc.	Ho Farms, LLC
Eskimo Candy Oahu, Inc.	Honolulu Wood Treating, Ltd.
EURAM, Inc. dba Hawaiian Paradise Coffee	Ilio Products, LLC
Eyegenix, LLC	Imperium Renewables Hawaii LLC
Fantastic Gardens Hawaii	Island Maid, Inc.
First Response Professional Security Service, LLC	Island Taylor, L.L.C.
Flying R Livestock Co., Ltd.	Jade Food Products, Inc.
For J's Hawaii, Inc.	Jems Enterprises, LLC
Fuji Photo Film Hawaii, Inc.	Kapolei Studios, LLC
Garden & Valley Isle Seafood, Inc.	KK Poultry Farm, Inc.

Komatsu Enterprises dba, K & K Distributors	Patisserie, Inc., The
KTM Services, Inc.	Pearson Dental Supplies, Inc.
Kunia Country Farms	Plant Research Corporation
Lady Ease Limited dba Ease Collection	Pono Ventures Inc. dba AR Recovery Solutions of Hawaii
Ladybug Plants LLC	Purdy Co., Ltd. Dba Island Princess/Maui's Best
Land Breeze, Inc.	Rainbow Caffe, Inc. dba The Tea Chest
Layout Etc., Inc.	Rengo Packaging, Inc.
Leilani Nursery, Inc.	Rocky Road Products, Inc.
Local Island Fresh Edibles, Inc.	Servpac Inc.
Luhina, LLC	Shakanet, Inc.
Makai Communications	Sinaloa Hawaiian Tortillas, Inc.
Malolo Beverage & Supplies, Ltd.	Skai Technologies, LLC
Manoa Honey Company LLC	SKY Kombucha LLC
Manulele Distillers	So Ono Food Products, LLC
Mendocino Forest Products Company, LLC	Sugar Mill Incubator LLC
Mikilua Poultry Farm, Inc.	Superb Development & Service Corp.
MJC, Inc.	Sweet Home Waimanalo
Monsanto Company & Subsidiaries (Oahu)	SystemMetrics Corporation
Monstah Glass Hawaii LLP	The Madden Corporation (Oahu)
Mulvadi Corporation	Total Building Products, LLC
Nalo Farms, Inc.	Tradewinds Global
Nalo Fresh, Inc.	Tropic Fish Hawaii, LLC
New Dimension Controls, Inc.	Trutag Technologies, Inc
Norpac Fisheries, Inc.	TruTag Technologies, Inc.
Ohana Control Systems Hawaii, Inc.	uBoost, Inc.
Orange County Coastal Physicians dba Coastal Medical Supply	Unitek Supply, LLC
Pacific Agricultural Sales & Services, Inc.	UTS Maritime Services, LLC
Pacific Agriculture Research Co., LLC	Ventura Technology Enterprises, Ltd.
Pacific Biodiesel Logistics, LLC (Oahu)	Virginia Paresa LLC
Pacific Biodiesel, Inc. (Oahu)	Web One, Inc. dba The Plant Place
Pacific Cup, Inc.	Weston Solutions, Inc.-Iwiilei
Pacific Industrial Equipment Corp.	Weston Solutions, Inc.-Kapolei
Paina Hawaii, LLC	Wong's Meat Market, Ltd.
Panasonic Avionics Corporation	Worldwide Flight Services, Inc.

Kauai County

Agrigenetics, Inc.	Grove Farm Fish & Poi LLC
Aunty Lilikoi, LLC	Hawaii Dairy Farms, LLC
Eskimo Candy Kauai, Inc.	Hawaii Island Hardwoods, LLC
Garden Isle Seafood - Kauai LLC	Island Soap Company, LLC
Kaikini, LLC	Monkeypod Jam, LLC
Kauai Island Soap Co., LLC	Orchid Alley
Kauai Nut Roasters	T. Esaki Farm, Inc.
Koolau Aviation Services, Inc. (Kauai)	Tropic Fish Kauai, LLC
L&T's Alternatives	Tropical Flowers Express
Laulima Systems LLC	

Maui County

519 Service Corp., LLC	JYY, Inc. dba Maui Upcountry Jams & Jellies
Air Repair, LLC	K-Deck Canvas Corp.
Aloha Glass Recycling, Inc.	Kealopiko Inc
Araki-Regan & Associates	Kihei Gardens & Landscaping Co., LLP
Atrium Design Works LLC	Kihei Ice, Inc.
Aumakua Holdings Inc.	Koolau Aviation Services, Inc. (Maui)
Auwahi Wind Energy	Kula Country Farms
Bump Networks, Inc.	Lanai Oil Company, Inc.
Code Rebel, LLC	Lavender Farm dba Alii Kula Lavender
Cowboy Built, Inc., dba Maui Energy Company	Maui Alliance
Credit Associates of Maui, Ltd (Maui)	Maui Cattle Company, LLC
Design Solution, Inc. dba The Maui Closet Co.	Maui Custom Woodworks, Inc.
Diamond B Ranch	Maui Floral, Inc.
Envisions Entertainment & Productions, Inc.	Maui Fresh Fish LLC
Eskimo Candy Maui, Inc.	Maui Innovation Group LLC
Fresh Island Fish Company, Inc.-Maui	Maui Kensington, LLC
Garden of Eden Arboretum	Maui Marble and Granite, Inc.
Haliimaile Pineapple Co., Ltd.	Maui Oma Coffee Roasting Co., Inc.
Hana Ranch Partners, LLC	Maui Seafoods, LLC
Hawaii Stone & Tile, Inc.	Maui Soap Company
Hawaiian Herbal Blessings, Inc.	Monsanto Company & Subsidiaries (Maui County)
HNU Photonics	Noni Maui, LLC
Howard's Nurseries, Inc.	Ocean 4 Hawaii, Inc.
Island Landscape	Pacific Biodiesel, Inc. (Maui)

Pacific Biodiesel Logistics, LLC (Maui)	Tropic Fish Maui, LLC
Pacific Biotech, LLC	Tumbaga Enterprises, LLC
Pacific Produce, Inc.	TC Kokua, LLC
Paradise Flower Farms, Inc.	Two Chicks In A Hammock, LLC
Quantify IP	Valley Isle Seafood LLC
The Aloha Garden of Maui, LLC	Watanabe Vegetable Processing, LLC
The Madden Corporation (Maui)	Worldwide Flight Services, Inc.

APPENDIX D

EZ Success Stories

Eskimo Candy, Inc.

By: Jasmine Cho and Dane Malinovich

“Everyone matters!” That is a part of the formula that has made Jeffrey Hansen, owner of Eskimo Candy Inc., successful for many years. Eskimo Candy may sound familiar to big and small businesses that buy wholesale seafood and meat. Today, it is one of the largest providers of seafood and meats in Hawaii. However, that was not always the case. Just like any business, Jeff came across many challenges. In 1987, Eskimo Candy was founded out of the back of Jeff’s Jeep Scrambler. In addition to selling smoked salmon out of the back of his Jeep, he also was working at two other jobs. Jeff was shooting wedding videos, and working as a bouncer at night. He also did not have a business degree, and had to “wing it” while learning from his mistakes.

Despite all the challenges he faced, he overcame them. Jeff’s values, including respect and the Golden Rule - treat others the way you want to be treated, are a part of what has made Eskimo Candy the successful business it is today. He treats people the way they want to be treated, and he is appreciative of all his customers. These values are instilled into his employees. As a result, Eskimo Candy has formed personal relationships with its customers and employees.

“They’re the ones who take care of us,” says Jeff. Although Eskimo Candy is one of the top seafood and meat providers in Hawaii, it caters to both big and small businesses. It does not matter which client is more successful. He treats everyone equally. The shrimp food truck down the street will be treated with the same high quality service as the Four Seasons Hotel. When the economy “tanked” in 2008, Eskimo Candy, Inc. did not fire anyone. Jeff made the decision to find ways to keep everyone on staff.

Jeff was introduced to the Enterprise Zone (EZ) Program in 2012 through his Certified Public Accountant. He views the program as a good motivational tool, and through it, he has been able to grow his business. The EZ Program allows Jeff to give back to the community by lowering his cost of doing business in Hawaii, and be able to hire more employees --- and, he prioritizes locals first!

The EZ Program's tax break benefits have also helped. According to Jeff, it allows him to keep his inventory up. He mentioned a "trickle down effect" that everyone benefits from. With more savings (money) in his business, Eskimo Candy can get a better deal on its products. A better deal on its products allows Eskimo Candy, Inc. to provide additional savings to customer businesses. Businesses who buy from Eskimo Candy can then better serve their customers by also lowering their prices. Everyone wins! Jeff highly recommends the EZ Program because, he says, "small businesses really need the help."

Jeff is currently building a facility on Kaua'i, and on Maui, he is installing PV panels and making his facilities eco-friendly and green. Jeff is looking forward to passing down his business to his two sons, Joshua and Jordan. He hopes to train the two and, in five or six years, slowly allow them to take over. "My boys will probably be the next generation to take it to the next level," says Jeff.

Paradise Coffee

How a Part-time Venture Turned Into a Multi-Million Dollar Company

By: Chelsea Cooper and Dean Pescador

Jean-Claude Drui was working as a Regional Beverage Director at an upscale hotel, when he noticed the espresso machines were always having problems. The money to fix the machines grew to a constant nuisance, as he knew they were probably easy-to-fix. This is when he got the idea to become a distributor of coffee machines. In the beginning, he grew the business from his home and followed through with orders driving his minivan. After the coffee machines became a hit, he decided to produce and sell his own coffee. With the eye-catching logo, Hawaiian Paradise Coffee became an instant hit.

Starting off as a locally owned and operated equipment servicing company, they have gradually evolved becoming Hawaii's second largest foodservice coffee roaster by volume. They feature a whole range of products which include: signature blends, pure state, flavored coffee, decaf, 1-cup pods, filter packs and tea. Another mentionable attribute of the company is that they remain eco-friendly. They do this by using photovoltaic panels. These panels power 100% of the energy

needed for the 17,000 square feet of roasting facility. They also drive hybrid-powered vehicles for all foodservice deliveries and use environmentally friendly packaging materials.

“Even though it’s a small company, we need to comply with the same guidelines and jump through the same hoops as the largest coffee companies.” Visiting the company warehouse in Kapolei, where everyone seemed to be working efficiently they were still kind enough to stop and chat with us. Whether it was meeting with the order desk, the packagers or roasters all of them embodied a welcoming spirit. Having the fast-food chain, Jack-In-the-Box as one of their partners, they set up two annual emergency drills. They call in saying there has been an emergency, and in less than a few hours Hawaiian Paradise Coffee can track down the order. This starts from the order desk to the quality-assurance workers down to the supply chain and includes everyone who touched the coffee. Speaking about the drills Drui adds, “It makes you a better company.”

Speaking about how helpful DBEDT’s EZ Program has been, he responded “it’s fabulous.” He found the program while looking to buy land for his company. The seller was actively promoting the land located within an Enterprise Zone. Jean-Claude was interested and did thorough research about it. He realized all the benefits the EZ Program offered his company and quickly knew that this would have a major positive impact upon his business.

Small businesses are reluctant to add employment unless they have a certainty of a return on investment. Knowing the money he invested in the company would come back as part of the EZ benefits, gave Jean-Claude the confidence which allowed him to invest and expand. The program is well balanced and allows both for unemployment tax credits as well as allowing profits to be re-invested by lowering the tax on profits. From his experience, Hawaiian Paradise Coffee has increased the number of people employed by over 60 % over the past 5 year.

Some of the key points Jean-Claude left us with were on accessibility, flexibility and perseverance. He told us that if someone wanted to get ahold of him he is always answering his phone. Instead of going through line extensions and the long wait of holding, he’s personable and social with everyone he speaks to. On the business side of things he tells us to “always expect the unexpected.” On speaking on business plans he says “You can have the best (plan) in town, but you have to be

flexible, to do this you must not lose sight of your long-term goals.” Jean- Claude is an outstanding leader who embraces an honorable set of values in creating and sustaining the company he has grown from 2000 to today.

Ohana Control Systems

By: Jasmine Cho and Dane Malinovich

Thirteen years ago, Amir Borochoy, President of Ohana Control Systems, made a decision to go into the security business after the September 11 attacks. Amir was born and raised in Israel. What brought him to Hawaii was his Uncle telling him to come to the island, and him loving Hawaii so much he did not want to leave. Ironically, before joining what was previously called Ohana International Enterprises LTD, Amir’s background was nowhere near related to security. Rather, his family business was in wholesale diamonds. However, after events of September 11, his concern for security made him switch industries as he wanted to help people as much as he could.

Amir took over Ohana International Enterprises LTD in 2002, and at the time, he started with 2 employees. After many successful hires and jobs Amir has now over 30 employees. According to Amir, his “claim to fame” was working with the federal building and treating his employees with professionalism. He also claims that all his customers are not only that but they are his bosses, meaning that they call the shots. His customers comeback time and again because they are taken care of like Ohana.

Amir calls himself a creator and is always looking to be one step ahead. While it may be challenging with technology rapidly changing, he comes up with the “latest and greatest” and everyone else follows. He is always trying to bring “firsts” to Hawaii to give his business a competitive advantage and supply his customers with the best services possible.

What has made Ohana Control Systems successful to this day is excellent customer service, and that all begins with his employees. According to Amir, education is the key and happy employees means happy customers. If one of his workers wanted to go back to school or needed more training, he is more than willing to pay for their education.

He treats his employees as a part of his family, and it does not just include the employee themselves, but their family members as well. If someone were to ask Amir how many people are in his family, he would say over 100. Family is one of his most important things which lead him to have the word Ohana in his business.

“Family is very, very strong to me,” Amir said.

Amir was introduced to the EZ Program through his Certified Public Accountant, and he said it is one of the best things that ever happened. With the help of the EZ Program, he was able to get the help to hire more people. Within a three-year period, Ohana Control Systems made from half a million dollars to \$2 million. In addition to hiring more people, he is able to get Tax Credits and exemptions. When I initially called Amir to schedule the interview for EZ he was more than happy to make time and wanted to sincerely thank the EZ Program for helping the growth of his business.

“We wouldn’t be where we are without the Enterprise Zone,” Amir said.

Mulvadi

By: Chelsea Cooper and Dean Pescador

As we arrived an hour early at the Mulvadi coffee factory, we were greeted by Mulvadi’s friendly staff. Steven Mulgrew, owner of the company and President was more than happy to meet up with us. His lively spirit flowed through him while he graciously offered us samples of his Mulvadi Pure 100% Kona Coffee. As we conducted the interview we realized that his was a story of determination, perseverance and a lesson on why keeping the Aloha Spirit is alive in today’s business world.

After being stationed on Oahu for his work in the Navy, Steven began his business career by selling slippers at the Aloha Stadium Swap Meet. With his family on the Mainland, he realized there was no place that sold 100% Kona coffee. There have always been mixed blends sold, but he wanted to enrich people’s taste buds with the pureness and high-quality of 100% Kona coffee. He found a supplier and made a decision to sell pure 100% Kona coffee. He started knocking on doors, going door-to-door in the Kahala neighborhood to sell his Kona Coffee. Working tirelessly, only

to have people slam doors in your face, is how he earned what he now refers to as his “grit and mental toughness.”

Steven’s first few years started off a little tumultuous with so many other competitors, and trying to balance his finances. Then things began to pay off for his company. “If you’ve made it past 3 years, you know you’re going to make it,” he tells us. Steven enrolled his company into DBEDT’s EZ Program in 1997. Enrolling into the EZ Program lowered his costs of doing business in Hawaii, and also provided phenomenal savings for customers. By qualifying for EZ Program benefits Steven’s company could also afford to hire more local employees. Mulvadi remained in the Program for seven years, plus an additional three years afforded to manufacturers and agricultural related businesses. Steven mentioned how he has participated in a lot of economic programs, but the EZ Program was the only one that impacted in a positive way and provided support since his beginning.

The Mulvadi list of goods is still growing, from the 100% Kona Coffee, to Hawaiian Macadamia Nuts, Cookies and Aloha Wear. Their best selling product continues to be the 100% Kona Ground Coffee, which can be found at the ABC stores, Longs/CVS drug stores, military commissaries and Don Quixotes. Marketing their products through Japanese publications, magazines and television commercials aims towards creating the strong demand from tourists wanting high quality local products. As for local promotion Mulvadi relies on word-of-mouth and trade shows. Customer loyalty is very important in this aspect. The company remains successful by utilizing both print and word of mouth in its marketing plan.

Steven offers some words of advice for other local companies stemming from his mission of keeping the Aloha Spirit --- “It’s all about relationships and taking care of one another, from the suppliers to the customers.” As far as future plans go, he would like to expand internationally and hopes his children will take over and run the great coffee company. This determined man, who once started out selling rubber slippers at the swap meet, provides us an example of how anyone with great ambition, determination, passion, and an idea can create a successful business.

Rusty's Coffee

By: Chelsea Cooper and Dean Pescador

It all started in 1989... a young couple living in New Jersey began flying back and forth to the Big Island of Hawaii. Rusty and Lorie Obra received early retirement and wanted to open their own business. In the beginning they thought of creating a bed-n-breakfast, gas station or dunk n doughnuts franchise. When Rusty and Lorie first moved to Ka'u, the coffee farmers in the district had a very difficult time selling coffee because the area was known for sugar, not coffee. Rusty wanted Ka'u coffee to be as famous as Kona coffee. He worked tirelessly to promote the region but passed away before his dream came true. This is when Lorie took over the farm, mill and roasting with the intent of making the best coffee she could to fulfill his vision. Thus, their motto "100% Island Coffees, inspired by a love story."

Their uniqueness stems from Lorie's background of being a medical technologist. A hospital-laboratory based job, which required a lot of precision. She applies this scientific discipline to the coffee, changing one variable at a time. Variables range from length of fermentation, the water levels in the fermentation bucket and would then record results. Once the desired flavor was there she would replicate it consistently again and again. She was trained as a roaster and a cupper, which allowed her to study quality from cherries on the tree through the roasting. The process takes up to two years of experimentation!

What makes them different from other coffee companies is that all of their products are of high quality. "Processing, roasting and selling coffee is the only way to get ahead of other coffee businesses," says Lorie. With high quality work comes high quality product and they have no problem selling their coffee. Even before they produce their products there's always high demand and people waiting in line to buy.

The Ka'u Classic roasts are what they are known for. They have the Medium Roast, which is labeled as the quintessential Ka'u coffee, "bright, balanced, and elegant with a hint of lime and brown –sugar sweetness." If you're more into a smooth cup of coffee, the Dark Roast brings out hints of chocolate. Lastly, there is the Classic Peaberry. This rare peaberry accounts for 5% of

the harvest. The rounded peaberries are grown in rich soil and the cool climate of Mauna Loa's southern slope.

Rusty's coffee has been consistent and has been improving over the years. Through the many years of producing coffee, they received many rewards and honors such as top spot of 2012 Roasters Guild Coffees of the Year and won two years in a row for Hawaii Coffee Association Statewide cupping competition. You are able to get their delicious coffee roasts at the Whole Foods' in Kahala and Kailua, Honolulu Cookie in the DFS Galleria in Waikiki and Morning Glass Coffee.

DBEDT's EZ Program has benefited their company in the way of reinvesting and growing the business. Lorie says she was "able to hire employees for my processing operation and also hire consultants in marketing and distribution of the coffee." They have been part of the EZ Program since 2011.

So Ono Food Products, LLC

By: Chelsea Cooper and Dean Pescador

You're at the supermarket staring at the delicious-looking pineapples, only to come across one of the greatest grocery shopping dilemmas: Do I pick the goldest looking one? Should I thump them to make sure it sounds the same when I hit my wrist? Do I pick the one that's half green and let it ripen on my counter? If you have asked yourself these questions about pineapples and other fruits, *read on!*

So Ono Food Products, a Hawaii manufacturer of fresh, ready-to-eat food products, is enrolled in the EZ Program. So Ono is now well-known for their pre-cut fruit platters, consisting of pineapple, kiwi, apples, grapes and papaya. Previously, Member Manager Curtis Wheeler purchased Fresh Foods Hawaii, which sold only pineapple throughout Hawaii. He built a new team and in order to expand and innovate, renamed the company So Ono in July, 2001.

Today, with over 130 employees and associates in their Honolulu manufacturing facility, So Ono brings Hawaii's residents and tourists fresh food products, with no added preservatives, in the marketplace. In addition to fresh fruit platters, they offer ready-to-eat vegetable trays, freshly prepared salads, sandwiches and their newly launched organic apple fries. Their products can be found in ABC Stores, Costco, Longs Drugs, Safeway, Sam's Club, Times Supermarkets, Wal-Mart, and military installations.

During the 2007 recession, to grow their business So Ono introduced Rainbow papaya from the Big Island and other fresh fruits. "There will always be a new wrinkle when you least expect it, so it's best to be ready for anything" says Wheeler.

With 40,000 pounds of pineapple and 20,000 pounds of papaya being processed each week, a consumer may ask, "How does the company ensure the safety and quality of these fresh foods for the consuming public?" "So Ono will provide only the best quality product for consumers," states Director of Operations, Nathan Okinaka. He says the company dedicates a great amount of dollars and effort to maintaining food safety standards, from testing products in the lab to having FDA inspectors visit. So Ono stresses the importance of food safety through quality control management, training programs, and reinforcements for all employees and associates to maintain their high standards. They have implemented a HAACP (hazard analysis & critical control points) food safety management program in order to comply as an approved Military Manufacturing Facility and are registered with the FDA. The company recently received an "Excellent" rating upon completion of their ASI Food Safety Audit.

"Being part of the State's EZ Program has helped in numerous ways," said Wheeler. One benefit includes helping the company save enough capital to contribute significantly towards building their new manufacturing facility, which they plan to be more than twice as large as the current site.

Hawaiian Chip Company

By: Jasmine Cho and Dane Malinovich

Graduating from college, James "Jimmy" Chan was trying to figure out what to do in life. Today,

he is the owner of the successful Hawaiian Chip Company selling well-known products such as taro chips and the Kilauea Fire Sauce.

In the beginning, Jimmy and his friends thought about starting a sandwich shop. During that time, he also started frying sweet potato chips in his college apartment. They wanted to start a sandwich restaurant featuring his sweet potato chips. However, they lacked the business experience and funds which led them to abandon the restaurant idea and just sell the sweet potato chips. Starting their business at the swap meet, Jimmy's sweet potato chip business took off. Today, Hawaiian Chip Company chips can be found at locations such as Costco, Diamond Head Market, and ABC store. Made-to-order chips can be bought at their factory and company store location in Kalihi.

Jimmy's success did not come without hardships. The Hawaiian Chip Company overcame obstacles like the shortage of sweet potatoes. At that time, he only sold sweet potato chips at first. He solved this problem by expanding his product line with taro chips. It proved to be a good decision because today, taro chips are one of his best sellers. Another part of Jimmy's success is that he prides himself using high quality ingredients to produce a high standard product to his customers. The ingredients are picked and peeled by hand, and the oil used is trans-fat free. He strives to keep the chips all natural and keep it preservative free so that people do not have to worry about what he or she puts in their body.

The popularity and demand of Hawaiian Chip Company is so great, it uses around 8,000 pounds on slow weeks, and 16,000 pounds during busy ones. Jimmy requires such a large amount of taro that he has to import from abroad. However, Jimmy wants to buy as much local produce as he can. He is a big believer in buying local, and he himself has said "I'll support locals first." As a small business owner, Jimmy understands the impact of supporting local businesses like his own to enrich the local economy for the benefit of everyone.

The Hawaiian Chip Company is located within an Enterprise Zone. Jimmy found out about the EZ Program from a friend. The Hawaiian Chip Company has been a part of the EZ Program for almost seven years, and has benefited from 100% GET exemption and from Nonrefundable State

Income Tax Credits. This allows him to keep and invest money back into the business that he otherwise wouldn't be able to do.

Kona Joe

Dean Pescador and Chelsea Cooper

Joe Alban thought he was just going to be an orthopedic surgeon, and never dreamt of becoming an owner of a coffee business. He and his wife Deepa decided to buy a property so they could one day retire in Hawaii. They found 20 acres of land with views of the Kona Coast and the Pacific Ocean. Soon after purchasing the property, they found out that people nearby were growing Kona coffee. Seeing the success of their neighbors with Kona coffee, they decided to plant their own Kona coffee. It didn't take long till family and friends started asking for coffee from his own personal coffee supply, so he decided to make more. Then later on, he developed his own unique method of growing coffee and producing a distinct kind of coffee.

His coffee is grown like wine. It is grown on trellis using the same techniques that are used on vineyards. He discovered how to do it because his brother suggested him to grow coffee on trellises. This is what makes Kona Joe coffee different to other coffee companies. The style of using a wine procedure for coffee was patented from Joe so no one can take his genius coffee technique. Recently, Joe's team found out that they can plant rows closer together because the trees are perfectly aligned by the trellis. The row are now 10 feet wide instead of the regular 12 feet. This procedure means 20 percent more trees per acre which equals to more coffee.

Joe's team have made many buildings at Kona Joe coffee over the years. Since those projects were considered capital improvements within the enterprise zone, the enterprise zone help out his company by not having to pay GE tax to the contractors who performed the work. This saved Kona Joe about \$50,000 and permitted them to hire three interns to work with them. The interns learned every single detail of coffee production and became tour guides sharing their coffee knowledge with our visitors from around the world.

Kona Joe offers educational and entertaining tours at their farm in Kona, having the support of their striving interns. For one hour visitors have a chance to learn about cultivation, processing, packaging, brewing, and tasting. They have an on-site espresso bar, restaurant, and retail shop. They are open every day from 8 AM to 5 PM.

Through his process of developing his business he received help by some people. Joe was helped by the State and was able to obtain a Special Use Permit for the farm and now hosts about 500 visitors per week for coffee tours. Having visitors to the farm helps to spread the word around the globe of the virtues of Kona coffee and Hawaiian agriculture.

Joe has a plan for the future which includes bringing more visitors and tours to the farm so people can see directly how unique farming methods improve yields and flavor.

APPENDIX E

Hawaii State Tax Form N-756

ATTACH THIS SCHEDULE TO FORM N-11, N-15, N-20, N-30, N-35, N-40, or N-70NP

Name _____

SSN OR FEIN _____

NOTE: If you are claiming the Ethanol Facility Tax Credit, no other credit can be claimed for the taxable year.

Complete Parts I, II and IV if your 7 or 10-year cycle began at the start of your taxable year.
Complete Parts I, III and IV if your 7 or 10-year cycle began during your taxable year rather than at the start of your taxable year.
In order to claim the enterprise zone tax credit, ALL of the following MUST be attached to your tax return:
1. Form N-756, Enterprise Zone Tax Credit
2. Form N-756A, Information Statement, if you are a partner of a partnership, a shareholder of an S corporation, or a beneficiary of an estate or trust
3. A copy of the certification issued by the Department of Business, Economic Development & Tourism

Part I - Computation of Tax and Unemployment Insurance Premiums Attributable to Zone Activity

1. Total tax liability		1	
2. a. Total gross income from trade or business within the zone	2a		
b. Total gross income required to be reported to Hawaii.....	2b		
c. Percentage of business within the zone. Divide line 2a by line 2b		2c	
3. Multiply line 1 by line 2c		3	
4. Total unemployment insurance premiums paid for employees employed within Hawaii		4	
5. a. Total payroll for employees employed within the zone.....	5a		
b. Total payroll for employees employed within Hawaii.....	5b		
c. Percentage of unemployment insurance premiums paid on the payroll of employees employed within the zone. Divide line 5a by line 5b		5c	
6. Multiply line 4 by line 5c		6	
7. Add lines 3 and 6		7	

Part II - Computation of Tax Credit When the 7 or 10-Year Cycle Began at the Start of the Taxable Year

8. Enter the cycle year _____																						
9. Enter the percentage from the table below that applies to your cycle year.....		9																				
<table border="1"> <thead> <tr> <th>Cycle Year</th> <th>Applicable Percentage</th> <th>Cycle Year</th> <th>Applicable Percentage</th> </tr> </thead> <tbody> <tr> <td>1.....</td> <td>80%</td> <td>5.....</td> <td>40%</td> </tr> <tr> <td>2.....</td> <td>70%</td> <td>6.....</td> <td>30%</td> </tr> <tr> <td>3.....</td> <td>60%</td> <td>7.....</td> <td>20%</td> </tr> <tr> <td>4.....</td> <td>50%</td> <td>*8 - 10</td> <td>20%</td> </tr> </tbody> </table> <p>*Allowed only for manufacturers of tangible personal property or producers or processors of agricultural products.</p>	Cycle Year	Applicable Percentage	Cycle Year	Applicable Percentage	1.....	80%	5.....	40%	2.....	70%	6.....	30%	3.....	60%	7.....	20%	4.....	50%	*8 - 10	20%		
Cycle Year	Applicable Percentage	Cycle Year	Applicable Percentage																			
1.....	80%	5.....	40%																			
2.....	70%	6.....	30%																			
3.....	60%	7.....	20%																			
4.....	50%	*8 - 10	20%																			
10. Maximum enterprise zone tax credit allowable for the year. Multiply line 7 by line 9. Enter this amount on Part IV, line 19.....		10																				

Part III - Computation of Tax Credit When the 7 or 10-Year Cycle Began During the Taxable Year

11. Enter the 2 cycle years contained in the taxable year. (Note: If the taxable year contains only your first or last cycle year, you only need to complete lines 11a, 12a-12e, and 14.) a. Cycle year _____ b. Cycle year _____		
12. Cycle year referred to on line 11a a. Enter the number of months during the taxable year attributable to the cycle year referred to on line 11a.....	12a	
b. Divide line 12a by 12.....	12b	
c. Enter the percentage applicable to the cycle year referred to on line 11a. (See line 9 for percentage table)	12c	
d. Multiply line 12b by line 12c.....	12d	
e. Multiply line 7 by line 12d.....		12e
13. Cycle year referred to on line 11b a. Enter the number of months during the taxable year attributable to the cycle year referred to on line 11b.....	13a	
b. Divide line 13a by 12.....	13b	
c. Enter the percentage applicable to the cycle year referred to on line 11b. (See line 9 for percentage table)	13c	
d. Multiply line 13b by line 13c.....	13d	
e. Multiply line 7 by line 13d.....		13e
14. Maximum enterprise zone tax credit allowable for the year. Add lines 12e and 13e. Enter this amount on Part IV, line 19.....		14

Part IV - Computation of Credit Limitation

15. Are you claiming the ethanol facility tax credit (Form N-324) for this taxable year? If yes, you may not claim any other Hawaii income tax credit for this taxable year. Enter -0- on line 20.		
16. Enter your total tax liability (from Part I, line 1) here.....	16	
17. If you are claiming other credits, complete the credit worksheet in the instructions and enter the total here.....	17	
18. Subtract line 17 from line 16. Enter the difference here. If line 17 is larger than line 16, enter -0- here and on line 20.....	18	
19. Enter the amount from Part II, line 10 or Part III, 14.....	19	
20. Enter the smaller of line 18 or line 19. This is the amount of your enterprise zone tax credit. Enter this amount on Schedule CR, line 3.	20	