

HAWAII'S ENTERPRISE ZONES PARTNERSHIP PROGRAM

Report to the Governor for Calendar Year 2007



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

This report has been cataloged as follows:

Hawaii. Dept. of Business, Economic Development and Tourism. Strategic Marketing and Support Division.

Enterprise Zones Partnership Program; Report to the Governor. Honolulu: 1991-.

1. Enterprise zones-Hawaii
HC110.Z6.H31.2007

**ENTERPRISE ZONES PARTNERSHIP
REPORT TO THE GOVERNOR
Calendar Year (CY) 2007**

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EXECUTIVE SUMMARY

Hawai'i's Enterprise Zones (EZ) Partnership Program was established by the Legislature in 1986 to help stimulate certain types of businesses such as biotechnology, information technology, and agriculture, and employment in areas where they are needed most. Each county can select up to six areas or *zones* that meet statutory income or unemployment criteria for 20-year designation by the Governor. Since 1994, 22 zones have been created statewide.



Kids and families enjoying the Halloween pumpkin patch at Aloun Farms

Eligible businesses that satisfy EZ hiring requirements are exempt from the Hawai'i General Excise Tax (GET) on eligible revenues and can claim partial personal or corporate income tax credits for up to seven consecutive years. They also qualify for a GET exemption on work done at their site by a Hawai'i State licensed contractor or sub-contractor. The counties *may* also offer additional incentives, including incremental property tax relief, priority permit processing, or fee waivers.

The EZ Program is a significant tool towards the State's efforts to stimulate businesses and job creation. Approximately two-thirds of mainland states have or had EZ

programs, some since the early 1980s. As a result, the Lingle administration supported legislation the past four years intended to:

- Improve the process for *farmers* to qualify for EZ benefits by increasing sales rather than employment; and
- Allow farmers to include sales from value-added products to be counted towards their certification requirements, and
- Ease meeting EZ hiring requirements by allowing EZ eligible firms to count leased employees applicable to their workforce to satisfy EZ hiring requirements.

This legislation passed to become Act 143, effective on July 1, 2008.



Manufacturing lotions and soaps at Island
Heritage



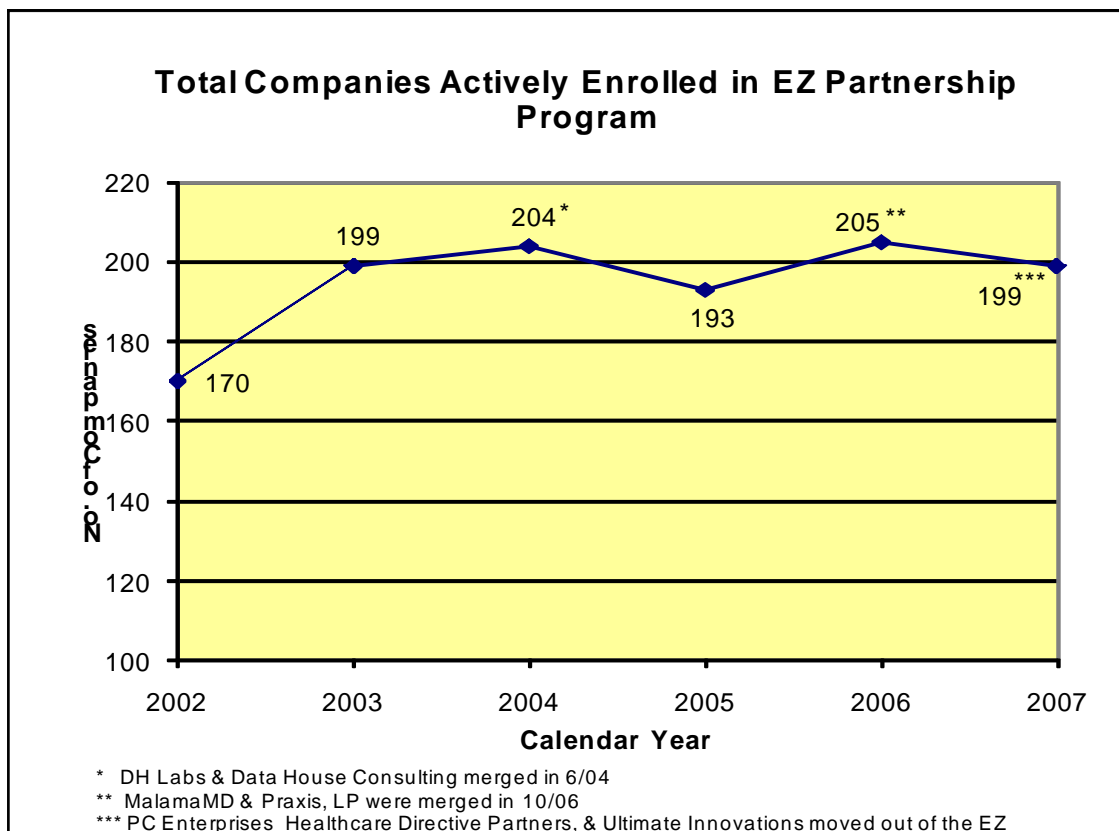
Workers at Island Heritage's distribution facility prepare and ship orders

Efforts to inform and educate existing and potential EZ-eligible businesses are being continued over the next year. These will include presentations, media, one-on-one consultations, on-site visits to agricultural, manufacturing, wholesaling, and high tech trade and industry associations, private-sector and non-profit economic development and business support organizations, and other federal, state, and local departments and programs providing financial and technical business assistance.

There will be a continued focus on eligible businesses in zones with historically low EZ participation and in communities with greatest financial hardship. Legislative proposals to the EZ Partnership program focusing on alternative energy are being planned for the 2009 session and additional bills introduced by businesses and communities are anticipated.

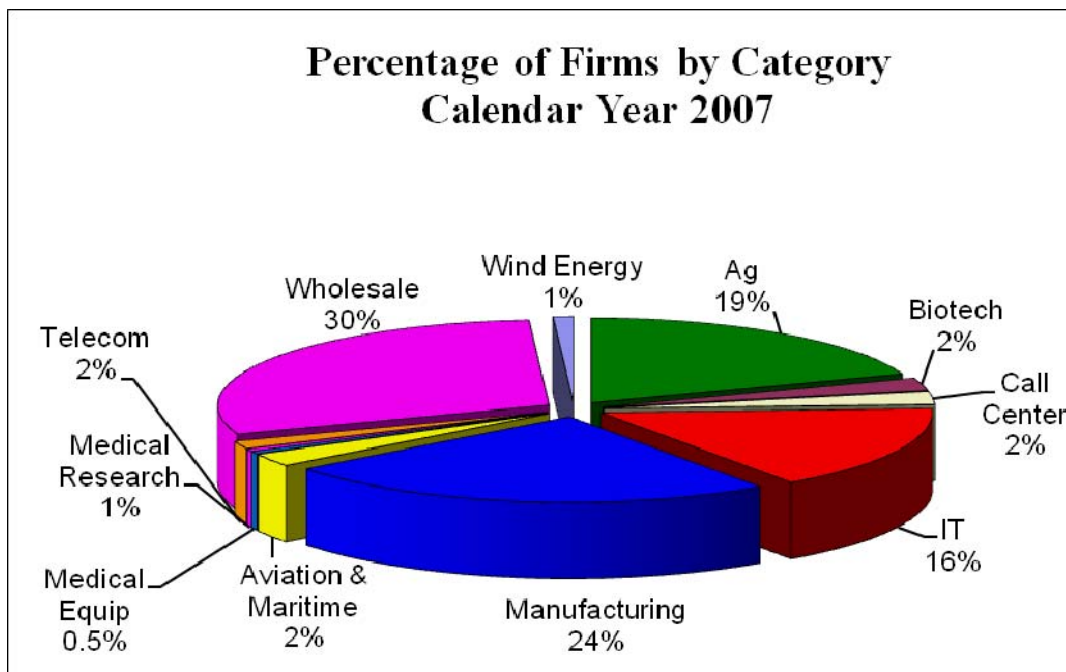
The number of firms enrolled in the EZ Program has remained stable with 205 in 2006 and 199 by 2007 (see Figure A). Twenty-one firms completed their seven years of eligibility in CY 2006 and were not included in the 2007 figures. The current number of firms enrolled firms by island are: Big Island-55; O'ahu-128; Kaua'i-9; Moloka'i-0; Lana'i- 0; Maui-7.

Figure A



The majority of firms are engaged in manufacturing, wholesaling and agricultural production, with half of the enrolled firms engaged in manufacturing (24%) and wholesaling (30%). 19.5% of the enrolled firms are engaged in agriculture or aquaculture production activities, 16% in information technology design and production, 2% in biotechnology, 1.5% in telecommunications switching and delivery, 2% are call centers, 2% repair or maintain aviation or maritime equipment, 1% are wind energy producers, and 0.5% repair or maintain assistive technology equipment used by disabled persons.

Figure B



Based on the end-of-year reports submitted by participating firms for tax year ending 2006, **73** firms were able to satisfy their EZ hiring requirements (**10** did not qualify). These firms reported a combined total of **992 new jobs in 2007** when compared to their starting base full-time employee count. This number represents the cumulative combined total of jobs created since initial program participation.

The estimated average cost in State tax revenues in CY 2007 is **\$3,232 per new job**. The estimates of tax relief per new job listed here and elsewhere in this report are based primarily on the amount of the General Excise Tax (GET) exemption for which qualifying firms were eligible and is most easily measured based on the data provided. The *most accurate cost per job* is based on the most recent Department of Taxation FY 2006 report stating that \$1.5 million in tax credits were claimed. The number of new jobs created in CY 2006 when compared to their starting base full-time employee count is 830 jobs, this equates to **\$1,800 to create a new job** thru the EZ program.

The cost-per-job estimates in this report also include the number of “retained” jobs as well as new jobs reported by qualifying firms. In past reports, only new jobs were included in the annual cost per job calculation. This change makes the method used to estimate costs more consistent with the methods commonly used by other federal and state employment incentive programs.



Boxing area for Koyo USA Corp's bottled deep seawater in NELHA

PURPOSE

The concept underlying the Hawai'i EZ Partnership Program is neither new or original. During the early 1980's unemployment was at "9.7% , almost 17,000 businesses failed...(and) gigantic budget deficits prevented any implementation of social programs," (en.wikipedia.org/wiki/History_of_the_United_States, History of the United States: End of the Cold War (1980-1991)). Approximately two-thirds of the states and several hundred municipalities created EZ Programs as a result. Although the present economic condition of the US and Hawai'i are not at these levels, similar challenges are being faced.

Each State's program differs. Some are called "Renaissance Zones, Keystone Opportunity Zones, Development Zones, and Program Areas," (Peters, Alan and Fisher, Peter. State Enterprise Zone Programs, W.E. Upjohn Institute for Employment Research: Michigan. c. 2002. p. 21). They may have different requirements and/or benefits.

The usual purpose of EZs are to reduce poverty and spur economic development by coordinating incentives for investment and job creation to clean up blighted areas. They also attempt to promote local ownership and control (community-based economic development) by providing incentives for businesses or projects that are already accepted in a community by its own citizens. Often EZs are coordinated with other social services programs. **In order to be most effective, the most successful EZ programs also include governmental financial and administrative resources such as grants, loans, and venture capital along with staff that can undertake zone marketing efforts and provide support services for zone firms.** In the event that these additional resources are

not available, the EZ Program is still an important and valuable tool for economic development.

The *State of Hawai‘i’s EZ Partnership Program* is a collaborative relationship or *partnership* between the State, the counties, and participating businesses that encourages—via tax and other incentives—certain types of business activity, job creation, and economic diversification in areas and industries where they are most needed. Each county can select up to six areas (zones) that satisfy unemployment or income criteria for 20-year designation by the Governor as Enterprise Zones. Eligible businesses that satisfy certain hiring requirements are exempt from Hawai‘i’s GET and may also claim two partial state income tax credits for up to seven consecutive years. Construction and construction-trade contractors are exempt from GET on work done at the EZ site of- and paid for by- EZ-enrolled businesses. The **counties** also contribute one or more incentives that may include, but are not limited to:

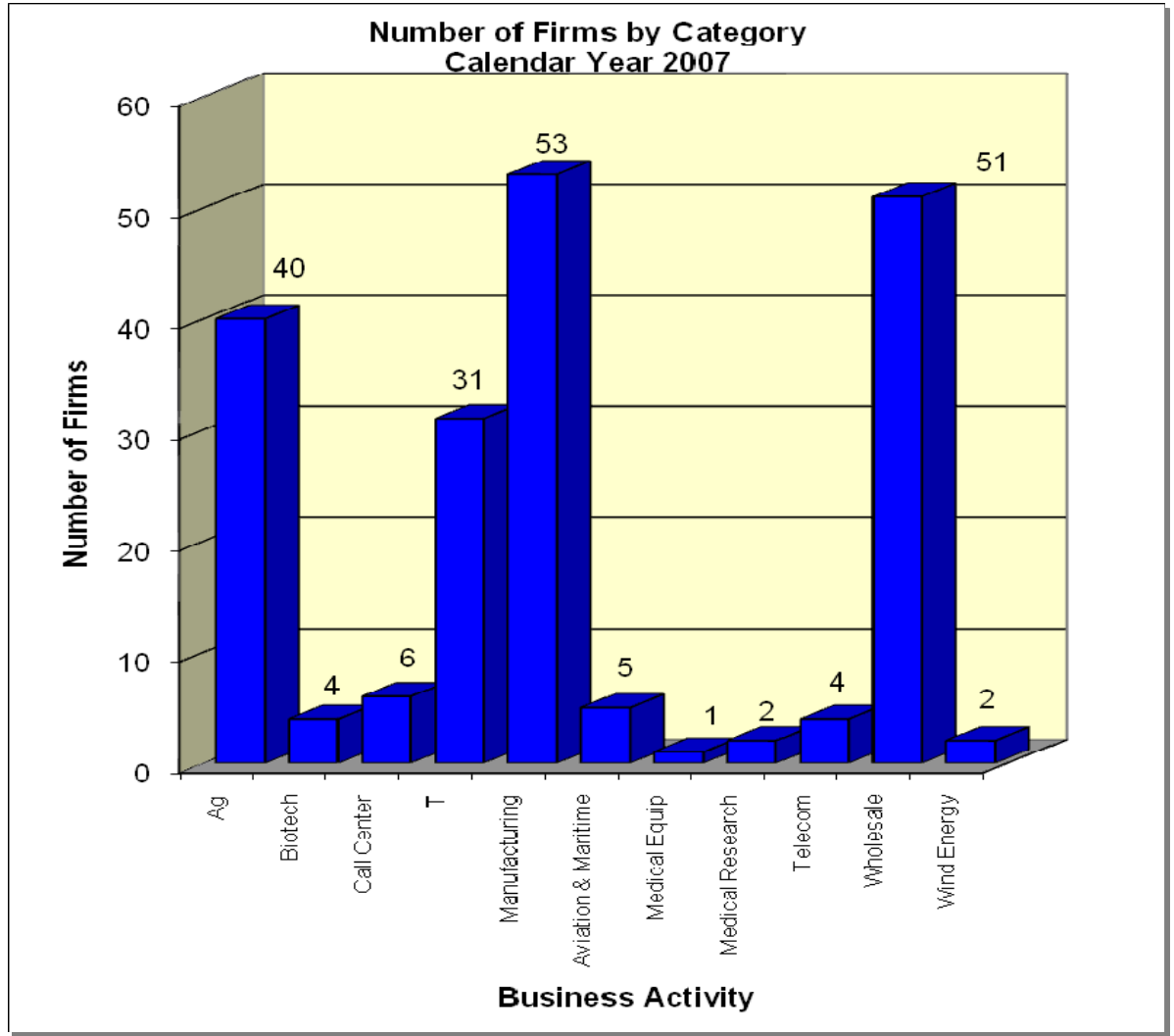
- Incremental property tax relief resulting from added value due to property improvements;
- Zoning, building fee, and permit waivers or variances;
- Priority zoning or building permit processing; and

Eligible business activities are related to those economic sectors actively supported by the State. They include:

- Manufacturing;
- Wholesaling;
- Agricultural production or processing;
- Aviation and maritime maintenance and repair;

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

Figure C



At present, zone designations primarily benefit existing wholesalers, diversified agricultural businesses, and light manufacturers such as food processors (especially those primarily or exclusively targeting local markets). See Appendix B for lists of enrolled businesses by island, zone, and type.

HISTORY OF HAWAII'S EZ PARTNERSHIP PROGRAM

Hawaii's EZ program was created by Act 78 in 1986, and codified in Chapter 209E, of Hawaii Revised Statutes. The enabling legislation was amended by Act 390 in 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 EZs.

The administrative rules for the program were completed and approved in 1990. Each county has also enacted enabling ordinances to create county incentives. But the counties did not immediately submit EZ nominations because the local economy was still strong and their unemployment rates were quite low, which reduced the need for a program intended to create jobs.

Two amendments in 1993 added that agricultural producers are eligible to participate (Act 17) and to make Kaua'i County census tract #405, which includes Lihue and vicinity, eligible for designation as an enterprise zone (Act 341). Tract #405 was the only Kaua'i 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 ten years, and to vary according to family size.

The first three zones were designated in 1994 on the Big Island 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 Big Island in the

Ka'u and South Kona districts. The first zone on Kaua'i (in the Lihue area), and the first three zones on O'ahu 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 managers 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 of—and paid for by EZ enrolled firms. Act 262 also expanded the North Shore zone on Oʻahu to include all agricultural lands in the Waialua district until June 30, 2002.

Also in 1997, Molokaʻi became a zone, along with four new Kauaʻi zones which—in combination with the Lihue zone—include all land on Kauaʻi with commercial or agricultural land use zoning. The North Shore zone on Oʻahu was also expanded to include most of the area between Mokuleʻia and Pupukea.

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

In 2000, Lanaʻi, East Maui, and North Kohala on the Big Island zones were 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).

Another incentive through Act 290, provided that EZ-eligible firms could qualify for commercial bank loans with a specified state subsidy. (Note: This loan subsidy program has since been discontinued.)

In 2001, the North Shore zone on Oʻahu was further expanded to include the Koʻolauloa 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 Oʻahu. Five of the six Big Island 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 of 2004, the Urban Honolulu zone was expanded to include all of Kakaʻako.

In 2006 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 Hawaiʻi County Enterprise Zones 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 Figure D for a summary of EZ start and end dates.

Figure D
Start Dates and End Dates by County

Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Hawaii County	Hamakua, Hilo-Puna, North Kona	Ka'u	Southern Kona				North Kohala							
Oahu County			Mililani, Waipahu/Pearl City, Waialua/Haleiwa, North Shore					Urban Honolulu						
Kauai County			Lihue	North Shore, Kapaa, Southern, Western										
Maui/Molokai/Lanai				Molokai			Lanai, East Maui						Greater, West Maui	
Year of Expiration	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

To date, funds for promotion and administration of the program have come from within the existing departmental budget generally provided for administrative overhead. The costs of developing the administrative rules, procedures, forms, informational and promotional materials, and of responding to inquiries from and preparatory consultation with the counties, the business community, the State Department of Taxation (DoTAX), the State Department of Labor and Industrial Relations (DLIR), and the Legislature have come from the budget of the Department of Business, Economic Development, and Tourism (DBEDT) Strategic Marketing and Support Division (BED 100).

PRESENT STATUS

In 2007, the EZ coordinators from each county met to discuss concerns, prioritize interests, and discuss ways to make the EZ program more effective. The EZ coordinators are employed by their respective counties and most work within the County's economic development office. The EZ coordinators identified agriculture as their top priority. The second priority was alternative energy followed by manufacturing, and wholesaling activities. Many of the recommendations to better assist farmers were included in the Ag EZ bill (Act 143).

With the passage of the Ag EZ Bill (Act 143), the EZ program is better able to help encourage diversified agriculture in Hawai'i. In the past, small farming operations found it difficult to meet the hiring requirements. If farmers could satisfy EZ requirements, lower prices could be charged to retail stores making their products more competitive against overseas products. In addition, competitive salaries could be provided to retain workers and invest in business capital.

Outreach and other promotional activities were executed. These included presentations to the Farm Bureau, Agricultural Association, Leeward Chamber of Commerce, Kaua'i Chamber of Commerce, Wai'anāe Rotary Club, Construction Financial Manager's Association, KPMG, Horwath, Kam, & Co., ONTS CPA LLP, the Department of Taxation, NELHA, legislators, other various businesses.



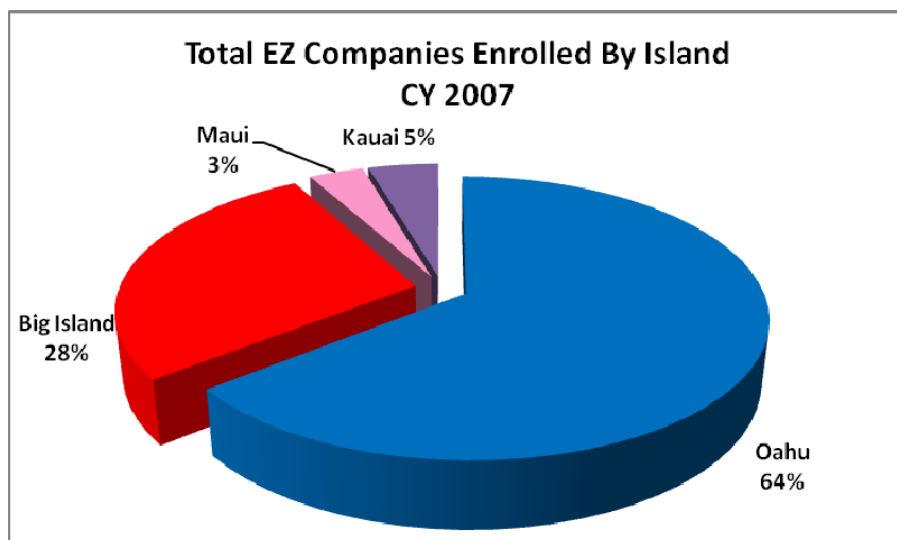
Presentation to Kona Farmers
Organized by CTAHR
March 27, 2007

Statistics for CY 2007 are as follows:

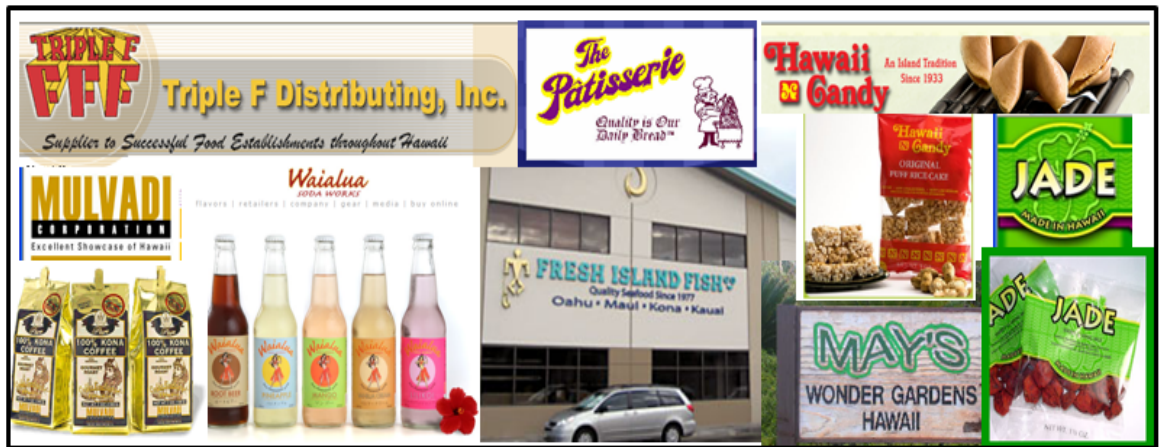
Conferences attended as exhibitor:	4
Phone calls, average per month:	80 calls
Presentations:	27
Meetings with businesses:	75
No. of EZ related bills	13
Legislative hearings:	35
Neighbor island outreach:	Kaua'i (March 2007) Mau'i (September 2007) Big Island (October 2007)
On-site visits to EZ cos.:	15

Figure E depicts the % of EZ companies enrolled by county. O'ahu county has the greatest number at 64%. Mau'i county has the fewest at just 3% of total enrolled EZ businesses. A summary of the activities by county is provided.

Figure E



City and County of Honolulu (Island of Oʻahu)



- In October of 1996, the following areas were designated as Oʻahu's first enterprise zones:
 1. Mililani Technology Park and parts of Wahiawa;
 2. The Oʻahu 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 Mokuleʻia 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 lifespan.
- 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 ʻEwa.

- In January of 2001, the North Shore EZ was expanded from Pupukea to Kaʻaʻawa. 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 Kakaʻako.
- 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.
- **128** Oʻahu businesses were enrolled in the program as of 12/31/2007.
- **50** enrolled Oʻahu firms satisfied EZ hiring requirements in CY 2007. This resulted in an increase of **872 new jobs** which cost an average of **\$3,413** in State tax revenues per new job.
- Refer to Appendix B page 39 for a chart on Oʻahu firms, and pages 50-51 for a current list of enrolled companies.



A field of poinsettias getting ready for market at Aloun Farms

Hawai'i County (Island of Hawai'i)



- 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 Ka'u, 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 was designated as the Big Island's sixth zone.
- In December of 2001, all Big Island zones except Ka'u were expanded.
- Hawai'i County offers a 3-year exemption from the incremental property tax increases resulting from new construction by eligible businesses in EZs.
- **55** Hawai'i County businesses were enrolled in the program as of 12/31/2007.

- 17 enrolled Big Island firms satisfied EZ hiring requirements in CY 2007. There was an increase of **94 new jobs** which cost an average of **\$1,979** in State tax revenues per job.
- Refer to Appendix B page 41 for a chart on Big Island firms, and page 51 for a listing of currently enrolled businesses.



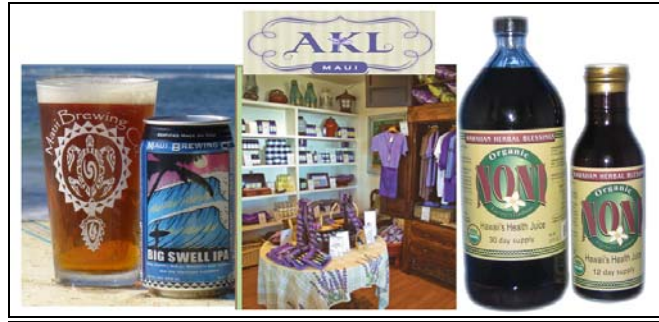
Abalone crop shown by Hiroshi Arai of Big Island Abalone Corp.

Kaua'i County (Islands of Kaua'i and Ni'ihau)



- In April of 1996, Lihue and vicinity was designated as Kaua'i's first enterprise zone.
- In February of 1997, North Shore and Kapa'a zones were designated.
- In April of 1997, two more zones were designated in southern and western Kaua'i.
- All land on the island zoned for industrial, commercial or agricultural activity is now included in enterprise zones.
- Kaua'i County offers fast-track permit processing to eligible businesses.
- **9** Kaua'i businesses were enrolled in the program as of 12/31/2007.
- Two enrolled Kaua'i firms satisfied EZ hiring requirements in CY 2007. There was an increase of **2 new jobs** which cost an average of **\$3,569** in State tax revenues per job.
- Refer to Appendix B page 38 for a chart on Kaua'i firms and page 50 for a listing of currently enrolled EZ businesses.

Maui County (Islands of Maui, Molokaʻi, Lanaʻi and Kahoʻolawe)



- In January of 1997, Molokaʻi was designated as Maui County’s first enterprise zone.
- In April of 2000, Lanaʻi 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.
- 7 Maui County businesses are enrolled in the program as of 12/31/2007.
- 4 enrolled firms satisfied EZ hiring requirements in CY 2007. There was an increase of **22 new jobs** which cost an average of **\$828** in State tax revenues per job.
- Refer to Appendix B page 40 for a chart on Maui firms, and page 51 for a list of currently enrolled EZ businesses.



A visitor enjoying lavender tea and scones at the Kula Lavender Farm

SUMMARY OF REQUIREMENTS AND BENEFITS

Zone Eligibility Criteria

A nominated area must consist of all or part of one or more contiguous census tracts that meet at least one of the following criteria based on the latest U.S. Census data:

1. Twenty-five percent or more of the population of the area have incomes below 80 percent of the median family income of the county; or
2. An unemployment rate 1.5 times the state average rate based on the most recent census.

1.5 times the state average unemployment rate in the 2000 census equals 9.5%, compared to 5.25% in 1990. Based on 1990 census data, about 87 percent of Neighbor Island census tracts—as well as about 65 percent of O’ahu tracts—were eligible. Despite the increase in the unemployment criterion in 2000, the number of tracts eligible for inclusion in zones is virtually identical to 1990. This is because most eligible tracts satisfy the low-income criterion, while a few satisfy both. One tract in 2000 satisfied the unemployment criterion only. All or part of any census tract already included in a designated zone prior to the availability of the 2000 census data also will remain part of that zone even if the tract would not be eligible for inclusion based on 2000 census data. However, some ineligible tracts in 1990 are now eligible based on the 2000 census. (See Appendix C for maps of existing zones and other census tracts eligible for inclusion in zones.)

Business Eligibility Criteria

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 most 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.

1. Gross Receipts Requirements

Eligible businesses (or, in the case of firms with more than one location, their zone establishment) must also derive at least 50 percent of their annual gross receipts from eligible transactions conducted within a zone. For sales of goods, this means transfer of title must take place within the zone. (As of 7/1/08, for ag producers, receipts from value-added products made from their crops can be counted towards certification only)

2. Hiring Requirements

Eligible businesses must then satisfy one of the following hiring requirements in order to qualify for most EZ tax and other benefits. All businesses must begin EZ operations with at least one full-time employee. (as of 7/1/08, leased employees can be counted towards the hiring requirement) (as of 7/1/08, for ag producers only, in lieu of the hiring requirements, gross sales need to increase by at least 2 percent annually)

1. **"New" businesses** (those which start in, or relocate to, an area after it has been designated as an enterprise zone) must increase their average annual number of full-time employees by at least 10 percent the first year. During Years 2–7, the average annual number of full-time employees can fluctuate, but the annual average must remain at or above the required Year One average. However, if the

annual average during any given year is lower than the first year, a firm can still re-qualify in any of the subsequent years remaining in its seven-year cycle.

2. ***"Existing" businesses*** (those in an area before it has been designated as an enterprise zone) must increase their annual average number of full-time employees by at least 10 percent the first year. In Years 2–7, existing businesses need to continue to increase their average annual number of full-time employees by at least 10 percent each year based on the number of employees at the beginning of their base year.

The end-of-year reporting requirement ensures accountability. The requirement to increase full-time employee counts (based on the initial count of full-time employees reported on the application) and revenues from eligible activities ensures that the program is meeting economic development goals of hiring more full-time employees, and encouraging specific business activities in targeted geographical areas. Firms which satisfy the hiring and gross receipts requirements will qualify for the following state and county incentives:

State Incentives

- Exemption from General Excise Tax on EZ eligible activities for up to seven years.
- 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% of tax liability the last year (see figure F), 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% of premiums paid the last year (see figure F).

Figure F

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%

(Note: EZ income tax credits in excess of 100 percent of an eligible firm's annual income tax liability cannot be refunded or carried forward or backward to other tax years. The GET and income tax incentives apply only to gross revenues from EZ-eligible business categories within an EZ.) Income tax liability is apportioned if some income is from ineligible activity or from activity outside of the EZ.

Construction and construction trade contractors are also *exempt from GET* for work paid for by EZ-enrolled firms. This means an EZ-eligible firm must apply to participate in the EZ program and be officially approved to do so. An EZ-enrolled firm benefits from this by negotiating with contractors to share all or part of the contractor's tax savings. (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.

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 designation by the Governor, the size and location of nominated areas will be reviewed by DBEDT for appropriateness, as will the business incentives proposed by the counties. Each zone will exist 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 incentives in the remaining years of their cycle, but no new businesses will be allowed to begin participation after a zone is terminated. Counties can request an amendment of zone boundaries from the Governor at any time, and can also change their own zone incentives at any time without the Governor's approval.

FUTURE PLANS

While a maximum of six zones may be designated in each county, the maximum number need not be nominated all at once. Zones can be designated at any time until the maximum allowable number per county is reached. Existing zones can also be expanded into adjacent eligible areas. As zones are designated, DBEDT works in partnership with the counties to market and promote participation in each zone.

Furthermore, based on number of firms that have not been submitting an end-of-year report it is apparent that more assistance is needed. And there are firms that are not utilizing all the benefits they are entitled to. This assistance will include re-education on benefits, “how-to-file” refreshers, and one-on-one assistance with firms’ accountants and bookkeepers.

In 2008, the Governor signed into law Act 143. Because it is effective as of July 1, 2008, it should not have been included in this report. However, its impact is too significant to not be mentioned. Planned future activity includes updating Hawai‘i Administrative Rules. It is currently outdated, and was awaiting passage of HB 2739 which will change hiring and gross sales requirements for certification.

Also planned is to submit legislation that will expand the types of alternative energy business activities. Currently only wind energy is permitted. There are considerable tax savings that businesses could utilize when trying to fund the often high start-up costs required for construction. The bill will enable businesses engaged in producing fuels from the following: wind, sun, falling water, biogas, geothermal, ocean water, biomass, and biofuels to join the EZ program.

In order for the bill to pass, State agencies, the Counties and respective private businesses will need to work together to affect legislation. Alternative energy has been a focus of this administration, and was the second priority as identified by the EZ county coordinators.

With the present downturn in Hawai'i's economy there is an even greater need and more demand for financial help. Therefore, we predict a greater influx of other types of EZ related legislative bills for the 2009 session and an even greater demand for EZ services and outreach. EZ certification requirements ensure that the government (State and local) is spending its money prudently by rewarding economic growth and activity in the distressed areas throughout the State.

Limiting Assumptions

1. Although company's reports are based on their tax year, and budgeting is according the State's fiscal year, for simplicity in data collection and reporting, information is presented based on a calendar year.
2. Some companies listed several business activities for example, agricultural production, wholesaling, and retailing. A judgment was made in selecting the primary business activity. Biotechnology was given highest preference, then agricultural production, then manufacturing, and lastly wholesaling. This decision is based on the complexity and capital requirements of the activity- the greater the capital requirements and complexity the higher the priority.
3. In order to determine the change in jobs, a sum of jobs reported at the time of application for those companies that submitted a 2007 annual report was compared against the reported number of full-time employees in 2007. Because many companies did not submit an annual report, (only 83 companies out of 200) this was the most efficient way of determining the increase in full-time positions.
4. The cost-per-job was based on companies that met the requirements for certification in 2007. Firms that did not qualify for certification, received no tax benefits, and had no impact on the State's revenues. Thus, these firms were not included in calculating the cost-per-job.
5. This report was prepared as of June 30, 2008. Thus, any end-of-year reports received after this date were not included in the content or statistics for CY 2007 Annual Report.
6. The EZ Partnership Program is a 7-year program. Companies continually enter and graduate throughout the 20-year zone designation. As a result, the annual report reflects only those firms that are currently enrolled in the EZ program. It does not include those firms and statistics that have already graduated from the program or firms that have been approved but have chosen to start their 7 years in the following calendar year.

APPENDICES

- A. State and County Coordinators
- B. Firms Enrolled by County, Zone, and Type
- C. Maps of Enterprise Zones
- D. List of Firms in the Enterprise Zone Partnership
- E. Publicity

APPENDIX A

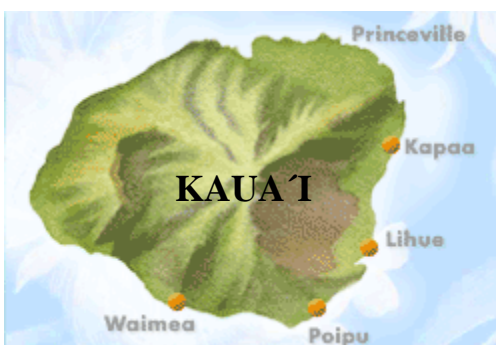
STATE AND COUNTY COORDINATORS

HAWAII STATE AND COUNTY ENTERPRISE ZONES COORDINATORS
CONTACT INFORMATION

State of Hawai'i	Michelle Muraoka Enterprise Zone Coordinator Department of Business, Economic Development and Tourism (DBEDT) State of Hawai'i P.O. Box 2359 Honolulu, HI 96804 Phone: (808) 586-2593 Fax: (808) 586-2589 E-mail: mmuraoka@dbedt.hawaii.gov
Hawai'i County	Jane Horike Department of Research and Development County of Hawai'i 101 Aupuni Street, #1014 C Hilo, HI 96720 Phone: (808) 961-8496 Fax: (808) 935-1205 E-mail: jhorike@co.hawaii.hi.us
Kaua'i County	Beth Tokioka, Director Office of Economic Development County of Kaua'i 4444 Rice Street, Suite 200 Lihue, HI 96766 Phone: (808) 241-6390 Fax: (808) 241-6399 E-mail: btokioka@kauai.gov
Maui County	Deidre Tegarden, Economic Development Coordinator County of Maui 2200 Main Street, Suite 305 Wailuku-Maui, HI 96793 Phone: (808) 270-7710 Fax: (808) 270-7995 E-mail: deidre.tegarden@mauicounty.gov
Honolulu County	Paul Kobata CBED Section: Office of Special Projects Dept. of Community Services, City and County of Honolulu 715 S. King Street, Suite 311 Honolulu, HI 96813 Phone: (808) 592-2293 Fax: (808) 592-2292 E-mail: pkobata@honolulu.gov

APPENDIX B

**FIRMS ENROLLED
BY COUNTY, ZONE, AND TYPE
FOR CALENDAR YEAR 2007**



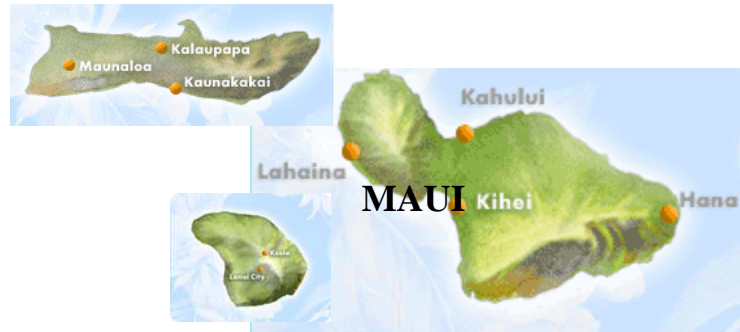
KAUA'I COUNTY- AS OF 12/31/2007

BUSINESSES ENROLLED IN ENTERPRISE ZONES PROGRAM BY TYPE AND ZONE	ZONE 1: Lihue and vicinity	ZONE 2: Kapa'a and vicinity	ZONE 3: North Shore	ZONE 4: South central Kaua'i	ZONE 5: West Kaua'i	Subtotal by Activity
Manufacturing	1	0	0	0	0	1
Wholesaling	2	1	0	0	0	3
Agricultural/Aquacultural production or processing	1	1	0	0	0	2
Aviation or maritime repair	0	0	0	0	0	0
Telecommunications switching or delivery (including certain types of call centers)	0	0	0	0	0	0
Information technology design and production	0	2	1	0	0	3
Medical research, clinical trials, and telemedicine	0	0	0	0	0	0
Repair and maintenance of assistive technology equipment used by disabled persons	0	0	0	0	0	0
For-profit training programs for international business management or environmental technician training	0	0	0	0	0	0
SUBTOTAL BY ZONE	4	4	1	0	0	
TOTAL ENROLLED FIRMS						9



HONOLULU COUNTY- AS OF 12/31/2007

BUSINESSES ENROLLED IN ENTERPRISE ZONES PROGRAM BY TYPE AND ZONE	ZONE 1: North Shore/ Ko'olaupia (from Mokule'ia to Ka'a'awa)	ZONE 2: Mililani Tech Park and parts of Wahiawa	ZONE 3: Parts of Waipio, Waipahu, 'Ewa, Kunia, and Campbell Industrial Park, and all of Kapolei	ZONE 4: Urban Honolulu	ZONE 5: Leeward Coast	Subtotal by Activity
Manufacturing	2	0	15	18	0	35
Wholesaling	0	0	9	30	0	39
Agricultural/Aquacultural production or processing	7	0	4	1	0	12
Aviation or maritime repair	0	0	2	3	0	5
Telecommunications switching or delivery (including certain types of call centers)	0	0	2	6	0	8
Information technology design and production	1	1	3	21	0	26
Medical research, clinical trials, and telemedicine	0	0	0	2	0	2
Repair and maintenance of assistive technology equipment used by disabled persons	0	0	0	1	0	1
For-profit training programs for international business management or environmental technician training	0	0	0	0	0	0
SUBTOTAL BY ZONE	10	1	35	82	0	
TOTAL ENROLLED FIRMS						128



MAUI COUNTY- AS OF 12/31/2007

BUSINESSES ENROLLED IN ENTERPRISE ZONES PROGRAM BY TYPE AND ZONE	ZONE 1: Moloka'i	ZONE 2: Lana'i	ZONE 3: East Maui	ZONE 4: Greater Maui	ZONE 5: West Maui	Subtotal by Activity
Manufacturing	0	0	0	3	0	3
Wholesaling	0	0	0	1	0	1
Agricultural/Aquacultural production or processing	0	0	0	2	0	2
Aviation or maritime repair	0	0	0	0	0	0
Telecommunications switching or delivery (including certain types of call centers)	0	0	0	1	0	1
Information technology design and production	0	0	0	0	0	0
Medical research, clinical trials, and telemedicine	0	0	0	0	0	0
Repair and maintenance of assistive technology equipment used by disabled persons	0	0	0	0	0	0
For-profit training programs for international business management or environmental technician training	0	0	0	0	0	0
SUBTOTAL BY ZONE	0	0	0	7	0	
TOTAL ENROLLED FIRMS						7

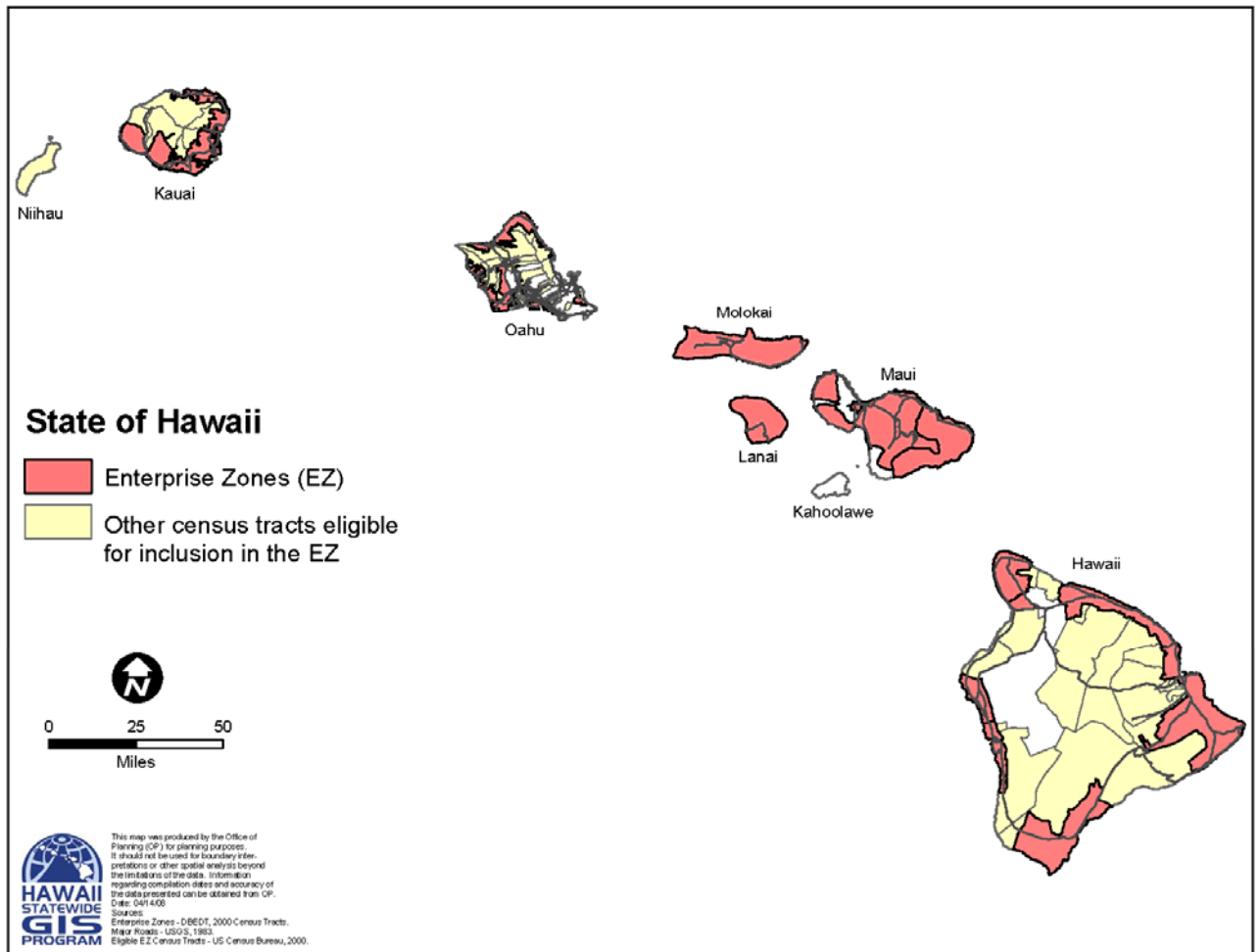


HAWAII COUNTY- AS OF 12/31/2007

BUSINESSES ENROLLED IN ENTERPRISE ZONES PROGRAM BY TYPE AND ZONE	ZONE 1: Hilo-Puna	ZONE 2: Hamakua	ZONE 3: North Kona	ZONE 4: South Kona	ZONE 5: Ka'u	ZONE 6: North Kohala	Subtotal by Activity
Manufacturing	4	1	6	1	0	2	14
Wholesaling	2	0	5	1	0	0	8
Agricultural/Aquacultural production or processing	9	4	6	3	0	2	24
Aviation, maritime, or automotive repair	0	0	0	0	0	0	0
Telecommunications switching or delivery (including certain types of call centers)	1	0	0	0	0	0	1
Information technology design and production	2	0	0	0	0	0	2
Biotechnology	0	1	3	0	0	0	4
Repair and maintenance of assistive technology equipment used by disabled persons	0	0	0	0	0	0	0
For-profit training programs for international business management or environmental technician training	0	0	0	0	0	0	0
Wind energy production	0	0	0	0	1	1	2
SUBTOTAL BY ZONE	18	6	20	5	1	5	
TOTAL ENROLLED FIRMS							55

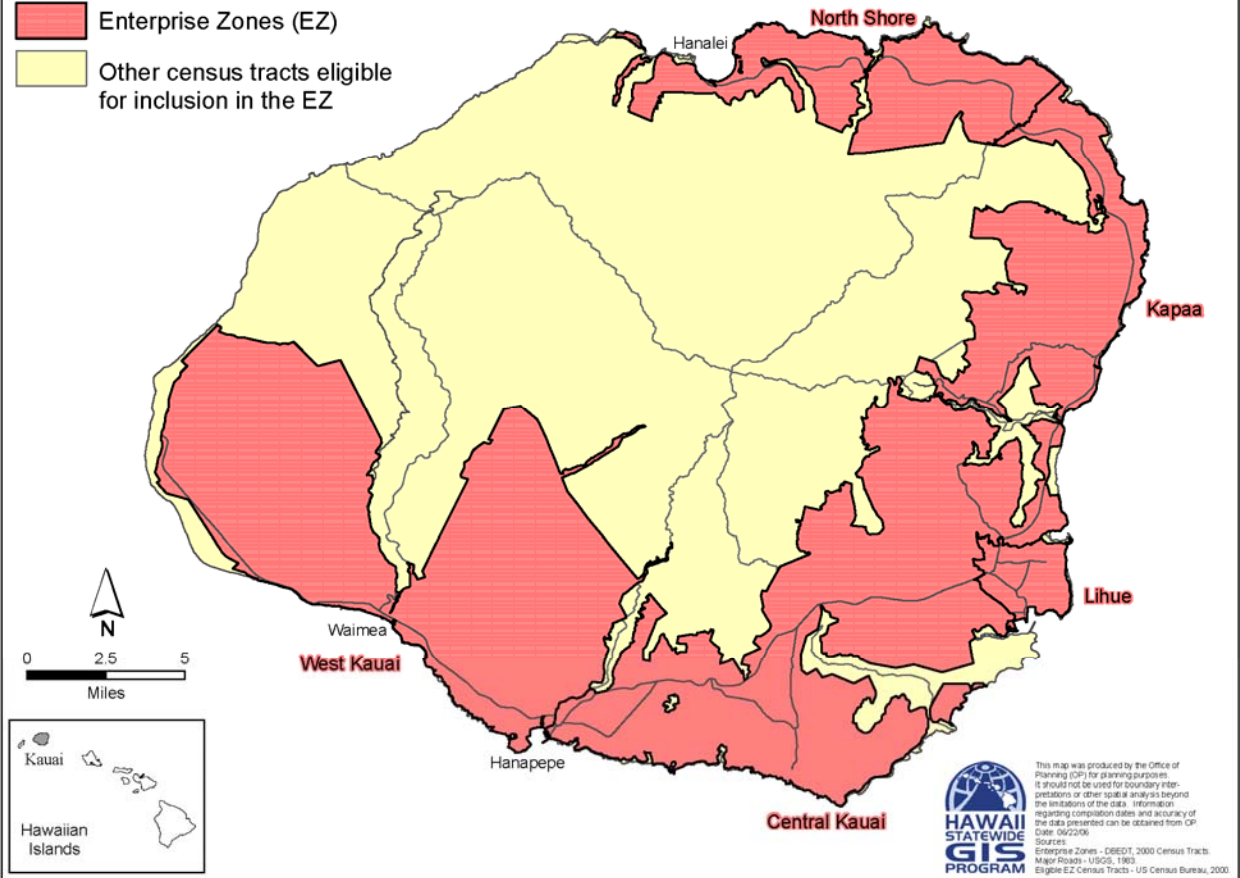
APPENDIX C

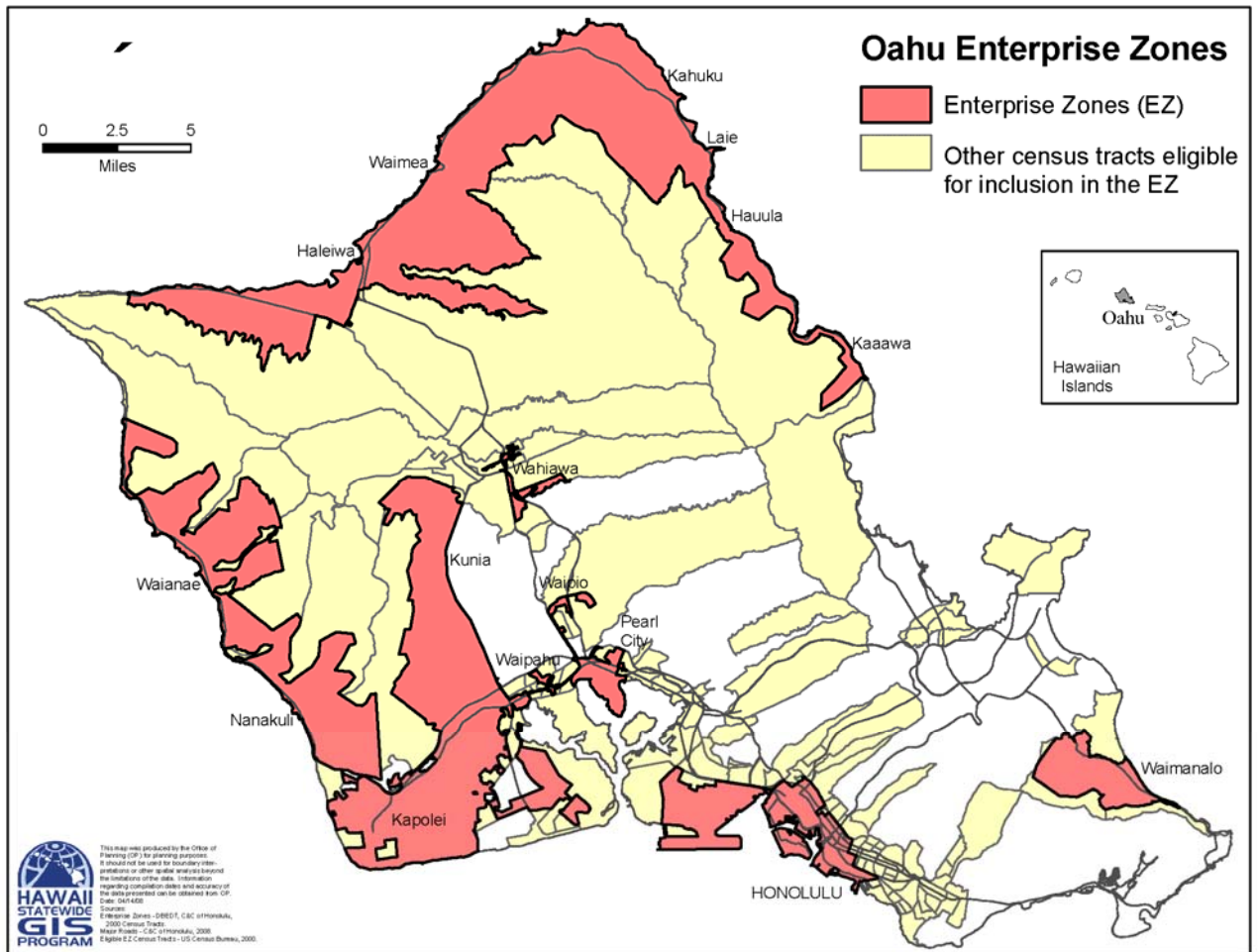
MAPS OF ENTERPRISE ZONES

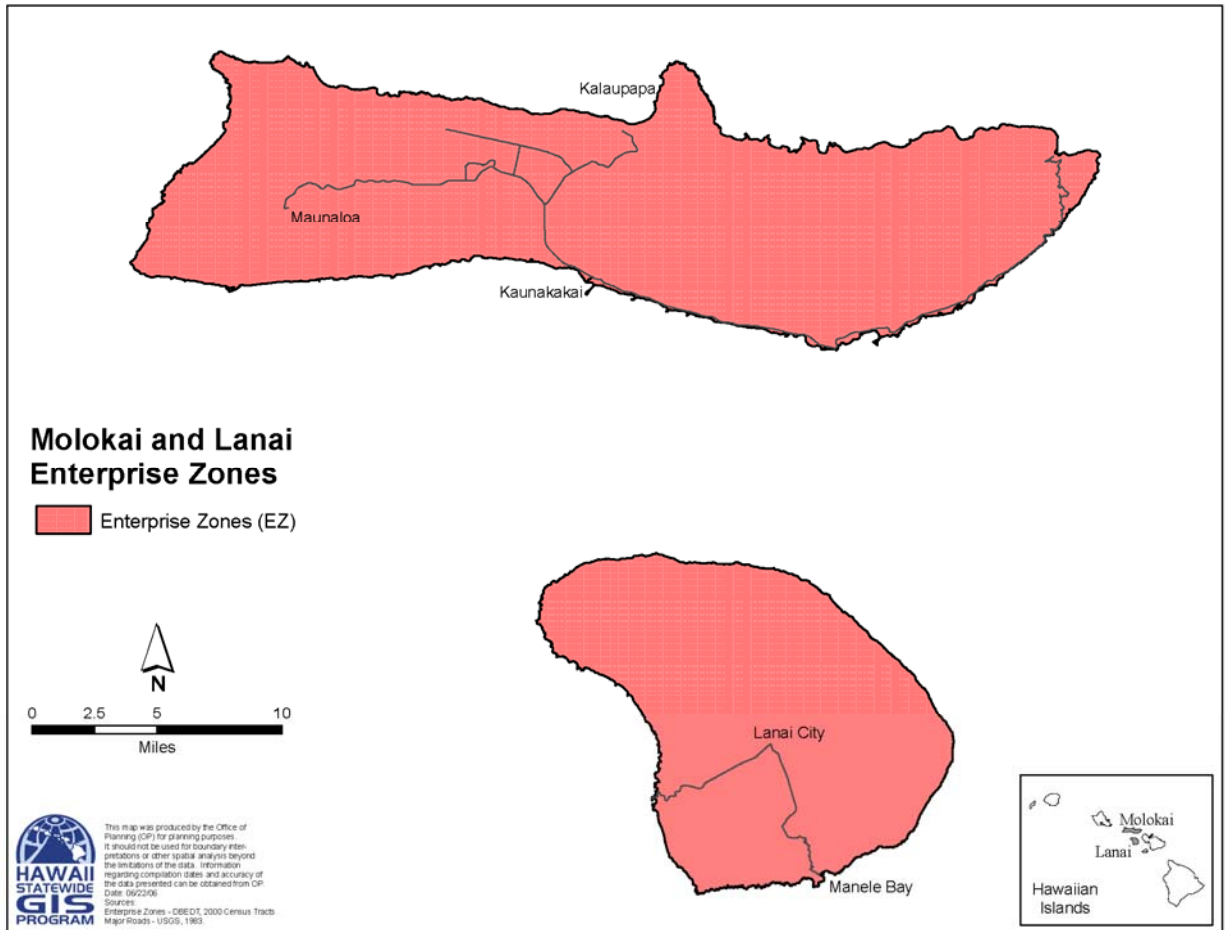


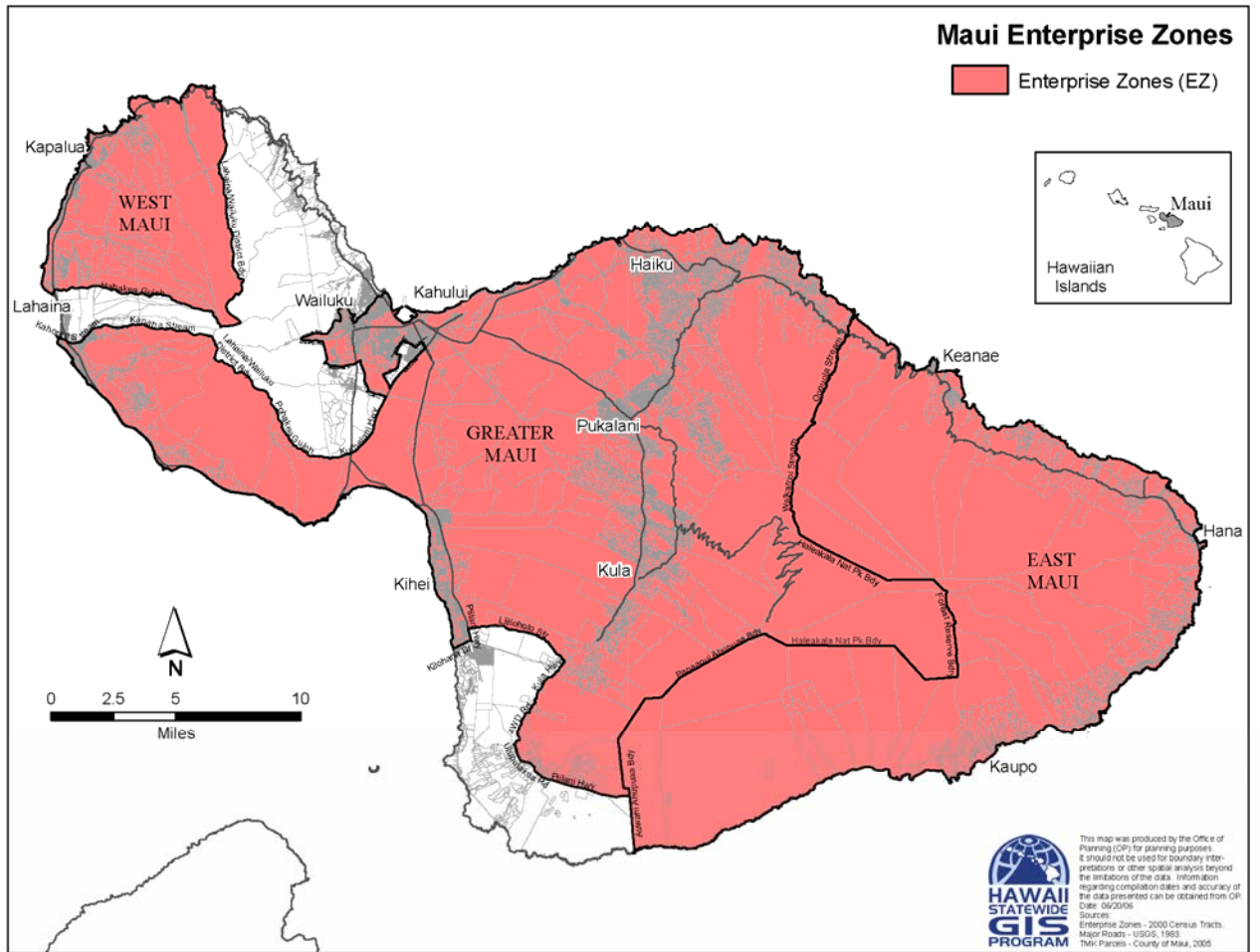
Kauai Enterprise Zones

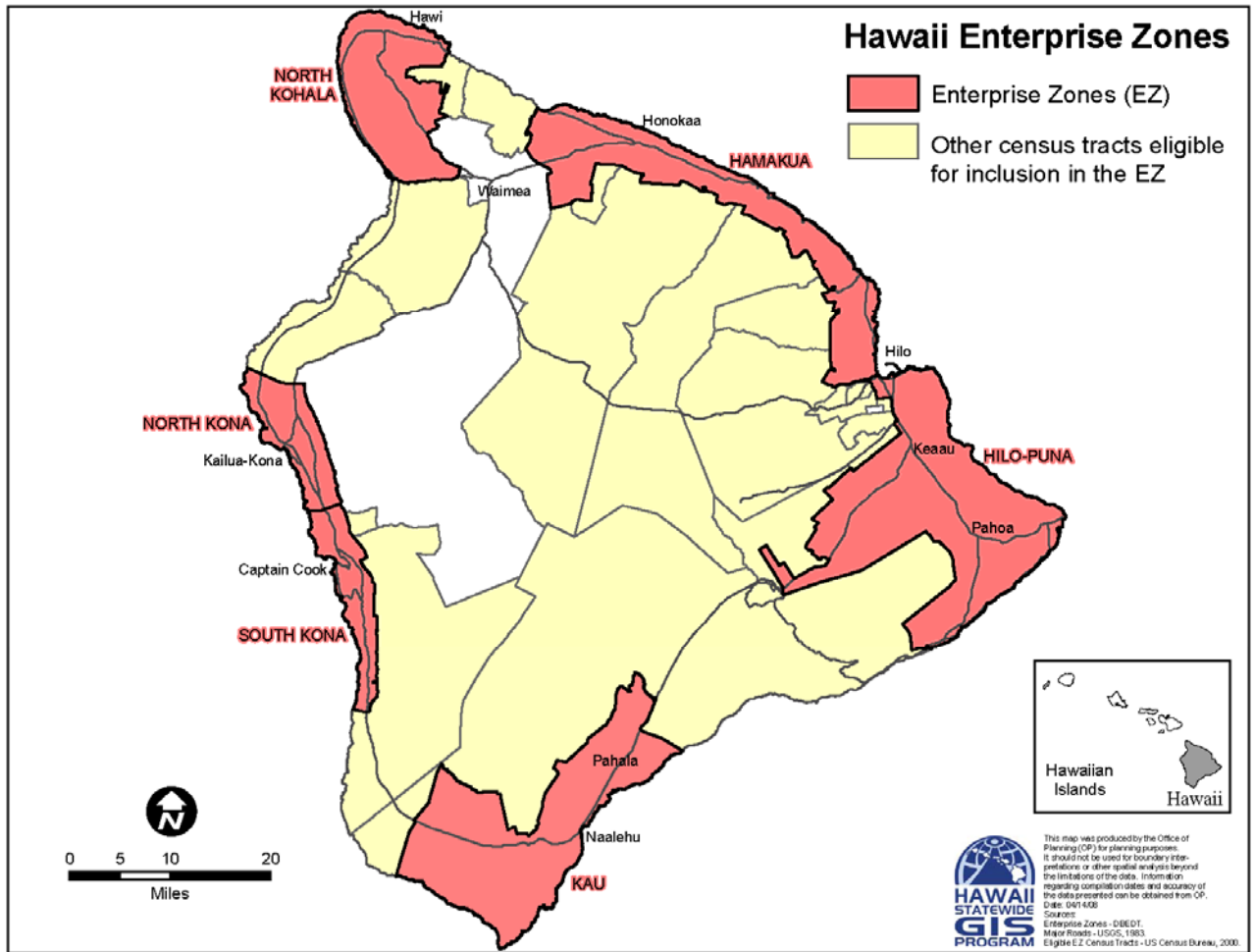
- Enterprise Zones (EZ)
- Other census tracts eligible for inclusion in the EZ











APPENDIX D

LIST OF ENROLLED FIRMS IN THE EZ BY COUNTY

FOR CY 2007

FIRMS CURRENTLY ENROLLED IN THE EZ PARTNERSHIP PROGRAM CY 2007

KAU'AI COUNTY

Fresh Island Fish Company, Inc.-Kauai
Hawaiian Homestead Technology, Inc.
Island Heritage (Kauai)
Kapaa Banana Company, Inc.
Kauai Chocolate Company, Inc.
Kauai Growers Exchange, Inc.
Mid Pacific Communications, Inc.
Soft Majik Corporation
T. Esaki Farm, Inc.

HONOLULU COUNTY

ABBA Wheelchairs, LLC
Admor Distributors Corp.
Admor HVAC Products, Inc.
AEOS Systems, LLC
Aloha Automotive Distributing, Inc.
Aloha Gourmet Products, Inc.
American Healthways Services, Inc.
Anamizu Farms
Ariel Truss Hawaii, Inc.
Associated Producers Corp.
Axean Group
Axean Pacific, Inc.
Base 10, Inc. dba Oils of Aloha
Bel Air Distributors, Inc.
Brandy Signs, Inc.
Bureau of Medical Economics
Covance CRU Inc. (Radiant Research)
Creative Packaging LLC
CTA Development, LLC
Custom Company, The
Daga Restaurant Ware
Datahouse Consulting, Inc.
Del Monte Fresh Produce (Hawaii) Inc.
Digital Mediums LLC
DLB Aire Ltd.
Environmental Waste Mgmt. Sys., Inc.
Five-O Marketing Services, Inc.
Fresh Island Fish Company, Inc.-Oahu
Fuji Photo Film Hawaii, Inc.
Gannett Hawaii Publishing LLC
Goldwings Supply Service, Inc.
Ham Produce & Seafood, Inc.
Hande Corporation
Hawaii Business Group Inc. dba Wing Coffee Co.
Hawaii Candy, Inc.
Hawaii Clinical Research Center
Hawaii Diesel Production Company
Hawaii Fish Company

HONOLULU COUNTY cont.

Hawaii Food Service Alliance, LLC
Hawaii Impulse Systems, Inc.
Hawaii Livestock Cooperative
Hawaii Oahu Suisan, Inc.
Hawaii Supply LLC
HNK, Inc. dba Koha Oriental Foods
Hoike Networks, Inc.
Hoike Services, Inc. dba Hoike Technology
Hoku Scientific, Inc.
Honolulu Wood Treating, Ltd.
ICH Group LLC dba Sushi Chef
Imperium Renewables Hawaii LLC
Innovative Housing Solutions, LLC
International Data Services dba Asset Recovery
International Design Sources, Inc.
Island Heritage (Oahu)
Island Home Building Materials
Island Maid, Inc.
Island Pacific Distributors, Inc.
Island Sewing, Inc.
Kahuku Farmers, Inc.
Kalaka Nui, Inc.
Kamiya Enterprises dba Kahua Beef
King Photo Service, Inc.
Kona Irrigation Supply, Ltd. (Oahu)
KTM Services, Inc.
Land Breeze, Inc.
Layout Etc., Inc.
Leeward Wholesale Nursery
Malolo Beverage & Supplies, Ltd.
Matsuda Fukuyama Farms, Inc.
May's Wonder Gardens Hawaii
Mid-Pacific Telecom. Corp.
Mikoshi Trading Hawaii, Inc.
MIS Support Systems
Mountain Apple Co., Inc.
Mulvadi Corporation
Natural Stone LLC (Oahu)
New Dimension Controls, Inc.
Norman Wright Mechanical Equip. Corp.
Norpac Fisheries, Inc.
Pacific Biodiesel, Inc.
Pacific Gloves & Service, LLC
Pacific Learning Services, Inc.
Pacific Ocean Producers, LLC
Pacific Shipyards International, LLC
Palama Holdings, LLC
Parallel 21, Inc.
Patisserie, Inc., The

HONOLULU COUNTY cont.

PCLender.com, Inc.
 Pearson Dental Supplies, Inc.
 Penethon LLC (FireFly)
 Phoenician, LLC The
 Pier 18 Marine Service LLC
 Plumbing Source, Inc., The
 Pono Ventures Inc. dba AR Recovery Solutions of Hawaii
 Praxis L.P.
 Premium, Inc.
 Print Proz, Inc.
 Profitability of Hawaii, Inc.
 Purdy Co., Ltd. dba Island Princess/Maui's Best
 Quality Homes of the Pacific
 R & R Services, Inc.
 Referentia Systems, Inc.
 Roberto's Healthcare Supplies, Inc.
 Salon Essentials
 Servpac Inc.
 Shakanet, Inc.
 Sinaloa Hawaiian Tortillas, Inc.
 Six D, Inc.
 Sopogy, Inc.
 Straube's Aircraft Services Hawaii, LLC
 Sugar Mill Incubator LLC
 Superior Truss, LLC
 SystemMetrics Corporation
 Systems Concepts Inc. (MIS Support)
 Takeno Group LLC
 TeamPraxis, LLC (Malama MD, LLC)
 Total Building Products, LLC
 Triple F Distributing (Oahu)
 Tri-West, Ltd.
 United Fishing Agency
 UTS Maritime Services, LLC
 Ventura Technology Enterprises, Ltd.
 Waialua Soda Works, Inc.
 Wholesale Unlimited, Inc.
 Window World, Inc.
 Wisdom Industries, Inc.
 Wong's Meat Market, Ltd.
 Y. Hata & Co. Ltd.

MAUI COUNTY

Aloha Glass Recycling, Inc.
 Amakua Holdings Inc.
 Aumakua Holdings Inc.
 Credit Associates of Maui, Ltd
 Hawaii Stone & Tile, Inc.
 Hawaiian Herbal Blessings, Inc.
 Lavender Farm dba Alii Kula Lavender

HAWAII COUNTY.

Agrinom LLC
 Aloha Green Group LLC
 Big Island Abalone Corporation
 Black Pearls, Inc.
 Buddha's Sanctuary
 Cabinet Shop, The
 Datz & Katibah, Inc. dba Natural Pacific
 Deep Seawater International, Inc.
 Designer Meats, Inc.
 Donna's Cookies, Inc.
 Fresh Island Fish Company, Inc.-Big Isle
 Greenwell Farms, Inc.
 Hamakua Energy Partners, LP
 Hamakua Heritage Farm, Inc.
 Hamakua Organics
 Hawaii Beef Producers
 Hawi Renewable Development, LLC
 Hilo Orchid Farm Hawaii, Inc.
 Island Dairy
 Island Heritage (Hawaii)
 Kona Bay Marine Resources
 Kona Blue Water Farms, LLC
 Kona Coast Shellfish, LLC
 Kona Irrigation Supply, Ltd. (Big Isle)
 Kona Joe Coffee, LLC
 Kona Kulana Farms
 Kona Pacific Farmers Coop.
 Konaco Specialties, Inc. dba Mac Pie
 Koyo USA Corp.
 Kukaiau Ranch, LLC
 La Petite France, Inc.
 Leilani Palms & Foliage
 Lone Palm, Inc.
 Maebo Noodle Factory, Inc.
 Maka'ala Hawaii, Inc. dba Hilo Coffee Mill
 Malika Orchids, Inc. dba The Orchid Works
 Mauna Kea Banana Company, Inc.
 Mera Pharmaceuticals (fka Aquasearch, Inc.)
 Moana Technologies, Inc.
 Mountain View Orchids, Inc.
 Natural Stone LLC (Big Island)
 Pacific Floral Exchange, Inc.
 Pahoia Exotic Flowers, LLC
 Penncro Associates
 Rad Cubed Corporation
 RRDD Produce, Inc.
 Sansei Chips, Inc.
 Saver Holdings
 Standard Bakery, Inc.
 Tamosh, LLC
 Tawhiri Power LLC
 Tradewinds Forest Products LLC
 Triple F Distributing, Inc. (Hawaii)
 Universal Realm Enterprises, Inc. dba Wisdom Source
 Y. Hata & Co. Ltd. (Hilo)

APPENDIX E

PUBLICITY

FOR CY 2007

Big Island enterprise zones may be growing 10/3/2007

Council to consider expanding program to include portions of Volcano and Kawaihae

by Jason Armstrong *Tribune-Herald Staff Writer*

Hawaii County should expand two of its six enterprise zones in order to encourage job growth on both sides of the island, says Puna Councilwoman Emily Naeole.

Naeole has introduced a resolution that would add a portion of Volcano to the Hilo-Puna zone and all of Kawaihae to the North Kohala zone.

The County Council, meeting as the Planning Committee, is scheduled to consider her proposal during its 2:30 meeting today in Hilo.

Established in 1994, the enterprise zone program is designed to create jobs in economically depressed areas by offering state and county tax breaks to eligible businesses.

Employers don't have to pay state general excise taxes for seven years, receive an 80 percent discount on income taxes and unemployment insurance premiums for the first year and get a three-year protection against higher property taxes resulting from new construction.

In return, existing businesses must increase their number of full-time workers by 10 percent annually for seven consecutive years. New operations or those who move into an enterprise zone have to boost their work force by 10 percent the first year and then maintain that level of employees for the next six years.

Businesses have asked for the expanded zones so they can take advantage of the tax breaks, Naeole said, noting Jane Testa, head of the county's Research and Development Department, requested the change.

"If there is services to help the people, automatic you got to support them," Naeole said. "That should be our main goal -- helping out our community."

There are 53 individual Big Island businesses receiving benefits under the program, up from 28 in 1999.

Naeole said she's confident the council will adopt her resolution.

"No problem," she said Monday when asked about the chances the proposed zone expansions will be approved.

Enterprise zone tax breaks will aid job creators Wednesday, October 3, 2007

by Jason Armstrong *Tribune-Herald Staff Writer*

Hawaii County should include Kawaihae and part of Volcano in its enterprise zones offering tax breaks to businesses that generate jobs, lawmakers said Tuesday.

"I think this is a really, really good thing (because) then we can have more people involved in the program," said Puna Councilwoman Emily Naeole.

The freshman lawmaker is seeking to expand two of the island's six enterprise zones by adding the Volcano Farm Lots area and all of Kawaihae.

The County Council, meeting as the Planning Committee, voted unanimously in support of her measure.

There are 53 individual Big Island businesses receiving benefits under the program, up from 28 in 1999.

"It obviously shows it's successful," Hamakua Councilman Dominic Yagong said of the state program established in 1994.

The enterprise zone program is designed to create jobs in economically depressed areas by offering state and county tax breaks to eligible businesses.

"It's a state program that's meant to encourage small businesses to be able to employ people," said Jane Testa, director of the county's Department of Research and Development.

Hawaii County already has the maximum six zones, so the only option is to expand one or more, she told lawmakers.

Eligible employers don't have to pay state general excise taxes for seven years. They also receive an 80 percent discount on both income taxes and unemployment insurance premiums during the first year, with those benefits decreasing 10 percent annually for six more years.

The county offers a three-year protection against higher property taxes resulting from new construction.

The tax breaks cannot exceed a participating business' total tax bills.

In return, existing businesses must increase their number of full-time workers by 10 percent annually for seven consecutive years. New operations or those that move into an enterprise zone have to boost their work force by 10 percent the first year and then maintain that level of employees for the next six years.

To qualify as an enterprise zone, 25 percent of the people living in a census tract must have a median income of no more than 80 percent of Hawaii County's median income. Also, the area's unemployment rate cannot be lower than the statewide average.

Universal Realm Inc., a high-tech farming operation now developing a 20-acre Volcano farm, requested enlarging the Hilo-Puna zone so it could take advantage of the tax breaks, Jane Horike, county economic development specialist, told lawmakers. The company is a past participant in the program, she said.

PACIFIC BUSINESS NEWS

Tuesday, October 23, 2007 - 3:54 PM HAST

Waimanalo gets enterprise zone

Pacific Business News (Honolulu)

The City & County of Honolulu wants to establish an agricultural-oriented enterprise zone for parts of Waimanalo on Oahu's Windward Coast.

The Waimanalo Neighborhood Board first proposed the idea in 2002. The Honolulu City Council is expected to consider a resolution Wednesday that would support the initiative.

At a press conference Tuesday, Honolulu Mayor Mufi Hannemann lent his support to the enterprise zone.

The enterprise zone program is a joint effort of county and state government offering tax incentives to stimulate business activity and job creation in agriculture, manufacturing, high tech and educational services.

Benefits include 100 percent exemption from the state's general excise tax, income tax credits and exemptions from the excise tax by licensed contractors on revenue from construction done at zone sites.

For the tax year 2006, there were 205 firms statewide, 132 of them on Oahu, participating in the enterprise zone program. Over 800 new jobs were created that year.

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04-12-'07 11:51 FROM-

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Want to pay less taxes?

Is 50% or more of your business engaged in wholesaling?

*You may be eligible to get an exemption on your
general excise (GE) taxes and reduce your tax liabilities.*

Attend an Informational
Roundtable Meeting with the
State of Hawai'i
Enterprise Zone Partnership Program

April 17

Makaha Resort – Kaiona Room

9am – 11am

Please call 696-1217 to register

Individual appointments are available.
Call the Wai'anae Business Center at 696-1217

*The Wai'anae Business Center is a collaboration between
the Wai'anae Coast Coalition and Hawai'i Maoli.
The Business Center is supported with
Administration for Native Americans (ANA) funds.*

***“Helping communities
by helping businesses”***