

CHAPTER 31

ENTERPRISE ZONE PROGRAM

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CHAPTER 31**ENTERPRISE ZONE PROGRAM****Section 31-1. Purpose.**

The council finds that the State of Hawai'i, through chapter 209E, Hawai'i Revised Statutes, and chapter 6 of title 15, Hawai'i Administrative Rules, has established procedures for the designation of enterprise zones for the purpose of stimulating business and industrial growth. Pursuant to said chapter and rules, qualified businesses in enterprise zones shall be entitled to the following State incentives: a seven-year exemption from general excise taxes on gross proceeds from all business conducted within an enterprise zone; an eighty percent income tax abatement the first year, decreasing ten percent each year thereafter over the next six years; and an income tax credit in an amount equal to eighty percent of the unemployment taxes paid during the first year, decreasing ten percent each year thereafter over the next six years.

The council further finds that the County may nominate up to six enterprise zones for designation by the governor. Following designation of the nominated enterprise zone or zones, the State will accept applications from qualified businesses interested in participating in the enterprise zone program.

The purpose of this chapter is to set forth County procedures for the nomination, designation, amendment, provision of County incentives, and other requirements for enterprise zones.

(1994, ord 94-8, sec 1.)

Section 31-2. Definitions.

Unless it is plainly evident from the context that a different meaning is intended, words and phrases used in this chapter are defined as follows:

“Council” means the council of the County of Hawai'i.

“DBEDT” means the department of business, economic development and tourism, State of Hawai'i.

“Qualified business” means any corporation, partnership, or sole proprietorship authorized to do business in the State which is:

- (1) Subject to the State corporate or individual income tax under chapter 235, Hawai'i Revised Statutes; the public service company tax under chapter 239, Hawai'i Revised Statutes; or the bank and financial corporation tax under chapter 241, Hawai'i Revised Statutes;
- (2) Engaged in manufacturing, the wholesale sale of tangible personal property, or a service business or calling;
- (3) Qualified under section 209E, Hawai'i Revised Statutes.

“Service business or calling” means any corporation, partnership, or sole proprietorship that acts upon or processes tangible personal property, such as cleaning, repair and maintenance, and does not mean activities which are not performed upon tangible personal property.

(1994, ord 94-8, sec 1.)

Section 31-3. Nomination and designation of enterprise zones.

- (a) The mayor or council may nominate an area to be designated as an enterprise zone; provided, that all nominations shall be approved by the council by resolution.
 - (b) The nominated area shall be located within one or more contiguous United States census tracts that, based upon the latest census tract data, meet at least one of the following criteria:
 - (1) Twenty-five percent or more of the population of the area shall have incomes below eighty percent of the median family income of the County; or
 - (2) The unemployment rate in the area shall be one and a half times the average unemployment rate for the State.
 - (c) In nominating an area for designation as an enterprise zone, the mayor and the council shall consider the economic conditions of the area, the potential benefits which may accrue to the County from business and industrial development in the area, and the need and potential for job creation in the area.
 - (d) Following approval by the council by resolution, the mayor or the mayor's designated representative shall submit an application to the State DBEDT for processing and recommendation to the governor for designation of the nominated area as an enterprise zone. The application shall include:
 - (1) A written description of the boundaries of the proposed zone;
 - (2) A map identifying the proposed enterprise zone boundaries relative to the boundaries of the census tracts that will be fully or partially included in the zone; and, relative to the State land use district classifications, publicly held lands, and County general plan and/or development plan designations; and
 - (3) A statement indicating the local incentives proposed by the County.
- (1994, ord 94-8, sec 1.)

Section 31-4. Duration of enterprise zones and other requirements.

- (a) Upon designation by the governor of an area as an enterprise zone, the said enterprise zone shall retain enterprise zone status for a twenty-year period beginning on the date of the governor's designation. The amendment of a zone status under section 31-5 of this chapter shall not extend the twenty-year period.
- (b) Within sixty days of the designation by the governor of an area as an enterprise zone, the mayor or the mayor's designated representative shall submit to the DBEDT a survey of the existing business conditions within the said enterprise zone.
- (c) Annually, and within sixty days after the anniversary date of zone designation by the governor, the mayor or the mayor's designated representative shall submit to the DBEDT a report evaluating the enterprise zone program's effectiveness upon the said enterprise zone.
- (d) If any portion of an area designated as an enterprise zone is subsequently included in an area designated as an enterprise zone by an agency of the Federal government, the said enterprise zone shall be enlarged to include the area designated by the Federal government.

- (e) Upon designation of an area as an enterprise zone, the County may make available for sale or lease, under appropriate law, all County-owned land within the zone not designated or targeted for public use, with the condition that it be developed as defined in chapter 209E, Hawai'i Revised Statutes, and chapter 6 of title 15, Hawai'i Administrative Rules.

(1994, ord 94-8, sec 1.)

Section 31-5. Amendment of enterprise zones.

- (a) The mayor or council may initiate a request to amend a designated enterprise zone; provided, that all such requests shall be approved by the council by resolution.
- (b) Requests for amendments may be considered if the amendments relate to:
 - (1) Changes in local program incentives;
 - (2) Changes in zone boundaries; or
 - (3) Termination of the zone.
- (c) Following approval by the council by resolution, the mayor or the mayor's representative shall submit a written notification of the requested amendment to the State DBEDT for review and forwarding to the governor for approval. If approved by the governor, the requested amendment shall take effect on the date of the governor's approval.

(1994, ord 94-8, sec 1.)

Section 31-6. Provision of County incentives.

- (a) County incentives shall be proposed at the time of initial application for the designation of a nominated enterprise zone or proposed as amendments to a previously designated enterprise zone.
- (b) Proposed incentives may be made generally available throughout the zone, or available only to certain types of businesses, or available only for limited periods of time.
- (c) Should the County be unable or unwilling to continue any approved County incentives, the mayor or the mayor's designated representative shall notify the DBEDT. On the date the notification is received by the DBEDT, such incentives shall terminate.

(1994, ord 94-8, sec 1.)

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