

STAND. COM. REP. NO. 2081

Honolulu, Hawaii

FEB 05 2014

RE: S.B. No. 2020
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Economic Development, Government Operations and Housing, Transportation and International Affairs, and Agriculture, to which was referred S.B. No. 2020 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

beg leave to report as follows:

The purpose and intent of this measure is to establish an agricultural foreign-trade zone and specify its boundaries, jurisdiction, and benefits.

Your Committees received testimony in support of this measure from the Agribusiness Development Corporation, Hawai'i Farm Bureau, and Sugarland Growers, Inc. Your Committees received testimony in opposition to this measure from one individual. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; and one individual.

Your Committees find that foreign-trade zones are secure areas under United States Customs and Border Protection supervision that are located in or near ports of entry into Customs and Border Protection territory. However, as far as the provision of certain economic benefits, foreign-trade zones are generally considered outside of Customs and Border Protection territory. Essentially, foreign and domestic merchandise may be moved into foreign-trade zones for legal operations in order to receive benefits such as control over the timing of imposition of certain taxes and duty and control over the rates of certain taxes

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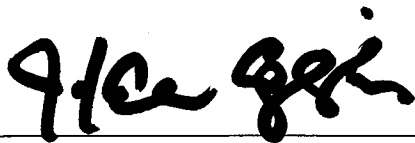
and duty imposed, high level of security and therefore protection against theft for merchandise stored in the foreign-trade zone, and satisfaction of certain exportation requirements imposed by law. Your Committees find that an agricultural foreign-trade zone in the State can assist agricultural businesses with warehouse savings, import and export resources, manufacturing incentives, and export financing.

Your Committees have amended this measure by:

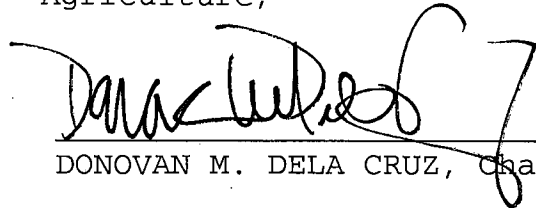
- (1) Removing the parcel of land identified by tax map key 7-1-002-099 from the agricultural foreign-trade zone and inserting the parcel of land identified by tax map key 7-1-002-009; and
- (2) Making technical amendments to the listing of the tax map keys.

As affirmed by the records of votes of the members of your Committees on Economic Development, Government Operations and Housing, Transportation and International Affairs, and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2020, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2020, S.D. 1, and be referred to the Committee on Ways and Means.

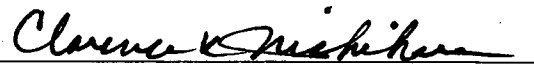
Respectfully submitted on
behalf of the members of the
Committees on Economic
Development, Government
Operations and Housing,
Transportation and
International Affairs, and
Agriculture,



J. KALANI ENGLISH, Chair



DONOVAN M. DELA CRUZ, Chair



CLARENCE K. NISHIHARA, Chair



