Enterprise Zones Partnership
Department of Business, Economic Development & Tourism

Helping communities by helping businesses!

HAWAII ENTERPRISE ZONES PARTNERSHIP

Department of Business, Economic Development and Tourism
State of Hawaii

How to Apply
Contact your County coordinator, or the State EZ coordinator for assistance in determining if your business is eligible and located in an EZ. Complete and submit an application available from DBEDT; the EZ website or your County Economic Development office.

County Coordinators:
Kauai: (808) 245-4917
Oahu: (808) 586-7277
Molokai, Lanai: (808) 270-7710
Maui: (808) 241-4969

Application, EZ maps, forms and more information available at
http://invest.hawaii.gov/businessez/

Email: vrichom@dbedt.hawaii.gov
Fax: (808) 586-2652

250 South Hotel Street, 5th Floor
Honolulu, Hawaii 96813
Phone: (808) 586-7277

Database of business, Economic

By Increasing Workforce

Reduce Taxes
The Enterprise Zones (EZ) Partnership

The EZ Partnership is a State and county government effort to assist certain types of businesses in specific areas by creating jobs where they are most needed or appropriate.

If your business is eligible and in an EZ, you can: Reduce your taxes and receive other benefits for up to seven years!

Eligible Businesses

To be eligible for Enterprise Zone benefits, at least half of your annual gross receipts in an EZ must be from one or more of the following activities:

- Agricultural production or processing
- Manufacturing
- Wholesaling
- Aviation or maritime repair or maintenance
- Telecommunications switching and delivery
- Information technology design and production
- Medical research, clinical trials, and Telemicine
- For-profit training programs in international business management or environmental remediation
- Biotechnology research, development, production, or sales
- Repair or maintenance of assistive technology equipment used by disabled persons
- Certain types of call centers such as bill collection, technical support for computer hardware and software manufacturers, disease management services, product fulfillment services, or disaster management services
- Wind energy production

Other businesses are not eligible, including retail, restaurants, professional services, and construction, or construction trade contracting.

Hiring Requirements

Hiring requirements differ based on whether a firm is classified as "existing" or "new" business. All businesses must employ at least one full-time worker (20 hours or more per week)* before beginning participation. All qualified businesses must increase their average annual number of fulltime employees by 10% in the first year.

New Businesses:

Businesses that start up in, or move to an EZ must maintain at least a 10% increase in the average annual number of full-time employees from the first year in years 2 to 7.

Example 1: Minimum Number of Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Start</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
<th>Yr 6</th>
<th>Yr 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

Ag businesses only: In lieu of increasing staff, increase total sales by at least 2%.

Existing Businesses:

Example 2: Minimum Number of Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Start</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
<th>Yr 6</th>
<th>Yr 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>12.5</td>
<td>14</td>
<td>15.5</td>
<td>17</td>
</tr>
</tbody>
</table>

Ag businesses only: In lieu of increasing staff, increase total sales by at least 2%.

Benefits

State Benefits:

Businesses that satisfy the gross receipts and hiring requirements each year receive the following tax benefits for seven consecutive years:
- 100% exemption from General Excise Tax (GET)
- An 80% State non-refundable income tax credit the first year, declining by 10% each year for the next six years.
- An additional State non-refundable income tax credit equal to 80% of Unemployment Insurance premiums paid the first year, declining 10% each year for the next six years.

<table>
<thead>
<tr>
<th>Year</th>
<th>State Income Tax Credit</th>
<th>Unemp. Ins. Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>2</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>3</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>4</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>5</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>6</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>7</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

- Licensed contractors and sub-contractors under Chapter 444, Hawaii Revised Statutes are exempt from GET on revenue from construction done at the EZ site of any business enrolled in the EZ Partnership.

County Benefits:

Each county government also offers additional benefits that may include one or more of the following:
- Property tax adjustments
- Zoning or building permit waivers or variances
- Prioriit permit processing

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