

# Hawaii Reporter

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### **Mayor Proposes Agricultural Enterprise Zone for Waimanalo**

By Bill Brennan, 10/25/2007 9:37:01 AM

Honolulu Mayor Mufi Hannemann has proposed the establishment of an agriculture-oriented Enterprise Zone covering parts of Waimanalo.

The Enterprise Zone Program is a joint effort of the county and State governments that offers certain tax and other incentives to stimulate business activity and job creation in agriculture, manufacturing, wholesaling, high technology, and educational services, among others.

Mayor Hannemann said, "Having developed agriculture experience with C. Brewer and Company, which at one time was one of Hawaii's largest agribusiness; with former Governor George Ariyoshi, who championed agriculture parks and diversified agriculture; and as director of the Department of Business, Economic Development & Tourism, where we promoted Hawaii-grown commodities, I can attest to the importance of this industry to feeding our people, to supporting related businesses, and to preserving the green, open spaces that make us unique.

"This is also in keeping with the goals of our 21st Century Ahupuaa, in which we are striving to protect our watershed and support sustainability with ideas and projects that yield practical, near-term results."

The proposal for a Waimanalo EZ was approved by the Waimanalo Neighborhood Board in 2002. Mayor Hannemann was approached recently by a group of interested farmers and asked for his support in pursuing this designation.

Dean Okimoto, head of Nalo Farms and the Hawaii Farm Bureau, expressed his interest in participating: "It's good for an area like Waimanalo with so many agricultural businesses, which could qualify for Enterprise Zone benefits. Such a designation would enable small farm businesses to grow into larger, more sustainable enterprises."

Fred Humphrey, of Island Grower Supplies and a member of the Waimanalo Neighborhood Board, said, "I own a small agricultural distribution company that services farms and plant nurseries throughout the state. I attended a few meetings years ago when the Hamakua Coast on the Big Island was working on their economic development zone. I have seen first-hand what it has done for my friends and customers on the Hamakua Coast and I am excited to see it applied to Waimanalo. The small diversified agriculture in Waimanalo is growing and there is tremendous potential to expand even further and employ more and more people from the community. Making Waimanalo an economic development zone would allow small business to expand quicker and recoup some of the investments. This is truly exciting for Waimanalo.

While at DBEDT, Hannemann was successful in collaborating with Hawaii County on establishing an EZ for the Hamakua region. As a member of the Honolulu City Council, he introduced legislation that established the first three EZs on Oahu on the North Shore (Waialua and Haleiwa), Central Oahu (Wahiawa and Mililani Tech Park), and Leeward Oahu (Pearl City, Waipahu, Ewa, Waipahu, and Kapolei). City incentives included a waiver of building and grading permit fees and a two-year rebate on real property taxes paid on improvements to EZ property.

Hannemann noted, "Waimanalo is an ideal location for an Enterprise Zone because of the number of farms there. The continued success of agriculture will also discourage urban encroachment on valuable farm land."

The city administration has supported agriculture in other ways, including reducing property taxes on farm land; convening agriculture theft community meetings to stem the alarming rise in stolen produce; supporting the Oahu Resource Conservation and Development Council with an annual grant of \$40,000 to aid farmers

with soil conservation and management; and sponsoring an Agriculture Day at Honolulu Hale to showcase the variety and viability of local agricultural businesses.

The Hawaii Legislature created the Enterprise Zone Program in 1986. As codified in Chapter 209E, Hawaii Revised Statutes, it involves the selection and nomination by each of the counties of up to six designated Enterprise Zones that satisfy income or unemployment criteria. When approved by the governor, the designation lasts for 20 years.

An EZ must be contiguous and meet statutory eligibility requirements based on the latest Census. Twenty-five percent of the population must have incomes below 80 percent of the median family income of the county or an unemployment rate 1.5 times the state average. The two designated census tracts in Waimanalo, 113.01 and 113.02, meet this requirement.

Benefits to businesses include a 100-percent exemption from the General Excise Tax (GET), income tax credits, and exemptions from the GET by licensed contractors on revenue from construction done at the EZ site of businesses enrolled in the program.

Oahu has five EZs. Zone 1 covers the North Shore/Koolauloa; Zone 2 covers Mililani/Wahiawa; Zone 3 is Pearl City/Waipahu/Ewa/Kapolei; Zone 4 is Urban Honolulu, including Kalihi/Palama/Sand Island, the airport industrial area, and downtown Honolulu; and Zone 5 is the Leeward Coast/Waianae. Waimanalo would become the sixth and last EZ for the City and County of Honolulu.

In the 10 years of the EZ's existence, the dollar value of waived building and grading permits has been \$126,000. The related construction was valued at more than \$15 million. Just over \$531,000 in real property tax rebates on construction improvements were issued. The companies receiving rebates collectively increased their employee count by 92 full-time jobs.

For the tax year ending 2006, there were 205 firms statewide (132 on Oahu) participating in the Enterprise Zone Program. They reported the creation of 830 new jobs for the year.

*Bill Brennan is a spokesperson for Honolulu Mayor Mufi Hannemann.*

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