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**Testimony to the Senate Committee on Commerce and Consumer Protection
Wednesday, January 29, 2014 at 9:00 a.m.
State Capitol - Conference Room 229**

RE: SENATE BILL NO. 2705 RELATING TO ADMINISTRATIVE PROCEDURE

Chair Baker, and Vice Chair Taniguchi, and members of the committee:

The Chamber **opposes** S.B. 2705 which would amend Chapter 91 HRS and repeals provisions that require agencies to develop rules which would provide for automatic application approval or require an application to be deemed complete for an agency's failure to act within established time periods on applications for business and development-related permits and licenses.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The existing language holds agencies accountable to process permits on a timely basis. The land use entitlement process in Hawaii is a costly and lengthy process which is a major reason why the median cost of a single family residence on Oahu is \$685,000.00. Removing the automatic approval process will not improve the entitlement process.

Serious reforms are needed to the land use entitlement process to ensure a consistent and sustainable supply of new construction (i.e. residential, commercial, industrial, resort, etc.) in our economy. Without additional hotel rooms, the visitor industry cannot expand and air lift is limited. Without new residential construction, demand outstrips supply and drives prices beyond what is deemed affordable to middle class families in Hawaii.

If we cannot support two of the major drivers of our economy, tourism and construction, what does the legislature believe will fill that void?

Thank you for the opportunity to express our views on this matter.