

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKA'I

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Wednesday, February 7, 2024
10:30 AM
State Capitol, Conference Room 423

In consideration of
HB1956
RELATING TO ECONOMIC DEVELOPMENT.

Chair Holt, Vice Chair Lamosao and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates and supports HB1956, which establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens. Hawaii continues to be ranked low in terms of business opportunities and economic competitiveness by many organizations. The low rankings largely reflect the uniqueness of Hawaii's geographic location and its economic structure. For example, Hawaii is the only state geographically isolated from the continent and labor mobility is limited. Hawaii is a smaller market for new products, has a high cost of living, and its economy relies heavily on a few industries.

Economic development is a complex process. Hawaii needs to balance economic growth with environmental concerns, social equity, and government finances. For further economic development, the state needs an adequate labor force, capital investment, and innovation in the way goods and services are produced.

Establishing a task force is an important means of collecting ideas from stakeholders and addressing ways to address the challenges the state faces. Because of the complexity of our economic system, we recommend extending participation to representatives of the University of Hawaii, the State Department of Labor and Industrial Relations, and the State Department of Taxation. Funding in the amount of \$130,000 for one FTE would be needed to carry out the purposes of this bill. Thank you for the opportunity to testify.



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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Immediate Past Chair*

TO: Committee on Economic Development

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 7, 2024
TIME: 10:30am
PLACE: Room 423

RE: HB1956 Relating to Economic Development

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

Dear Chair Holt, Vice Chair Lamosao, and Members of the Committee,

HFIA is in support of this measure. As this measure notes, Hawaii's high tax rate and challenging regulatory burden has stifled new business formation in our state. These factors have also made it more challenging for existing businesses to continue operations locally.

For 30 years HFIA has proudly produce the Made in Hawaii Festival. Our local small businesses have proven that they have tremendous potential when given the opportunity to thrive. We believe our State should be fostering innovation, entrepreneurship, and economic diversification.

Establishing a Businesses Revitalization Task Force is an opportunity for the State to find the best ways to support our local businesses, and remove unnecessary challenges. This is an investment in local businesses, and the economic future of our State. We encourage the Committee to pass this measure and we thank you for the opportunity to testify.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 7, 2024
Re: HB 1956 RELATING TO ECONOMIC DEVELOPMENT**

Good morning, Chair Holt, and members of the House Committee on Economic Development. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We **STRONGLY SUPPORT** HB 1956. This measure establishes a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens; and requires a report to the legislature.

We are often asked why this or that mainland store doesn't come to Hawaii or why are there not more locally owned stores around? There are assorted reasons why, however, Hawaii has maintained a reputation of having a lot of government red tape and excessive costs to do business in the state. There are many opportunities to be had if there are changes made.

We feel that this type of task force can assess the current state of the business and develop a clear strategic direction to navigate challenges, capitalize on opportunities, and achieve long-term goals. This task force can also identify potential risks and challenges businesses are facing, address them with workable solutions in an effort to minimize negative impacts on operations and financial performance. We want to encourage and entice more new businesses to come to Hawaii, not only those that provide products and goods, but also services. We also want to see more businesses succeeding and not going bankrupt and closing.

We ask you to pass this measure.

Mahalo for this opportunity to testify.

Written Statement of

Jeannine Souki, Senior Manager – Government & Regulatory Affairs

BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

February 7, 2023, 10:30 AM
State Capitol, Conference Room 423 & Videoconference

**SUPPORT FOR:
HB 1956 – RELATING TO ECONOMIC DEVELOPMENT**

To: Rep. Daniel Holt, Chair
Rep. Rachele Lamosao, Vice Chair
Members of the Economic Development Committee

Re: **Testimony providing support for HB 1956**

Aloha Honorable Chair, Vice-Chair, and Committee Members:

Thank you for this opportunity to submit support for House Bill 1956, which would establish a business revitalization task force to identify methods to improve Hawai‘i’s economic competitiveness and business climate.

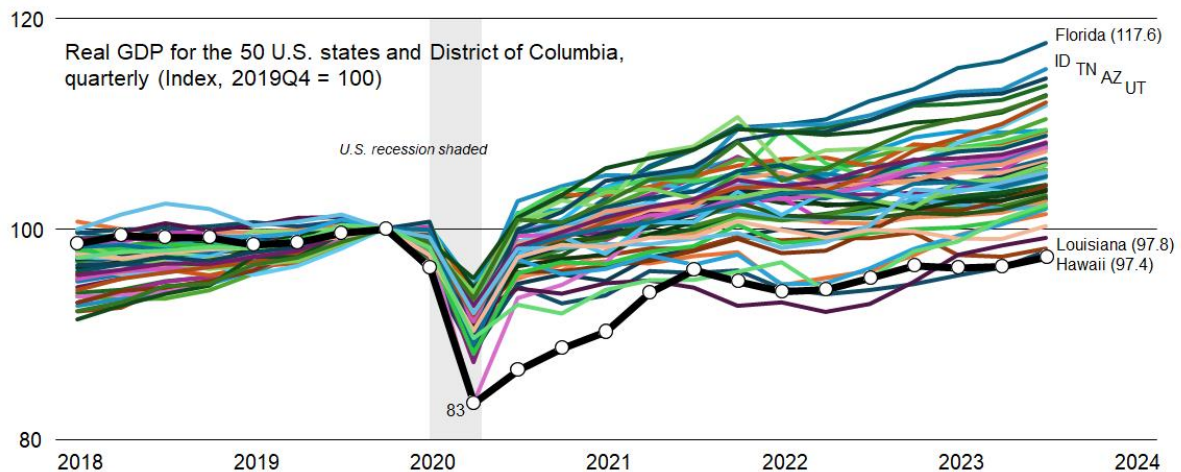
Hawaiian Telcom supports this initiative. Our understanding is that the task force will endeavor to take a deeper dive into unraveling and mitigating regulatory and tax burdens facing Hawai‘i businesses and establishing incentives for businesses in our state to thrive.

Hawaiian Telcom, has been instrumental in keeping communities and businesses connected to the world since our company was chartered by King David Kalākaua in 1883, from enabling the first direct link to the continental United States via undersea telegraph cable to installing Hawai‘i’s first fiber-optic cable at Camp Smith, from developing SEA-US, the most technologically advanced trans-Pacific fiber cable, to providing residents new entertainment choice with our Fioptics+ service. While the products, services, and technology have changed dramatically over time, Hawaiian Telcom has been at the forefront of innovation.

Hawaiian Telcom has invested more than \$1 billion over the last ten years to expand and support its fiber optic network and serve its customers. In 2023, Hawaiian Telcom expanded its fiber-optics network to add 65,000 new locations, including the completion of our fiber expansion on Lāna‘i and more than 95% of the island of Moloka‘i as well as parts of Pahoia and Kailua Kona on Hawai‘i Island, Wailuku, Kihei, and Makawao on Maui, and Līhu‘e and Kilauea on Kaua‘i. Our company is on track to build an additional 60,000 locations across the state in 2024.

Hawaiian Telcom feels a great sense of responsibility to Hawai‘i, our home. We are committed to extending our fiber broadband network to all homes and businesses in the state within the next four years. But we continuously face stiff winds with the high level of state regulatory requirements, high taxes and no incentives to offset the cost of investing in capital infrastructure.

Recently the U.S. Commerce Department published 2023 year-end GDP estimates for all 50 U.S. States and the District of Columbia which shows how Hawai‘i is lagging below the national average.



Source: U.S. Bureau of Economic Analysis (<https://www.bea.gov/data/gdp/qdp/qdp-state>)

Hawaiian Telcom supports efforts to reset the business climate, streamline burdensome regulatory requirements and establish incentives that draw investors and businesses to diversify and grow our GDP so that we reestablish our economic competitiveness. Thank you for the opportunity to testify and offer support for House Bill 1956.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Wednesday, February 7, 2024, at 10:30AM
Conference Room 423**

RE: HB1956 Relating to Economic Development

Chair Holt, Vice Chair Lamosao, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports HB1956**, which establishes a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens, and requires a report to the legislature.

The Chamber appreciates the opportunity to support this bill and believes this is a task force critical to support the future economic resilience and growth of our local business community. This assertion is well founded and notably based on the following:

Hawaii consistently ranks as one of the worst states to do business.

- [1st most restrictive land use regulations in the nation](#), University of Hawaii Economic Research Organization
- [5th year in a row more people moved out of Hawaii than moved into the state](#), 2020 U.S. Census
- [43rd Ranking, State Business Tax Climate Index](#), U.S. Tax Foundation
- [47th Ranking, Top states for business](#), CNBC
- [48th Ranking, Most policy measures and costs impacting entrepreneurship & small business growth](#), SBE Council

The Chamber completed its 2030 Blueprint for Hawaii Initiative earlier this year. The vision was to create a data-based action plan for Business to lead and shape Hawaii's economic future as a top place to do business. We connected with stakeholders from business, government & community to shape goals and priorities and develop a strategy that presents achievable policy reforms and metrics to increase Hawaii's economic competitiveness.

Through interviews, focus groups, surveys, and extensive research it was made clear that overregulation at every level of government is hindering business growth and preventing new businesses and entrepreneurs from investing in Hawaii. We believe this task force is a critical method for state government leaders and the business community to come together to identify the barriers to doing business in Hawaii.

The Chamber supports this measure and **would like to offer amendments** in the form of additional members of the task force for consideration to ensure the business community is adequately represented and diverse:

1. The task force shall be composed of at least 20 members serving a term of at least 2 years, including the following members of the Hawaii business community:



Chamber of Commerce HAWAII

The Voice of Business

7 representatives from any of Hawaii's regional chambers of commerce/business associations, including but not limited to Chamber of Commerce Hawaii, Maui Chamber of Commerce, Kauai Chamber of Commerce, Kona-Kohala Chamber of Commerce, Hawaii Island Chamber of Commerce, Lanai Chamber of Commerce, Molokai Chamber of Commerce, Kapolei Chamber of Commerce, North Shore Chamber of Commerce, Kailua Chamber of Commerce and others;

5 representatives from any of the following ethnic and diversity chambers of commerce including but not limited to the Chinese Chamber of Commerce, Japanese Chamber of Commerce, Filipino Chamber of Commerce, Hispanic Chamber of Commerce, Black Chamber of Commerce, Rainbow Chamber of Commerce and more;

1 member of the Small Business Regulatory Review Board;

A vacancy on the task force to be filled in the same manner as the original appointment. The terms of the members shall be for 1 year.

2. The task force shall elect a chair and vice chair from among its members.
3. The task force shall meet as necessary, but at least quarterly, at the call of the chair and at the time and place designated by him or her. The task force may conduct its meetings through teleconferences or other similar means.
4. The task force shall develop recommendations for improving governmental operations and reducing costs. Staff to assist the task force in performing its duties shall be assigned by the President of the Senate, the Speaker of the House of Representatives, and the Governor. The task force shall consider reports issued by the Auditor, Ethics Commission, Department of Business Economic Development and Tourism, the University of Hawaii Economic Research Organization, and other relevant reports.
5. The task force may submit all or part of its recommendations at any time during the year, but a final report summarizing its recommendations must be submitted at the completion of its work.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Thank you for the opportunity to testify.

HB-1956

Submitted on: 2/6/2024 1:45:22 PM

Testimony for ECD on 2/7/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Monty Pereira	Watanabe Floral, Inc	Support	Written Testimony Only

Comments:

Aloha e! We are here to voice our support for the development of the Task Force focused on Economic Development in Hawaii. There are so many talented members of our business community with the acumen and desire to help make Hawaii a more business friendly State, as well as developing industries that will help benefit everyone here in Hawaii.



Testimony to the House Committee on Economic Development
Wednesday, February 7, 2024, 10:30 AM
Conference Room 423

Testimony in Support of HB 1956, Relating to Economic Development

To: The Honorable Daniel Holt, Chair
The Honorable Rachele Lamosao, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 47 Hawaii credit unions, representing over 864,000 credit union members across the state.

HCUL offers the following testimony in support of HB 1956, Relating to Economic Development. This bill would establish a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens.

This bill puts forth an important task force to assist businesses in Hawaii during a very critical time in our economy. Many Hawaii businesses, such as local credit unions, struggle under heavy regulatory burdens. Identifying ways to assist, streamline, and alleviate these issues for our local businesses would help strengthen our economy.

Thank you for the opportunity to provide comments on this issue.

HB-1956

Submitted on: 2/6/2024 7:39:00 PM

Testimony for ECD on 2/7/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Barbara De Lucca	Hispanic Chamber of Commerce Hawaii	Support	Written Testimony Only

Comments:

The Hispanic Chamber of Commerce Hawaii supports HB1956, a bill aimed at creating a task force dedicated to enhancing Hawaii's economic environment and making it more business-friendly. This initiative focuses on finding ways to alleviate regulatory and tax challenges for businesses and mandates the submission of a report to the legislature on its findings. This bill is significant for our members, and we are pleased to support it.

February 7, 2024
10:30 a.m.
Room 423

Senate Committee on Economic Development
Senator Holt, Chair
Senator Lamosao, Vice Chair

Aloha Chair Holt, Vice Chair Lamosao, and Members of the Committee,

I am a local business owner at Ho`onui LLC and I strongly support HB1956 relating to establishing a business revitalization task force.

The business revitalization task force to identify methods to improve Hawai`i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens, and requires a report to the legislature. Through the Chamber of Commerce Hawai`i's recent study, surveys and interviews, it was identified that Hawai`i's government overregulation was one of the main reasons entrepreneurs and new businesses refrained from investing in Hawai`i.

I moved back to Hawai`i, after being away for over 25 years, and, as an entrepreneur, it's a challenge. Also, I teach startup and coach small food businesses to develop business fundamental skills, but it's hard for some of them because they are trying to become their own bosses, but they still need to pay their bills, while navigating Hawai`i State regulations.

Based on key factors, including:

- Hawai`i having the most restrictive land use regulations in the country
- more people moved out of the state than those moving in
- being the 7th worst tax climate in the U.S.
- being the 3rd worst state in the nation for business

HAWAI`I NEEDS TO CHANGE HOW IT TREATS BUSINESS—ESPECIALLY SMALL AND MICROBUSINESSES.

Creation of the task force will be critical to support the future economic resilience and growth of our local business community.

Mahalo for your consideration,

Karen (Chang) Barr
Ho`onui LLC Founder and Small and Mobile Food Business Consultant

Island Plastic Bags



TO: Chair Daniel Holt; Vice Chair Rachele F. Lamosao; and Committee

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: HB 1956 RELATING TO ECONOMIC DEVELOPMENT

POSITION: STRONG SUPPORT

Thank you for the opportunity to submit testimony in strong support to HB 1956. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and sells compostable cutlery, paper bags, and Colgate-Palmolive products. IPB supports this bill as action is desperately needed to improve the business climate in Hawaii.

Overregulation, taxes, and delays in permitting and licensing severely hamper business formation and growth in Hawaii. Hawaii's economy could be a more diverse and dynamic place if we did not put so many restrictions on professions and businesses. A less burdened economy could create more opportunities for our children to remain here in Hawaii and have successful and rewarding careers. A task force addressing these issues is a step in the right direction.

Thank you for the opportunity to provide testimony in support of HB 1956. Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA

President

Island Plastic Bags, Inc.

www.islandplasticbags.com

Email: ahong@islandplasticbags.com | Phone: 808-484-4046 | Fax: 808-488-8505



Dear Chair, Vice Chair & Committee,

CARES testifies in strong support.

The taskforce will identify methods to help Hawaii's economics, including by mitigating regulatory and tax burdens; and develop and recommend laws to assist Hawaii's economic situation.

Why is supporting small business important to supporting Hawaii's economic opportunity?

There are 141,460 small business in hawaii. This is 99.3% of all Hawaii businesses. The majority, almost all the businesses in Hawaii, are small businesses. You have to start with this data point when researching about how to help economic competition. This policy & taskforce should explore what kind of businesses are these? Farmers? Ranchers? Crafters? Fashion designers? Jewelry shops? Plate lunch businesses? Each business goes through different regulations to conform the product to the market's standards. There are very restrictive markets and markets that don't have a lot of regulation. An example of a heavily regulated market is the food & hospitality industry. An industry with not very many standards of regulations is the pet food industry. As a concerned community member who supports small businesses, id be very supportive of this policy & taskforce to see how to help the heavily regulated markets. Food businesses have to get businesses licenses, go through the department of healths food safety handlers test, get permits to sell, then rent a commercial k



A GRASSROOTS INITIATIVE

itchen to sell food at a farmers market. Least restrictive markets like the pet food industry can cook the treats at home and then get it to the farmers market the same day. Please consider addressing the barriers small businesses owners have to face so that we can grow Hawaii's economic environment.

Thank you for supporting small business owners.

