

**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
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Tuesday, February 13, 2024
1:20 PM
State Capitol, Conference Room 229

In consideration of
SB2974
RELATING TO ECONOMIC DEVELOPMENT.

Chair DeCoite, Vice Chair Wakai, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates and supports SB2974, 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 \$200,000 for

one FTE or hiring a consulting firm would be needed to carry out the purpose of this bill.
Thank you for the opportunity to testify.



Written Statement of

Jeannine Souki, Senior Manager – Government & Regulatory Affairs

**BEFORE THE SENATE COMMITTEE ON ENERGY,
ECONOMIC DEVELOPMENT & TOURISM**

February 13, 2024, 1:20 PM
State Capitol, Conference Room 229 & Videoconference

**SUPPORT FOR:
SB 2974 – RELATING TO ECONOMIC DEVELOPMENT**

To: Sen. Lynn DeCoite, Chair
Sen. Glenn Wakai, Vice Chair
Members of the Energy, Economic Development & Tourism Committee

Re: **Testimony providing support for SB 2974**

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

Thank you for this opportunity to submit support for SB 2974, 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.

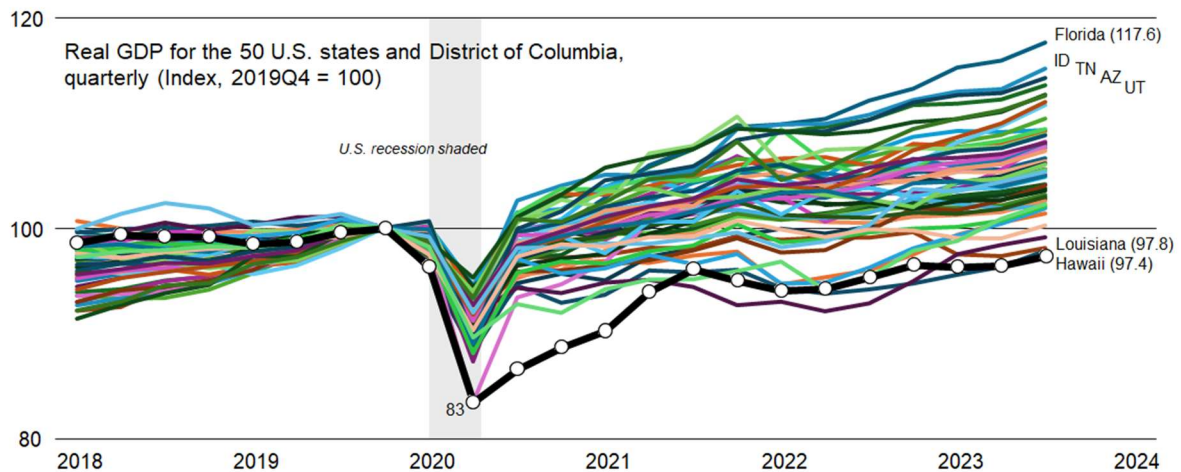
Hawaiian Telcom, has been instrumental in keeping communities and businesses connected to the world since our company was chartered by King David Kalākaua in 1883, from enabling the first direct link to the continental United States via undersea telegraph cable to installing Hawai‘i’s first fiber-optic 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/gdp-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 SB 2974.



Chamber of Commerce HAWAII

The Voice of Business

Testimony to the Senate Committee on Energy, Economic Development, and Tourism
Tuesday, February 13, 2024, at 1:20PM
Conference Room 229

RE: SB2974 Relating to Economic Development

LATE

Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports SB2974**, 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 is 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:



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.



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

TO: Committee on Energy, Economic Development and Tourism

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 13, 2024
TIME: 1:20
PLACE: 229

RE: SB2974 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.

Chair DeCoite, Vice Chair Wakai, 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 to the Senate Committee on Energy, Economic Development, & Tourism
Tuesday, February 13, 2024, 1:30 PM
Conference Room 229

Testimony in Support of SB 2974, Relating to Economic Development

To: The Honorable Lynn DeCoite, Chair
The Honorable Glenn Wakai, 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 SB 2974, 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.



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

February 11, 2024

Committee On Energy, Economic Development, And Tourism
Senator Lynn DeCoite, Chair
Senator Glenn Wakai, Vice Chair

Testimony in Opposition to SB2974

Chair DeCoite, Vice Chair Wakai, and Members of the Committee,

UNITE HERE Local 5 represents 10,000 working people in the health care, hotel, and food service industries across Hawaii. **We are in opposition to SB2974**, which would establish a business-dominated task force to determine which corporate taxes and regulations they would like to cut. If the goal is to make small businesses more viable, then we should be addressing the biggest problems they face – the increasing monopolization of each industry by large corporations. As we see in just about every industry throughout the country, consolidation has put small proprietors out of business, impoverished them, or forced them to operate as partners of large corporations, under the restrictions and conditions demanded by those corporations.

A move toward deregulation and reducing corporate taxes will likely benefit large corporations much more than small businesses, making small businesses even less competitive. Meanwhile, taxpayers will end up subsidizing the system that leads to immense corporate profits and trillions of dollars of untaxed wealth. Our community, as workers and as consumers, pays a price for deregulation. That price is paid through workplace injury, chronic illness, defective products, environmental contamination, skyrocketing prices, the destruction of communities, decaying infrastructure, and so on. Deregulation in recent years has led to everything from house fires, to poisoning children, to consumer product injuries, to chemical spills, industrial accidents, plane crashes, and on and on. What it has not led to is a better environment for small businesses.

Please reject SB2974.

Thank you for your consideration.

SB-2974

Submitted on: 2/11/2024 11:28:39 AM

Testimony for EET on 2/13/2024 1:20:00 PM

| Submitted By | Organization | Testifier Position | Testify |
|---------------------|---------------------|---------------------------|---------------------------|
| Regina Gregory | Individual | Oppose | Written Testimony Only |

Comments:

Competing with other jurisdictions by deregulation and lower taxes usually leads to a "race to the bottom" for the public interest.