



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

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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, February 28, 2024
10:01 AM
State Capitol, Conference Room 211

In consideration of
SB2974, SD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates and supports SB2974, SD1, which establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including mitigation of 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.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Wednesday, February 28, 2024, at 10:01AM
Conference Room 211**

RE: SB2974 SD1 Relating to Economic Development

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports SB2974 SD1**, 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 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.



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

February 25, 2024

Committee On Ways And Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Testimony in Opposition to SB2974

Chair Dela Cruz, Vice Chair Moriwaki, 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.



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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 Ways and Means

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 28, 2024
TIME: 10:01
PLACE: 211

RE: SB2974 SD1 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 De La Cruz, Vice Moriwaki, 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 produced 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 28, 2024
Re: SB 2974 SD1 RELATING TO ECONOMIC DEVELOPMENT**

Good morning, Chair Dela Cruz, and members of the Senate Committee on Ways & Means. 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 SB 2974 SD1. This measure establishes a Business Revitalization Task Force within the Department of Business, Economic Development, and Tourism to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens; requires a report to the Legislature; and takes effect 1/1/2060.

We are often asked why this or that mainland store does not come to Hawaii or why are there not more locally owned stores around. There are assorted reasons why, however, the common thread is that 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 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.



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February 28, 2024

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2974, SD1
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 211 & Videoconference
10:01 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 2974, SD1, 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.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers and ranchers. Land, water, labor, taxes, transportation, utilities, inputs, invasive species, and food safety regulations are all costs of doing business that often result in our farmers just being able to break even. HFB supports any initiative that can reduce the cost of production so that locally produced goods can compete with imported products, strengthening our local economy.

New agriculture census data (2022) released by USDA this month is cause for concern as the number of farms operating in Hawai'i and the number of farm acres have both fallen. The 2022 Census of Agriculture reports 759 fewer farms in 2022 than in 2017 (10.4% decrease). The number of farm acres fell to 1,053,302, a loss of more than 82,000 acres from just five years earlier.

The strength of Hawai'i's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for this opportunity to testify in support of this measure.