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WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
ON
HOUSE BILL NO. 1442

February 5, 2025
10:00 a.m.
Room 423 and Videoconference

RELATING TO OFFICE OF ENTREPRENEURSHIP

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 1442: 1) temporarily establishes the Office of Entrepreneurship (OE) within the Office of the Governor until July 1, 2027, before permanently establishing OE within the Department of Business, Economic Development and Tourism (DBEDT) for the purpose of supporting the growth of entrepreneurship within the State; 2) requires OE to submit annual reports to the Legislature; 3) amends Section 201-113, HRS, to require the Hawai'i Film and Creative Industries Development Special Fund (HFCIDSF) to be used to establish a program in partnership between DBEDT's Creative Industries Division (CID) and OE that creates opportunities in creative media business that have been in operation five years or less; and 4) appropriates an unspecified amount of general funds in FY 26 and FY 27 to be expended by DBEDT to establish OE.

B&F notes that the general fund appropriation to DBEDT in FY 26 and FY 27 should be appropriated to the Office of the Governor as the OE will be temporarily placed within the Office of the Governor until the end of FY 27.

Furthermore, as a matter of general policy, B&F does not support the creation or continuance of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 1442, it is difficult to determine the impact to the HFCIDSF's self-sustainability should it be required to finance a program in partnership between CID and OE.

Thank you for your consideration of our comments.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
HAWAII STATE CAPITOL, CONFERENCE ROOM 423
WEDNESDAY, FEBRUARY 5, 2025 AT 10:00 A.M.**

To The Honorable Representative Greggor Ilagan, Chair
The Honorable Representative Ikaika Hussey, Vice Chair
Members of the Committee on Economic Development & Technology

COMMENTS ON HB1442 RELATING TO OFFICE OF ENTREPRENEURSHIP

The Maui Chamber of Commerce **would like to provide COMMENTS on HB1142** which establishes the office of entrepreneurship. Authorizes the use of the Hawai'i film and creative industries development special fund for a partnership program with the office.

While we appreciate the intent of this bill to provide support for small businesses, we believe the functions, duties and powers described in this bill for the Office of Entrepreneurship are redundant to the many for-profit and non-profit organizations across the state and the Small Business Regulatory Review Board.

Instead of creating a new office, we would prefer to see funding from the State to support other organizations, like chambers of commerce, across the state who work directly with small businesses, particularly those on the neighbor islands whose memberships are typically comprised of small businesses. In Maui alone, we have SBA programs, SCORE Hawaii, Small Business Development Center, and other micro and small business start-up programs, including CORE Four by MEO, as well as our role advocating for small businesses. Many of these programs and services are free. 95% of the Maui Chamber of Commerce membership (and non-members we assist) are small businesses, and many are considered micro businesses by national standard.

Additionally, several of the functions seem to overlap with the Small Business Regulatory Review Board (SBRRB). We greatly support the SBRRB and would also prefer legislation to give them more power and teeth. If the State is seeking to further support small businesses, we suggest DCCA and/or DBEDT house an online directory of various business support services and existing programs on each island.

We strongly believe the State of Hawaii should be focused on economic development and, therefore, we **SUPPORT** the section (4) to establish a program that creates opportunities in film media, electronic sports, and creative industries for businesses. We have long supported the development of film and creative industries and support using this to assist local talent.

We appreciate the opportunity to provide testimony on this matter.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Testimony to the House Committee on Economic Development & Technology (ECD)

Representative Greggor Ilagan, Chair

Representative Ikaika Hussey, Vice Chair

Wednesday, February 5, 2025, at 10:00AM

Conference Room 423 & Videoconference

RE: HB1442 Relating to Office of Entrepreneurship

Aloha e Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 1442 (HB1442), which establishes the office of entrepreneurship. Authorizes the use of the Hawai'i film and creative industries development special fund for a partnership program with the office. Appropriates funds.

HB1442 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii faces significant challenges in fostering entrepreneurship, with high business failure rates and barriers that discourage new ventures. Over 25% of businesses close within their first year—the highest rate in the nation—and 50% fail within six years. To address these issues, this bill establishes the Office of Entrepreneurship, which will support startups, streamline state interactions, and advocate for pro-business policies. It also expands the Hawaii Film and Creative Industries Development Special Fund to assist entrepreneurs in creative industries.

Initially housed in the governor's office before transitioning to DBEDT in 2027, the office will provide regulatory guidance, funding access, and policy advocacy. It will also promote state contracting opportunities for young businesses and track entrepreneurship trends through annual reports. State funding is allocated for fiscal years 2025-2027 to launch the office. The Chamber supports this initiative as it removes barriers, fosters innovation, and strengthens Hawaii's economic resilience.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 1442. Thank you for the opportunity to testify.

HB-1442

Submitted on: 1/29/2025 10:28:35 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| Jacob Wiencek | Individual | Support | Written Testimony Only |

Comments:

Aloha Committee Members,

Facilitating entrepreneurship and expanding tax credit access for film and creative arts projects here is a no brainer. It's an easy, economic win that benefits everyone.

I encourage this Committeet to SUPPORT this bill!

HB-1442

Submitted on: 1/30/2025 2:01:31 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|--------------|--------------------|---------------------------|
| Andrew Crossland | Individual | Support | Written Testimony Only |

Comments:

I STRONGLY SUPPORT this Bill to establish the office on entrepreneurship. I urge all members of the Committee to **VOTE YES** on this Bill.

HB-1442

Submitted on: 1/30/2025 5:31:27 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------------|--------------|--------------------|---------------------------|
| Chanara Casey Richmond | Individual | Support | Written Testimony Only |

Comments:

My name is Chanara Richmond. I live in D42. I support this bill. thank you.

HB-1442

Submitted on: 2/3/2025 1:47:34 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|--------------|--------------|--------------------|---------------------------|
| Judi Chang | Individual | Support | Written Testimony Only |

Comments:

I support this bill

HB-1442

Submitted on: 2/4/2025 3:18:56 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|-----------------|--------------|--------------------|---------------------------|
| Terri Yoshinaga | Individual | Support | Written Testimony Only |

Comments:

I support this bill and pray you will too!

HB-1442

Submitted on: 2/4/2025 7:12:45 PM

Testimony for ECD on 2/5/2025 10:00:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|---------------|--------------|--------------------|---------------------------|
| Marilyn Moniz | Individual | Support | Written Testimony Only |

Comments:

We must support the film industry so it can continue to benefit and promote our islands and generate revenue.