



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 983, S.D. 1

February 19, 2025
10:02 a.m.
Room 211 and Videoconference

RELATING TO SMALL BUSINESS LOANS

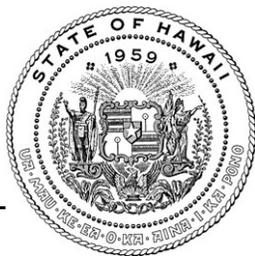
The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 983, S.D. 1: 1) establishes the Hawai'i Start-Up Business Loan Program (HSUBLP) within the Department of Business, Economic Development and Tourism (DBEDT) for the purposes of issuing loans to start-up businesses; 2) establishes the HSUBLP Special Fund (HSUBLPSF) to provide loan funding and receive loan repayments and fees; 3) requires DBEDT to submit annual reports to the Legislature; 4) appropriates an unspecified amount of general funds for both FY 26 and FY 27 for deposit into the special fund; 5) appropriates an unspecified amount in special fund ceiling for the HSUBLPSF for both FY 26 and FY 27; 6) appropriates an unspecified amount of general funds for both FY 26 and FY 27 to establish 1.00 business loan officer; and 7) appropriates an unspecified amount of general funds for both FY 26 and FY 27 for DBEDT to upgrade its loan processing systems.

As a matter of general policy, B&F does not support the creation 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 S.B. No. 983, S.D. 1, it is difficult to determine whether the HSUBLPSF would be self-sustaining.

Thank you for your consideration of our comments.



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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
James Kunane Tokioka
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Wednesday, February 19, 2025
10:02 AM
State Capitol, Conference Room 211

In consideration of
SB983, SDI
RELATING TO SMALL BUSINESS LOANS.

Chair Dela Cruz, Vice Chair Moriwaki and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) supports the intent of **SB983, SDI** which establishes the Hawaii start-up business loan program.

This new loan program designed for start-up companies fills a market need by assisting companies with working capital and equipment needs and with establishing a business credit history.

DBEDT currently offers business loans through the Community-Based Economic Development (CBED) program. These loans tend to be for business expansion and usually range from \$50,000 to \$100,000.

Start-up companies that benefit from this start-up loan program may later apply to CBED for business expansion financing.

Accordingly, DBEDT recommends for coordination efficiency and to help companies on the continuum of growth that this new start-up program be a component of CBED's business expansion loan program and that funding for the start-up loan program be appropriated to CBED.

More importantly, DBEDT will also require the creation of a business loan officer position within the Business Support Branch (BSB). Currently, there is no loan officer at DBEDT, and existing staff is at capacity in administering loans through the CBED loan program. DBEDT requests an additional \$95,000 be included in the bill for a new position provided that it does not replace or adversely impact priorities indicated in the Executive Budget.

Thank you for the opportunity to testify.

**Testimony to the Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Tuesday, February 18, 2025, at 10:02AM
Conference Room 211 & Videoconference**

RE: SB983 SD1 Relating to Small Business Loans

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

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 983 Senate Draft 1 (SB983 SD1) which establishes the Hawai'i Start-Up Business Program within the Business Development and Support Division of the Department of Business, Economic Development, and Tourism, and establishes the Hawai'i Start-Up Business Program Special Fund.

SB983 SD1 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.

This bill helps local entrepreneurs overcome one of the biggest barriers to starting a business—access to capital. In response to economic challenges from the COVID-19 pandemic, supply chain disruptions, and inflation, it provides direct financial assistance to early-stage small businesses. Unlike existing state programs focused on business expansion, this initiative supports start-ups with loans up to \$50,000 at a low 4% interest rate, an eight-year repayment term, and potential loan forgiveness.

Administered by the Department of Business, Economic Development, and Tourism (DBEDT) with financial institutions, the program assists businesses struggling to secure traditional loans. With a \$500,000 annual allocation and funding for loan processing and staffing, it drives economic diversification, job creation, and resilience. By investing in start-ups, Hawaii fosters entrepreneurship, expands employment, and strengthens its economy. The Chamber supports this initiative as it provides crucial funding to new businesses, fueling innovation and long-term growth statewide.

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 Senate Bill 983 Senate Draft 1. Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
Wednesday, February 19, 2025 AT 10:02 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the committee on Ways and Means

SUPPORT SB983 SD1 RELATING TO SMALL BUSINESS LOANS

The Maui Chamber of Commerce **SUPPORTS SB983 SD1** which establishes the Hawaii Start-Up Business Loan Program within the Business Development and Support Division of the Department of Business, Economic Development, and Tourism (DBEDT).

The Chamber acknowledges that the COVID-19 pandemic, supply chain disruptions, and inflation have significantly impacted the state's economy and local businesses, including the start-up sector. Despite these challenges, many small businesses and entrepreneurs are eager to launch new ventures but lack the necessary resources, as access to capital remains one of the greatest barriers to start-up success. Furthermore, new businesses and companies under five years of age are responsible for creating the most net new jobs in the United States.

We believe this bill will benefit the local economy and foster job creation by establishing and appropriating funds for the Hawai'i Start-Up Business Loan Program. This initiative will encourage entrepreneurship, promote economic diversification, and strengthen the state's resilience.

For these reasons we **SUPPORT SB983 SD1**.

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.



1050 Bishop St. PMB 235 |
Honolulu, HI 96813
P: 808-533-1292 | e:
info@hawaiiifood.com

Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, *Chair*
Kit Okimoto, Okimoto Corp., *Vice Chair*
Jayson Watts, Mahi Pono, *Secretary/Treasurer*
Lauren Zirbel, HFIA, *Executive Director*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Ways and Means
FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 19, 2025
TIME: 10:02am

RE: SB983 SD1 Relating to Small Business Loans
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.

HFIA has proudly produced the Made in Hawaii Festival for 30 years, we know first hand the power and potential of our local small businesses. The Festival is a vital small businesses incubator that can help new businesses get their start. Unfortunately, Hawaii is an extremely challenging business climate and many small businesses do not have the support they need to thrive. Furthermore, there are many potential businesses that never take off in our state because of lack of capital and other support.

We believe that by providing support to local small businesses and entrepreneurs this measure will help grow local businesses, grow and diversify our economy, and create more jobs for our state. We encourage the committee to pass this measure and we thank you for the opportunity to testify.



Statement of
Meli James and Brittany Heyd
Cofounders
Mana Up

SB 983 SD1, Relating to Small Business Loans

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee members,

We support SB 983 SD1, which establishes the Start-Up Business Loan Program.

Mana Up is a statewide initiative that helps provide entrepreneurs in Hawai'i with the resources and tools to grow their business and scale globally. As these entrepreneurs continue to grow, they also help contribute to our expanding our local economy. As part of our mission, we aim to sustain the local economy through economic diversification, local job creation, community giveback, investment, and a regenerative culture of entrepreneurship – providing a better future for generations to come here in Hawai'i.

We repeatedly hear from our entrepreneurs about the difficulty they have in starting a business. Equipment costs, permitting costs, manufacturing costs are among some of the costs that add up quickly to a point in which a budding entrepreneur may be priced out of a business before they can even begin. And when a budding entrepreneur seeks outside financing to start their business, they are often unable to secure loans due to their limited financial history, or the loans presented come with terms unfavorable to the point where they put themselves as financial risk by accepting the loan.

We live in a time of economic uncertainty and a cost-of-living so high that many local working families are moving away from Hawai'i. The Start-Up Business Loan Program would provide an additional tool for the budding entrepreneur to pursue their dream, with loan terms that are attractive, reasonable, and impactful.

We ask that you support SB 983 SD1.

Sincerely,

Meli James | Cofounder, Mana Up
Brittany Heyd | Cofounder, Mana Up



**HAWAI'I COMMUNITY
FOUNDATION**

Testimony in Support of SB 983 SD1 Relating to Small Business Loans

From: Micah Kāne, Chief Executive Officer & President - Hawai'i Community Foundation

Re: Support for the Start-Up Business Loan Program

The Hawai'i Community Foundation (HCF) supports SB 983 SD1, which establishes the Start-Up Business Loan Program. HCF created the CHANGE Framework to better understand and address the most critical, complex challenges facing our community. By categorizing the needs of Hawai'i's people and places into six essential sectors, the community can identify how and where financial resources, expertise, and collective effort can make the most significant impact in improving outcomes across our state.

The "C" sector of the CHANGE Framework represents Community Centered Economy, and the Start-Up Business Loan Program established by SB 983 SB1 will help the state move toward such.

HCF and its community partners work with individuals who often face systemic barriers to financial opportunities. Starting a business is often out of reach without a robust support system, especially when it comes to financing. The Start-Up Business Loan Program would provide a vital lifeline for these budding entrepreneurs, particularly those from under-resourced communities, who may struggle to access traditional financing options.

Moreover, by supporting local start-ups, this Program would not only create jobs but also contribute to greater social and economic resilience within our communities. These businesses will provide goods and services tailored to the unique needs of our local population and will help diversify our economy, making it more inclusive and sustainable.

HCF urges you to support this bill, as it would open doors for underserved entrepreneurs to thrive, lifting up entire communities in the process. Thank you for your consideration.



Testimony in Support of SB 983 SD1, Relating to Small Business Loans

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

We write in strong support of SB 983 SD1 which will establish a Start-Up Business Loan Program to assist new businesses get off the ground.

aio is a locally owned company with holdings across a broad range of industries. Our companies are purpose-driven and firmly rooted in local values. At aio, Hawai'i is at our core, and through our products and services, we work hard to make Hawai'i a better place for future generations.

Hawai'i's future depends on growing a strong, diverse economy, and that starts with supporting local businesses. Launching a new venture isn't easy and funding can be a major hurdle. This program helps bridge that gap with state-backed loans, giving small businesses the boost they need to grow, innovate, and strengthen our community

Mahalo for the opportunity to submit testimony in support of SB 983 SD1.

A handwritten signature in black ink that reads "Brandon Kurisu".

Brandon Kurisu
aio Family of Companies





TITLE GUARANTY
HAWAII

February 19, 2025

Testimony in support of SB 983 SD1, Relating to Small Business Loans

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members,

We write in support of SB 983 SD1, Relating to Small Business Loans, which would establish the Start-Up Business Loan Program under the Department of Business, Economic Development, and Tourism to provide favorable business loans to businesses operating for three years or less.

Title Guaranty of Hawai'i is the oldest and largest title company in the state. We have been owned and operated by a kama'aina family since 1896 and we are proud to employ over 250 residents who work in our branches across the state.

Start-up businesses often face challenges getting the money they need to launch their business. For many small businesses, not being able to afford a physical location or make necessary upgrades can be a deal-breaker. This is particularly important in Hawai'i, where the cost of living, or the cost of operating, is so high.

The proposed Start-Up Business Loan Program is a much-needed solution to this problem. By providing accessible loans to businesses that are less than three years old, this program would help local start-ups secure the capital they need. With this support, businesses would establish a solid foundation for long-term success, leading to the creation of more jobs and boosting the local economy.

I encourage you to support this program as it will provide essential funding to help Hawai'i's entrepreneurs enter the market, which in turn fosters our overall economic success.

Sincerely,

Mike B. Pietsch
President and Chief Operating Officer
Title Guaranty of Hawai'i





February 19, 2025

Committee: Senate Committee on Ways and Means
Bill Number: SB 983 SD1, Relating to Small Business Loans
Hearing Date and Time: February 19, 2025, 10:02am
Re: Testimony of HPM Building Supply in Support

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Committee Members:

I would like to submit this testimony in support of SB 983 SD1, Relating to Small Business Loans. The purpose of SB 983 SD1 is to create a program to state-backed loan program to help newly established businesses.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 18 locations across Hawai'i and Washington State, HPM offers various services and products, including retail stores, building supply and lumber yards, home design centers, drafting and design services, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities.

We've seen many local contractors, builders, and business owners find it difficult to get the funding they need to start or grow their businesses because of the high costs of materials, equipment, and labor. The Start-Up Business Loan Program would provide crucial financial support to help businesses in their early stages, invest in equipment, or even set up their workspaces.

In Hawai'i's competitive market, where costs can be extremely high, it's vital that we offer the support needed for new businesses to launch successfully. This support could create a significant positive impact, generating jobs and helping to strengthen the local economy from the ground up.

We ask that you support SB 983 SD1.

Sincerely,

Jason Fujimoto
Chairman & CEO





holomua

COLLABORATIVE

OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

BOARD MEMBERS

Jason Fujimoto
Meli James, *Board Chair*
Micah Kāne
Brandon Kurisu
Brad Nicolai
Mike Pietsch
Sunshine Topping

ADVISORY COMMITTEE

Josh Feldman
Brittany Heyd
Alicia Moy
Ed Schultz

Josh Wisch
President & Executive Director

827 Fort Street Mall, 2nd Floor
Honolulu, Hawaii 96813

+1 (808) 542-4089
info@holomua collaborative.org

HolomuaCollaborative.org

Page 1 of 2

Committee: Senate Committee on Ways and Means
Bill Number: SB 983 SD1, Relating to Small Business Loans
Hearing Date and Time: February 19, 2025 at 10:02am (Room 211)
Re: Testimony of Holomua Collaborative in support

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

We write in support of Senate Bill 983 SD1, Relating to Small Business Loans. The purpose of SB 983 SD1 is to establish the Hawai'i Start-Up Business Loan Program to assist start-up businesses early in their development.

Holomua supports initiatives that help keep all local working families in Hawai'i by addressing issues of affordability. We are especially interested in fostering cross-sector collaboration and supporting policies that are evidence-based.

In order for Hawai'i to be affordable for local working families, we need to ensure that our local business community—including entrepreneurs looking to start new businesses—is provided with the opportunities necessary to expand and succeed in an uncertain economy. Only 21% of respondents in a recent survey of 1,500 local residents agree that “Hawai'i is a good place to do business.” This statement also shows a high percentage of disagreement, with 43% of respondents *disagreeing* that Hawai'i is a good place to do business. A still larger portion of respondents agree that Hawai'i needs to recruit and retain critical workforce members.¹

Currently, the State of Hawai'i does not offer loan programs designed for startup businesses. Existing programs, such as the Community-Based Economic Development (CBED) loan program under the Department of Business, Economic Development, and Tourism (DBEDT), are only available to businesses that have been operating for at least two years. This means that entrepreneurs in their critical early years—when financial support is often needed the most—are left without state-backed loan options. And startups can face barriers to securing traditional bank loans due to their limited operating history and lack of collateral, which established business do not necessarily encounter.

SB 983 SD1 addresses this gap by proposing a program to provide state-backed loans to finance working capital, construction, or equipment for businesses three years old or less. Under the terms of the bill, no loan shall be granted unless financial assistance is not available to the applicant. The loans will have favorable terms for businesses with limited financial history and can serve as a bridge until they grow enough to qualify for commercially backed loans.

Starting a business can be a costly venture. The upfront costs for licensing and permits, legal and administrative fees, technology and software, equipment, employees, insurance, and branding can be prohibitive for the average person

¹ 2024 Affordability Survey, Holomua Collective.



aspiring to start a new business in Hawai'i. Those who do follow their dreams often run into obstacles such as a lack of options for loans from commercial banks, in part because they are startups. This bill creates an opportunity for the State to step in and fill this gap

By supporting entrepreneurs, this initiative would boost the local economy, create jobs, and foster economic diversification and resilience.

We urge you to support SB 983 SD1.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joshua Wisch', with a stylized flourish at the end.

Josh Wisch
President & Executive Director

SB-983-SD-1

Submitted on: 2/16/2025 11:05:54 PM

Testimony for WAM on 2/19/2025 10:02:00 AM

Submitted By	Organization	Testifier Position	Testify
Ruth Love	Individual	Support	Written Testimony Only

Comments:

This will help stimulate small businesses start ups, give a boost to our economy, increase jobs and help diversify our economy.

Thank you

Mrs Ruth Love