

Honolulu, Hawaii

MAR 17 2025

RE: H.B. No. 455
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Economic Development and Tourism, to which was referred H.B. No. 455, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SMALL BUSINESS LOANS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Hawaii Start-Up Business Loan Program;
- (2) Establish the Hawaii Start-Up Business Loan Program Special Fund;
- (3) Require the Department of Business, Economic Development, and Tourism to submit an annual report to the Legislature regarding the program; and
- (4) Appropriate funds.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Holomua Collaborative; Chamber of Commerce Hawaii; Maui Chamber of Commerce; Hawaii Food Industry Association; Mana Up; Hawai'i Community Foundation; Title Guaranty of Hawai'i; HPM Building Supply; and aio Family of Companies.



Your Committee received comments on this measure from the Department of the Attorney General, Department of Budget and Finance, and Tax Foundation of Hawaii.

Your Committee finds that while small, local, and new businesses are critical to the State's economy, initial start-up costs are a potential impediment to the development of a business. Although the State offers a variety of financial assistance programs to start-up businesses in Hawaii, most assistance is to allow existing businesses to expand and scale up, rather than to fund new businesses. Your Committee recognizes the absence of resource assistance for initial business start-up costs and believes that providing a dedicated source of funding for local small start-up businesses will assist the State in diversifying its economy and building local wealth. By establishing the Hawaii Start-Up Business Loan Program and subsequent Special Fund, this measure will promote economic resilience throughout the State.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes the concerns raised in the testimony of the Department of the Attorney General and Department of Budget and Finance that the special fund proposed in this measure may not satisfy existing statutory requirements which mandate that the purpose, scope, and need of a special fund be demonstrated; an explanation as to why the special fund could not be successfully implemented under the general fund appropriation process be provided; and evidence for the special fund to be financially self-sustaining be verified.

As affirmed by the record of votes of the members of your Committee on Economic Development and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 455, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 455, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Tourism,


LYNN DECOITE, Chair



