

MAR 10 2023

SENATE RESOLUTION

RECOGNIZING THE IMPORTANCE OF THE FOURTH SECTOR OF THE ECONOMY AS COMPLEMENT TO THE THREE TRADITIONAL SECTORS, AND THE GROWTH AND DEVELOPMENT OF FOR-BENEFIT ORGANIZATIONS IN PROMOTING SUSTAINABLE AND EQUITABLE ECONOMIC DEVELOPMENT.

1 WHEREAS, the coronavirus disease 2019 crisis deepened
2 existing structural flaws in Hawaii's economy, demonstrating how
3 global events can have an outsized negative impact on Hawaii's
4 island communities; and

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6 WHEREAS, there is growing public demand to address the
7 systemic failures underlying the current economy by
8 transitioning to a new economic model that is more resilient,
9 inclusive, and sustainable, and that invests in and builds
10 locally-owned and stewarded assets; and

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12 WHEREAS, there is a growing movement of for-benefit
13 enterprises in Hawaii and around the world that aim primarily to
14 achieve social or environmental objectives while also generating
15 revenue, thus promoting the achievement of sustainable
16 development; advancing human rights; producing decent and
17 quality jobs; promoting the economic empowerment of women;
18 combating climate change; and eradicating poverty, exclusion,
19 and social inequalities; and

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21 WHEREAS, for-benefit enterprises come in a wide range of
22 models, including purpose-driven businesses, social enterprises,
23 Native Hawaiian culturally-informed businesses, cooperatives,
24 community-owned enterprises, public benefit corporations,
25 community development banks, and regenerative businesses, and
26 they strive to uphold regional- and place-based environmental,
27 social, and cultural values in their core business, governance,
28 and financial models; and

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30 WHEREAS, globally and in Hawaii, there is a growing
31 movement of intermediaries, investors, and funders who seek to
32 invest in for-profit businesses, consumers who seek to purchase
33 from for-benefit producers, and workers seeking jobs with for-
34 benefit firms; and



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WHEREAS, with mounting awareness and engagement in the fourth sector of the economy, innovators across business, government, finance, civil society, philanthropy, academia, and other spheres are advancing a range of interventions to encourage, incentivize, and enable all for-benefit enterprises to become more sustainable and accountable, and to scale their positive impacts on society and the environment, thus delivering on the promise of sustainable economic development; and

WHEREAS, the realization of the promise of the fourth sector of the economy necessitates a deliberate approach to align and accelerate the efforts of stakeholders to build a supportive ecosystem for for-benefit businesses; and

WHEREAS, such an approach would advance a sustainable, inclusive, and more efficient and resilient capitalism model for Hawaii, by blending the power of entrepreneurship and dynamism of market economies with the social purpose and public-welfare priorities of the nonprofit and public sectors; now, therefore,

BE IT RESOLVED by the Senate of the Thirty-second Legislature of the State of Hawaii, Regular Session of 2023, that this body recognizes the importance of the fourth sector of the economy as complement to the three traditional sectors, and the growth and development of for-benefit organizations in promoting sustainable and equitable economic development; and

BE IT FURTHER RESOLVED that the Department of Commerce and Consumer Affairs is requested to convene a Fourth Sector Working Group; and

BE IT FURTHER RESOLVED that the following individuals, or their respective designees, are requested to serve as members of the Fourth Sector Working Group:

- (1) The Director of Commerce and Consumer Affairs, who is requested to serve as the convening chair;
- (2) Faculty members from the University of Hawaii System with relevant scientific expertise;



1 (3) Two members of the Senate and two members of the House
2 of Representatives, to be appointed by the President
3 of the Senate and Speaker of the House of
4 Representatives, respectively; and
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6 (4) Representatives from the private and public sector
7 actively working in the emerging fourth sector of the
8 economy in Hawaii; and
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10 BE IT FURTHER RESOLVED that the initial Fourth Sector
11 Working Group members are requested to elect a chair from among
12 its members; and
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14 BE IT FURTHER RESOLVED that the Chair of the Fourth Sector
15 Working Group may invite other interested parties with relevant
16 experience to join the Working Group; provided that the Working
17 Group is requested not to exceed fifteen members; and
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19 BE IT FURTHER RESOLVED that the Fourth Sector Working Group
20 is requested to develop a long-term strategic plan to identify
21 opportunities, challenges, best practices, and enabling policies
22 for developing a sustainable and thriving fourth sector of the
23 economy in Hawaii; and
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25 BE IT FURTHER RESOLVED that the Fourth Sector Working
26 Group's strategic plan is requested to consider how to:
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28 (1) Enhance knowledge on the emerging fourth sector of the
29 economy of Hawaii and its supportive ecosystem through
30 research and data collection;
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32 (2) Develop more enabling policy and regulatory
33 environments for the fourth sector of the economy in
34 Hawaii;
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36 (3) Fast-track, support, and promote existing and new for-
37 benefit businesses, financial models, and investment
38 structures;
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40 (4) Increase educational and training opportunities for
41 students and practitioners in areas related to the
42 fourth sector of the economy;



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- (5) Recognize and define for-benefit organizations as a diverse class of entities, with subclasses, to allow for targeting of policies, programs, investment, and other means of enabling the development and sustainability of the fourth sector of the economy in Hawaii;
- (6) Raise awareness and understanding about the fourth sector of the economy with stakeholders across Hawaii;
- (7) Mobilize financial and other resources to for-benefit organizations and fourth sector ecosystem development;
- (8) Develop mechanisms for assessing and monitoring the social and environmental impacts of for-benefit organizations and ensuring their accountability to their stakeholders;
- (9) Support community and statewide capacity building and ecosystem development efforts to accelerate growth of the fourth sector of the economy in Hawaii;
- (10) Create a designated home and focal point for the fourth sector within state government; and
- (11) Coordinate and collaborate nationally and globally on fourth sector development and trade; and

BE IT FURTHER RESOLVED that the Fourth Sector Working Group is requested to submit a preliminary report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2024, and a final report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2025; and

BE IT FURTHER RESOLVED that the Fourth Sector Working Group is requested to dissolve on June 30, 2025; and



1 BE IT FURTHER RESOLVED that certified copies of this
2 Resolution be transmitted to the Director of Commerce and
3 Consumer Affairs and the President of the University of Hawaii.
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OFFERED BY: 

