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# A BILL FOR AN ACT

RELATING TO OFFICE OF ENTREPRENEURSHIP.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that entrepreneurship is  
2 vital to the State's economic innovation. Recent data evaluated  
3 an uptick in the rate of entrepreneurship. In 2020, 4.1 out of  
4 every one thousand adults became entrepreneurs in a given month.  
5 However, high fees, complicated requirements, and delayed  
6 permitting create barriers to starting a new business in the  
7 State.

8           According to the 2019 Bureau of Labor Statistics study,  
9 fifty per cent of Hawaii businesses close within the first six  
10 years. Over twenty-five per cent of businesses in Hawaii failed  
11 in their first year. This is the highest first-year failure  
12 rate in the nation.

13           The purpose of this Act is to establish the office of  
14 entrepreneurship and create a partnership program with the  
15 Hawaii film and creative industries development special fund.



1 SECTION 2. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 OFFICE OF ENTREPRENEURSHIP

6 § - Definitions. For the purpose of this chapter:

7 "Business" means any corporation, partnership, company,  
8 cooperative, sole proprietorship or other legal entity organized  
9 or operating for pecuniary or nonpecuniary gain.

10 "Entrepreneur" means a person who initiates and assumes the  
11 financial risk of a business.

12 "Office of entrepreneurship" means the office of  
13 entrepreneurship created by section B of this act.

14 "State agency" means an agency, bureau, board, commission,  
15 department, division or any other unit of the executive  
16 department of the state government.

17 § - Office of entrepreneurship; director; general  
18 functions, duties, and powers. (a) There is established an  
19 office of entrepreneurship that shall be temporarily placed  
20 within the office of the governor; provided that on July 1,  
21 2027, the office of entrepreneurship shall be permanently



1 established within the department of business, economic  
2 development, and tourism for administrative purposes only.

3 (b) The head of the office of entrepreneurship shall be  
4 known as the director of the office of entrepreneurship,  
5 hereinafter referred as director. The director shall:

- 6 (1) Be nominated by the governor and, by and with the  
7 advice and consent of the senate, appointed by the  
8 governor without regard to chapter 76;
- 9 (2) Have professional training in the field of business,  
10 marketing, community economic development, or other  
11 relevant fields, preferably holding an academic degree  
12 in one of the fields listed above;
- 13 (3) Have experience in programs or services related to  
14 business, marketing, community economic development,  
15 or other relevant fields;
- 16 (4) Have recent experience in a supervisory, consultative,  
17 or administrative position;
- 18 (5) Be paid a salary set by the governor;
- 19 (6) Be included in any benefit program generally  
20 applicable to the officers and employees of the State;  
21 and



- 1           (7) Report to the director of business, economic  
2           development, and tourism and not be required to report  
3           directly to any other principal executive department.
- 4           (c) The director shall be responsible for:
- 5           (1) Serving as the principal officer in state government  
6           responsible for the performance, development, and  
7           control of programs, policies, and activities under  
8           the jurisdiction of the office;
- 9           (2) Supervising and directing the performance of the  
10          director's subordinates in various activities,  
11          including planning, evaluation, and coordination of  
12          office programs;
- 13          (3) Administering funds allocated for the office and  
14          applying for, receiving, and disbursing grants and  
15          donations from all sources for office programs and  
16          services;
- 17          (4) Assessing the policies and practices of other agencies  
18          impacting economic development and conducting advocacy  
19          efforts for entrepreneurship;
- 20          (5) Advising agencies on new legislation, programs, and  
21          policy initiatives relating to entrepreneurship;



1 (6) Employing and retaining staff as may be necessary for  
2 the purposes of this section; and

3 (7) Contracting for services that may be necessary for the  
4 purposes of this section, including through master  
5 contracts, memoranda of understanding, and memoranda  
6 of agreement with other state agencies receiving  
7 federal and state funds for programs and services for  
8 entrepreneurship, and purchase of service agreements  
9 with appropriate agencies.

10 § - Responsibilities. (a) The office of  
11 entrepreneurship shall:

12 (1) Work to strengthen policies and programs supporting  
13 the growth of entrepreneurship in the State,  
14 including, without limitation, across demographic  
15 segments and geographic areas;

16 (2) Work with stakeholders and organizations supporting  
17 entrepreneurship to enhance the learning and skills  
18 of, provide technical support to and expand access to  
19 resources for entrepreneurs across the State;

20 (3) Serve as a point of contact to assist businesses that  
21 have been in operation for not more than five years in



- 1           their interactions with state agencies and, where  
2           appropriate, refer businesses to other state or local  
3           agencies that provide assistance to businesses; and  
4       (4) Encourage five per cent of the total number of state  
5           contracts to be awarded to businesses that have been  
6           in operation for not more than five years and whose  
7           principal place of business is in this State;  
8       (5) Serve as a liaison to provide resources to help  
9           entrepreneurs navigate regulatory requirements; and  
10      (6) Advocate entrepreneurs in the legislative and  
11           administrative rule-making process.

12       **§ - Annual report.** (a) At least twenty days prior to  
13 the convening of each regular session of the legislature  
14 beginning two years after the creation of the Office of  
15 entrepreneurship, and annually thereafter, the Office of  
16 entrepreneurship shall submit to the legislature a report that  
17 includes, without limitation:

- 18       (1) The number and total dollar amount of state contracts  
19           awarded to businesses that have been in operation for  
20           not more than five years, including, without



- 1            limitation, a breakdown by demographic segments and  
2            geographical areas throughout the State;
- 3            (2) The percentage of the number of state contracts  
4            awarded to businesses that have been in operation for  
5            not more than five years compared to the total number  
6            of contracts awarded;
- 7            (3) The number of businesses owned by women, minorities or  
8            veterans that have been in operation for not more than  
9            five years and have been awarded a state contract;
- 10           (4) The percentage of the total dollar amount of state  
11           contracts awarded to businesses that have been in  
12           operation for not more than five years compared to the  
13           total dollar amount of contracts awarded;
- 14           (5) The types of businesses awarded a state contract;
- 15           (6) Recommendations on improving access to state contracts  
16           for businesses that have been in operation for not  
17           more than five years, including, without limitation,  
18           those businesses in statistically underrepresented  
19           demographic segments and geographic areas of Hawaii;
- 20           (7) Recommendations on improving overall entrepreneurship  
21           in this State including, without limitation,



1 identifying regional challenges to entrepreneurship;  
2 and

3 (8) Any additional information deemed necessary by the  
4 Office of Economic Development to provide an accurate  
5 depiction of the condition of entrepreneurship in  
6 Hawaii."

7 SECTION 3. Section 201-113, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "§201-113 Hawaii film and creative industries development  
10 special fund. (a) There is established in the state treasury  
11 the Hawaii film and creative industries development special fund  
12 into which shall be deposited:

- 13 (1) Appropriations by the legislature;
- 14 (2) Donations and contributions made by private  
15 individuals or organizations for deposit into the  
16 fund;
- 17 (3) Grants provided by governmental agencies or any other  
18 source;
- 19 (4) Effective January 2, 2023, all revenues, fees, and  
20 charges from the processing of the motion picture,





1 digital media, and film production income tax credit  
2 pursuant to section 235-17; and

3 (5) Effective July 1, 2022, all existing and future  
4 revenues, fees, and income received by the department  
5 from its management of public facilities that support  
6 media and entertainment workforce and business  
7 development, with the exception of the Hawaii film  
8 studio.

9 (b) The fund shall be used by the department to provide  
10 for:

11 (1) A program to provide seed capital for film, media,  
12 electronic sports, and creative industries  
13 intellectual property development projects for export,  
14 as determined by the department;

15 (2) Programs that expand the skills of the State's resident  
16 workforce in the film, media, and creative industries;

17 (3) Marketing programs that attract business opportunities  
18 in the film, media, and creative industries in the  
19 State; ~~and~~

20 (4) A program in partnership with the office of  
21 entrepreneurship; and



1        [~~4~~] (5) Repair, maintenance, and related costs of the  
2                    department's management of public facilities that  
3                    support media and entertainment workforce and business  
4                    development."

5            SECTION 4. In accordance with section 9 of article VII of  
6 the Constitution of the State of Hawaii and sections 37-91 and  
7 37-93, Hawaii Revised Statutes, the legislature has determined  
8 that the appropriations contained in this Act will cause the  
9 state general fund expenditure ceiling for fiscal year 2024-2025  
10 to be exceeded by \$                    or                    per cent. The reasons for  
11 exceeding the general fund expenditure ceiling are that the  
12 appropriation made for this Act is necessary to serve the public  
13 interest and to meet the need addressed by this Act.

14            SECTION 5. There is appropriated out of the general  
15 revenues of the State of Hawaii the sum of \$                    or so much  
16 thereof as may be necessary for fiscal year 2024-2025 for the  
17 purpose of establishing the office of entrepreneurship.

18            The sum appropriated shall be expended by the department of  
19 business, economic development, and tourism for the purposes of  
20 this Act.



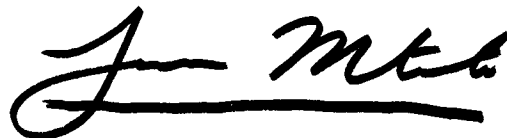
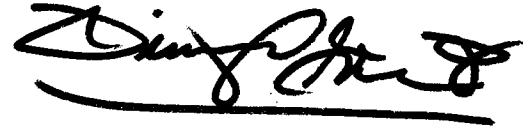



# H.B. NO. 1709

1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 2024.  
4  
5

INTRODUCED BY:

JAN 18 2024



# H.B. NO. 1709

**Report Title:**

Minority Caucus Package; Entrepreneurship; General Fund Exceeded

**Description:**

Establishes the office of entrepreneurship. Creates a program in partnership with the Hawaii film and creative industries development special fund. Declares the general fund expenditure ceiling is exceeded.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

