



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

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 22, 2024
10:00 AM
State Capitol, Conference Room 308

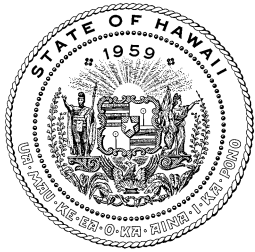
In consideration of
HB1956, HD1
RELATING TO ECONOMIC DEVELOPMENT.

Chair Yamashita, Vice Chair Kitagawa and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates and supports HB1956, HD1, which establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens. Hawaii continues to be ranked low in terms of business opportunities and economic competitiveness by many organizations. The low rankings largely reflect the uniqueness of Hawaii's geographic location and its economic structure. For example, Hawaii is the only state geographically isolated from the continent and labor mobility is limited. Hawaii is a smaller market for new products, has a high cost of living, and its economy relies heavily on a few industries.

Economic development is a complex process. Hawaii needs to balance economic growth with environmental concerns, social equity, and government finances. For further economic development, the state needs an adequate labor force, capital investment, and innovation in the way goods and services are produced.

Establishing a task force is an important means of collecting ideas from stakeholders and addressing ways to address the challenges the state faces. Because of the complexity of our economic system, we recommend extending participation to representatives of the University of Hawaii, the State Department of Labor and Industrial Relations, and the State Department of Taxation. Funding in the amount of \$200,000 for one FTE or hiring a consulting firm would be needed to carry out the purpose of this bill. Thank you for the opportunity to testify.



SMALL BUSINESS REGULATORY REVIEW BOARD

Department of Business, Economic Development & Tourism (DBEDT)
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Mark Ritchie for
Director, DBEDT
Voting Ex Officio

TESTIMONY

TO: Chair Yamashita, Vice Chair Kitagawa, and Members of the House Committee on Finance

FROM: Mary Albitz, Chair, Small Business Regulatory Review Board (SBRRB) *Mary Albitz*

DATE: February 22, 2024 – Room 308 at 10:00 a.m.

SUBJECT: Support – House Bill 1956 HD1 – Relating to Economic Development

On behalf of the SBRRB, I submit this testimony in support of House Bill 1956 HD1, Relating to Economic Development.

Specifically, House Bill 1956 HD1 establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens, and requires a report to the legislature. The task force shall consist of, among others, a member of the small business regulatory review board, to be appointed by the chair of the board.

I am proud of the success and accomplishments this hardworking group of gratis members has had over the past 25+ years. This measure will ensure the stability of the SBRRB by including one of its members to partake in creating a report to the legislature consisting of findings and recommendations that encompasses the mitigation of regulatory and tax burdens of Hawaii's businesses.

Thank you for hearing our comments and the SBRRB's support of House Bill 1956 HD1.



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Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Immediate Past Chair*

TO: Committee on Finance

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 22, 2024
TIME: 10am
PLACE: Room 308

RE: HB1956 HD1 Relating to Economic Development

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.

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

HFIA is in support of this measure. As this measure notes, Hawaii's high tax rate and challenging regulatory burden has stifled new business formation in our state. These factors have also made it more challenging for existing businesses to continue operations locally.

For 30 years HFIA has proudly produce the Made in Hawaii Festival. Our local small businesses have proven that they have tremendous potential when given the opportunity to thrive. We believe our State should be fostering innovation, entrepreneurship, and economic diversification.

Establishing a Businesses Revitalization Task Force is an opportunity for the State to find the best ways to support our local businesses, and remove unnecessary challenges. This is an investment in local businesses, and the economic future of our State. We encourage the Committee to pass this measure and we thank you for the opportunity to testify.



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February 22, 2024

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 1956, HD1
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 308 & Videoconference
10:00 AM

Aloha Chair Yamashita, Vice-Chair Kitagawa, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 1956, HD1, which establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers and ranchers. Land, water, labor, taxes, transportation, utilities, inputs, invasive species, and food safety regulations are all costs of doing business that often result in our farmers just being able to break even. HFB supports any initiative that can reduce the cost of production so that locally produced goods can compete with imported products, strengthening our local economy.

New agriculture census data (2022) released by USDA last week is cause for concern as the number of farms operating in Hawai'i and the number of farm acres have both fallen. The 2022 Census of Agriculture reports 759 fewer farms in 2022 than in 2017 (10.4% decrease). The number of farm acres fell to 1,053,302, a loss of more than 82,000 acres from just five years earlier.

The strength of Hawai'i's economy is dependent upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for this opportunity to testify in support of this measure.



**TESTIMONY OF TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 22, 2024
Re: HB 1956 HD1 RELATING TO ECONOMIC DEVELOPMENT**

Good morning, Chair Yamashita, and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We **STRONGLY SUPPORT** HB 1956 HD1. This measure establishes a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens; requires a report to the legislature; and is effective 7/1/3000.

We are often asked why various mainland stores doesn't come to Hawaii or why are there not more locally owned stores around? There are assorted reasons why, however, **Hawaii has maintained a reputation of having a lot of government red tape and excessive costs to do business in the state.** There are many opportunities to be had if there are changes made.

In April of 2023 [Wallet Hub](#) named the best places to start a business. Compared the relative startup opportunities that exist in 100 U.S. cities. Honolulu ranked 71st out of 100.

Hawaii needs a more favorable business climate so that we can attract new businesses, stimulate entrepreneurship, encourage innovation, and create jobs, ultimately driving economic growth in our state. We feel that this type of diverse task force can assess the current state of the business and develop a clear strategic direction to navigate solutions to challenges, capitalize on opportunities, and achieve long-term goals.

The Task Force can identify potential risks and challenges businesses are facing, address them with workable solutions in an effort to minimize negative impacts on operations and economic opportunities. Businesses already are bogged down with a multitude of regulations with some being outdated, compliance costs, and high tax rates to name a few. By addressing weaknesses in the business environment, this task force can help improve Hawaii's overall competitiveness of businesses.

We want to encourage and entice more new businesses to come to Hawaii and be successful.

We ask you to pass this measure.

Mahalo for this opportunity to testify.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Wednesday, February 7, 2024, at 10:30AM
Conference Room 423**

RE: HB1956 Relating to Economic Development

Chair Holt, Vice Chair Lamosao, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports HB1956**, which establishes a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens, and requires a report to the legislature.

The Chamber appreciates the opportunity to support this bill and believes this is a task force critical to support the future economic resilience and growth of our local business community. This assertion is well founded and notably based on the following:

Hawaii consistently ranks as one of the worst states to do business.

- [1st most restrictive land use regulations in the nation](#), University of Hawaii Economic Research Organization
- [5th year in a row more people moved out of Hawaii than moved into the state](#), 2020 U.S. Census
- [43rd Ranking, State Business Tax Climate Index](#), U.S. Tax Foundation
- [47th Ranking, Top states for business](#), CNBC
- [48th Ranking, Most policy measures and costs impacting entrepreneurship & small business growth](#), SBE Council

The Chamber completed its 2030 Blueprint for Hawaii Initiative earlier this year. The vision was to create a data-based action plan for Business to lead and shape Hawaii's economic future as a top place to do business. We connected with stakeholders from business, government & community to shape goals and priorities and develop a strategy that presents achievable policy reforms and metrics to increase Hawaii's economic competitiveness.

Through interviews, focus groups, surveys, and extensive research it was made clear that overregulation at every level of government is hindering business growth and preventing new businesses and entrepreneurs from investing in Hawaii. We believe this task force is a critical method for state government leaders and the business community to come together to identify the barriers to doing business in Hawaii.

The Chamber supports this measure and **would like to offer amendments** in the form of additional members of the task force for consideration to ensure the business community is adequately represented and diverse:

1. The task force shall be composed of at least 20 members serving a term of at least 2 years, including the following members of the Hawaii business community:



Chamber of Commerce HAWAII

The Voice of Business

7 representatives from any of Hawaii's regional chambers of commerce/business associations, including but not limited to Chamber of Commerce Hawaii, Maui Chamber of Commerce, Kauai Chamber of Commerce, Kona-Kohala Chamber of Commerce, Hawaii Island Chamber of Commerce, Lanai Chamber of Commerce, Molokai Chamber of Commerce, Kapolei Chamber of Commerce, North Shore Chamber of Commerce, Kailua Chamber of Commerce and others;

5 representatives from any of the following ethnic and diversity chambers of commerce including but not limited to the Chinese Chamber of Commerce, Japanese Chamber of Commerce, Filipino Chamber of Commerce, Hispanic Chamber of Commerce, Black Chamber of Commerce, Rainbow Chamber of Commerce and more;

1 member of the Small Business Regulatory Review Board;

A vacancy on the task force to be filled in the same manner as the original appointment. The terms of the members shall be for 1 year.

2. The task force shall elect a chair and vice chair from among its members.
3. The task force shall meet as necessary, but at least quarterly, at the call of the chair and at the time and place designated by him or her. The task force may conduct its meetings through teleconferences or other similar means.
4. The task force shall develop recommendations for improving governmental operations and reducing costs. Staff to assist the task force in performing its duties shall be assigned by the President of the Senate, the Speaker of the House of Representatives, and the Governor. The task force shall consider reports issued by the Auditor, Ethics Commission, Department of Business Economic Development and Tourism, the University of Hawaii Economic Research Organization, and other relevant reports.
5. The task force may submit all or part of its recommendations at any time during the year, but a final report summarizing its recommendations must be submitted at the completion of its work.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Thank you for the opportunity to testify.

Island Plastic Bags



TO: Chair Kyle T. Yamashita; Vice Chair Lisa Kitagawa; and Committee

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: HB 1956 HD1 RELATING TO ECONOMIC DEVELOPMENT

POSITION: STRONG SUPPORT

Thank you for the opportunity to submit testimony in strong support to HB 1956 HD1. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and sells compostable cutlery, paper bags, and Colgate-Palmolive products. IPB supports this bill as action is desperately needed to improve the business climate in Hawaii.

Overregulation, taxes, and delays in permitting and licensing severely hamper business formation and growth in Hawaii. Hawaii's economy could be a more diverse and dynamic place if we did not put so many restrictions on professions and businesses. A less burdened economy could create more opportunities for our children to remain here in Hawaii and have successful and rewarding careers. A task force addressing these issues is a step in the right direction.

Thank you for the opportunity to provide testimony in support of HB 1956 HD1. Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA

President

Island Plastic Bags, Inc.

www.islandplasticbags.com

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Testimony to the House Committee on Finance
Thursday, February 22,, 2024, 10:00 AM
Conference Room 308

Testimony in Support of HB 1956, Relating to Economic Development

To: The Honorable Kyle Yamashitat, Chair
The Honorable Lisa Kitagawa, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 47 Hawaii credit unions, representing over 864,000 credit union members across the state.

HCUL offers the following testimony in support of HB 1956, Relating to Economic Development. This bill would establish a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens.

This bill puts forth an important task force to assist businesses in Hawaii during a very critical time in our economy. Many Hawaii businesses, such as local credit unions, struggle under heavy regulatory burdens. Identifying ways to assist, streamline, and alleviate these issues for our local businesses would help strengthen our economy.

Thank you for the opportunity to provide comments on this issue.



February 21, 2024

RE: House Bill 1956 HD1: Relating to Economic Development

Dear Chair Yamashita, Vice Chair Kitagawa, and members of the House Committee on Finance,

Founded in 1968, the Kona-Kohala Chamber of Commerce works to enhance the quality of life for our community through a strong, sustainable economy on Hawai'i Island. With 470 member businesses and organizations, our mission is to provide leadership and advocacy for a successful business environment in West Hawai'i.

The Kona-Kohala Chamber of Commerce **strongly supports** HB 1956 HD1: Relating to Economic Development.

This bill establishes a business revitalization task force to identify methods to improve Hawai'i's general economic competitiveness and business climate, including mitigating regulatory and tax burdens. It also requires a report to the legislature.

We support initiatives and policies that promote business innovation and economic diversity. Additionally, we encourage entrepreneurial endeavors and small business development. However, high tax burdens and overregulation at every level of government hinder business growth and prevent new businesses and entrepreneurs from investing in Hawai'i.

This business revitalization task force will convene leaders from the state government and the business community to identify the barriers to doing business in Hawai'i. We are hopeful their recommendations will drive change and improve the business climate of our state.

Please vote to pass HB 1956 HD1: Relating to Economic Development.

Sincerely,

A handwritten signature in black ink that reads 'Wendy J. Laros'.

Wendy J. Laros, President and CEO
Kona-Kohala Chamber of Commerce



February 22, 2024

House Committee on Finance
Representative Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

RE: HB 1956 Relating to Economic Development – In Support

Aloha Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee,

On behalf of FCH Enterprises, Inc. and our best-known brand name, Zippy's Restaurants, I strongly support HB 1956 relating to economic development.

The Chamber appreciates the opportunity to support this bill and believes this task force is critical to support the future economic resilience and growth of our local business community. This assertion is well founded and notably based on the following:

Hawaii consistently ranks as one of the worst states to do business.

- 1st most restrictive land use regulations in the nation, University of Hawaii Economic Research Organization
- 5th year in a row more people moved out of Hawaii than moved into the state, 2020 U.S. Census
- 43rd Ranking, State Business Tax Climate Index, U.S. Tax Foundation
- 47th Ranking, Top states for business, CNBC
- 48th Ranking, Most policy measures and costs impacting entrepreneurship & small business growth, SBE Council

High tax burdens and overregulation at every level of government is hindering business growth and preventing new businesses and entrepreneurs from investing in Hawaii. We believe this task force is a critical method for state government leaders and the business community to come together to identify the barriers to doing business in Hawaii.

Mahalo for your consideration,

Jason Higa
Chief Executive Officer
FCH Enterprises, Inc.

HB-1956-HD-1

Submitted on: 2/21/2024 4:10:10 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Monty Pereira	Watanabe Floral, Inc	Support	Written Testimony Only

Comments:

How do we improve our business climate? This complicated question needs an inclusive solution. HB1956 will provide for a compilation of motivated, educated, successful leaders to work together, from different perspectives to work for positive solutions to complicated issues that continue to hinder our business community. This bill will be a great step in the right direction to helping us solve problems and find solutions. Thank you for your consideration!!!

HB-1956-HD-1

Submitted on: 2/21/2024 6:37:52 PM

Testimony for FIN on 2/22/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Stephen Ueda	Suisan	Support	Written Testimony Only

Comments:

I support this bill.