

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

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Statement of
JAMES KUNANE TOKIOKA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Tuesday, March 19, 2024
10:00 AM
State Capitol, Conference Room 423

In consideration of
SB2974, SD2
RELATING TO ECONOMIC DEVELOPMENT.

Chair Holt, Vice Chair Lamosao, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) appreciates and supports SB2974, SD2, which establishes a business revitalization task force to identify methods to improve Hawaii's general economic competitiveness and business climate, including mitigation of 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.



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

March 15, 2024

Committee On Economic Development
Rep. Daniel Holt, Chair
Rep. Rachele F. Lamosao, Vice Chair

Testimony in Opposition to SB2974

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

UNITE HERE Local 5 represents 10,000 working people in the health care, hotel, and food service industries across Hawaii. **We are in opposition to SB2974**, which would establish a business-dominated task force to determine which corporate taxes and regulations they would like to cut. If the goal is to make small businesses more viable, then we should be addressing the biggest problems they face – the increasing monopolization of each industry by large corporations. As we see in just about every industry throughout the country, consolidation has put small proprietors out of business, impoverished them, or forced them to operate as partners of large corporations, under the restrictions and conditions demanded by those corporations.

A move toward deregulation and reducing corporate taxes will likely benefit large corporations much more than small businesses, making small businesses even less competitive. Meanwhile, taxpayers will end up subsidizing the system that leads to immense corporate profits and trillions of dollars of untaxed wealth. Our community, as workers and as consumers, pays a price for deregulation. That price is paid through workplace injury, chronic illness, defective products, environmental contamination, skyrocketing prices, the destruction of communities, decaying infrastructure, and so on. Deregulation in recent years has led to everything from house fires, to poisoning children, to consumer product injuries, to chemical spills, industrial accidents, plane crashes, and on and on. What it has not led to is a better environment for small businesses.

Please reject SB2974.

Thank you for your consideration.



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March 19, 2024

HEARING BEFORE THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

TESTIMONY ON SB 2974, SD2
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 423 & Videoconference
10:00 AM

Aloha Chair Holt, Vice-Chair Lamosao, 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 SB 2974, SD2, which establishes a Business Revitalization Task Force within the Department of Business, Economic Development, and Tourism to identify methods to improve Hawaii's general economic competitiveness and business climate, including the mitigation of 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 month 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 depends 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
March 19, 2024**

Re: SB 2974 SD2 RELATING TO ECONOMIC DEVELOPMENT

Good morning, Chair Holt, and members of the House Committee on Economic Development. 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** SB 2974 SD2. This measure establishes a Business Revitalization Task Force within the Department of Business, Economic Development, and Tourism to identify methods to improve Hawaii's general economic competitiveness and business climate, including the mitigation of regulatory and tax burdens. Requires a report to the Legislature.

We are often asked why this or that mainland store does not come to Hawaii or why are there not more locally owned stores around. There are assorted reasons why, however, the common thread is that 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 an article published in July 2023, CNBC rated Americans Top States to Do Business. Of the 50 states, Hawaii was ranked #47 (<https://www.cnbc.com/2023/07/11/top-states-for-business-hawaii.html>) This is not the only survey that has rated Hawaii on the bottom. We need to change this so that Hawaii is a place where people want to open their business and current businesses, especially those that are locally owned are able to keep their doors open and their employees employed.

To address Hawaii's challenges in attracting and retaining businesses, establishing a task force focused on improving the business environment could indeed be a proactive step. We feel that this type of task force can assess the current state of the business and develop a clear strategic direction to navigate challenges, capitalize on opportunities, and achieve long-term goals. This task force can also identify potential risks and challenges businesses are facing, address them with workable solutions to minimize negative impacts on operations and financial performance. We want to encourage and entice more new businesses to come to Hawaii, not only those that provide products and goods, but also services. We also want to see more businesses succeeding and not going bankrupt and closing.

We ask you to pass this measure.

Mahalo for this opportunity to testify.

Written Statement of

Jeannine Souki, Senior Manager – Government & Regulatory Affairs

BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

February 13, 2024, 10 AM
State Capitol, Conference Room 423 & Videoconference

**SUPPORT FOR:
S.B. 2974, S.D.2 – RELATING TO ECONOMIC DEVELOPMENT**

To: Rep. Daniel Holt, Chair
Rep. Rachele Lamosao, Vice Chair
Members of the Economic Development Committee

Re: Testimony providing support for SB 2974, SD2

Aloha Honorable Chair, Vice-Chair, and Committee Members:

Thank you for this opportunity to submit support for SB 2974, SD2, which would establish a business revitalization task force to identify methods to improve Hawai‘i’s economic competitiveness and business climate.

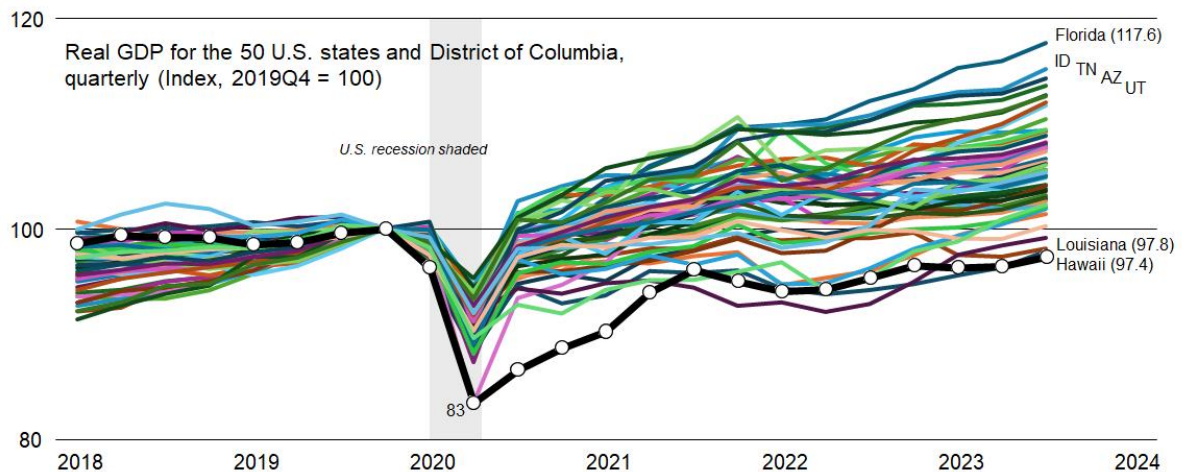
Hawaiian Telcom supports this initiative. Our understanding is that the task force will endeavor to take a deeper dive into unraveling and mitigating regulatory and tax burdens facing Hawai‘i businesses and establishing incentives for businesses in our state to thrive.

Hawaiian Telcom, has been instrumental in keeping communities and businesses connected to the world since our company was chartered by King David Kalākaua in 1883, from enabling the first direct link to the continental United States via undersea telegraph cable to installing Hawai‘i’s first fiber-optic cable at Camp Smith, from developing SEA-US, the most technologically advanced trans-Pacific fiber cable, to providing residents new entertainment choice with our Fioptics+ service. While the products, services, and technology have changed dramatically over time, Hawaiian Telcom has been at the forefront of innovation.

Hawaiian Telcom has invested more than \$1 billion over the last ten years to expand and support its fiber optic network and serve its customers. In 2023, Hawaiian Telcom expanded its fiber-optics network to add 65,000 new locations, including the completion of our fiber expansion on Lāna‘i and more than 95% of the island of Moloka‘i as well as parts of Pahoia and Kailua Kona on Hawai‘i Island, Wailuku, Kihei, and Makawao on Maui, and Līhu‘e and Kilauea on Kaua‘i. Our company is on track to build an additional 60,000 locations across the state in 2024.

Hawaiian Telcom feels a great sense of responsibility to Hawai‘i, our home. We are committed to extending our fiber broadband network to all homes and businesses in the state within the next four years. But we continuously face stiff winds with the high level of state regulatory requirements, high taxes and no incentives to offset the cost of investing in capital infrastructure.

Recently the U.S. Commerce Department published 2023 year-end GDP estimates for all 50 U.S. States and the District of Columbia which shows how Hawai‘i is lagging below the national average.



Source: U.S. Bureau of Economic Analysis (<https://www.bea.gov/data/gdp/qdp/qdp-state>)

Hawaiian Telcom supports efforts to reset the business climate, streamline burdensome regulatory requirements and establish incentives that draw investors and businesses to diversify and grow our GDP so that we reestablish our economic competitiveness. Thank you for the opportunity to testify and offer support for SB 2974, SD2.

March 19, 2024

House Committee on Economic Development
Representative Daniel Holt, Chair
Representative Rachele F. Lamosao, Vice Chair



Working together for Kapolei

Tuesday March 19, 2024, 10:00 a.m.
Conference Rm. 423 and via Videoconference

RE: SB 2974 SD2 Relating to Economic Development

Dear Chair Holt, Vice Chair Lamosao and members of the Committee:

My name is Kiran Polk, and I am the Executive Director of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region which includes Waipahu to Ka'ena Point. The Chamber works on behalf of its members and the entire business community to improve the regional and State economic climate and help Kapolei businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce is in **strong support of SB 2974 SD2**. 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.

In the wake of the pandemic, the Kapolei Chamber of Commerce launched its own business revitalization task force that is transitioning to a member-driven economic council focused on West O'ahu economic priorities. Kapolei leads the state in economic growth and navigating and directing Hawai'i's very weighted business climate is one of our top concerns.

We have the most restrictive land use regulations in the nation.

Our small businesses struggle often with very small margins to break a profit due in part to some of the very tax heavy and government regulated fee structures in our state. In some cases, businesses are relocating to other states.

We need to work together to identify the barriers of doing business in Hawai'i and find ways to stimulate and support growth, keeping more jobs and laying the needed improved foundation for our future workforce and entrepreneurs.

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

Respectfully,

Kiran Polk
Executive Director



Chamber of Commerce HAWAII

The Voice of Business

Testimony to the House Committee on Economic Development

Tuesday, March 19, 2024, at 10AM

Conference Room 423 & Video Conference

RE: SB2974 SD2 Relating to Economic Development

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

The Chamber of Commerce Hawaii ("The Chamber") **supports SB2974 SD2**, 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 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

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**. We respectfully request that the bill be amended as follows:

1. In response to concerns about the state's current budget limitations, clarify that an appropriation of \$50,000 in state funding is desired to support the administrative functions of the body, however, this funding is not required, in order for the task force to operate.



Chamber of Commerce HAWAII

The Voice of Business

2. Require that the task force is composed of at least 20 members serving a term of at least 2 years, including the following members of the Hawaii business community:
 - a) 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;
 - b) 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;
 - c) Member of the Small Business Regulatory Review Board;
3. Require that the task force shall elect a chair and vice chair from among its members.
4. Require that 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.
5. Require that the task force develop recommendations for improving governmental operations and reducing costs. Staff to assist the task force in performing its duties shall be assigned by the Department of Business Economic Development and Tourism and/or 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.
6. Indicate that 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.



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Executive Officers

Gary Okimoto, Safeway Hawaii, *Chair*
Maile Miyashiro, C&S Wholesale Grocer, *Vice Chair*
Kit Okimoto, Okimoto Corp., *Secretary/Treas.*
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, *Immediate Past Chair*

TO: Committee on Economic Development

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: March 19, 2024
TIME: 10am
PLACE: Room 423

RE: SB2974 SD2 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.

Chair Holt, Vice Chair Lamosao, 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.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
Tuesday, March 19, 2024 AT 10:00 A.M.**

To The Honorable Daniel Holt, Chair
The Honorable Rachele F. Lamosao, Vice Chair
Members of the committee on Economic Development

SUPPORT SB2974 SD1 RELATING TO ECONOMIC DEVELOPMENT

The Maui Chamber of Commerce **SUPPORTS SB2974 SD1.**

The Chamber agrees that economic development is a complex process, requiring the balance of economic growth with environmental concerns, social equity, and government finances. Also, that establishing a task force is an important means of collecting ideas from stakeholders and discussing solutions to the challenges that the State faces concerning the complexity of its financial system.

Given the many regulatory burdens that small businesses face in our state, having the Business Revitalization Task Force identify methods to improve Hawaii's general economic competitiveness and business climate, including by mitigating regulatory and tax burdens is key to moving toward a more business friendly climate.

We would like to encourage the legislature to seriously take the reports the Business Revitalization Task Force submits into consideration when drafting legislation affecting small businesses.

For these reasons, we **SUPPORT SB2974 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.

SB-2974-SD-2

Submitted on: 3/15/2024 10:54:36 AM

Testimony for ECD on 3/19/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Alan S. Hayashi	Individual	Support	Written Testimony Only

Comments:

I strongly support the intent and passage of this measure (SB2974 SD2). Thank you. Alan Hayashi

SB-2974-SD-2

Submitted on: 3/18/2024 9:12:25 AM

Testimony for ECD on 3/19/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

GREAT IDEA AND MUCH NEEDED.

MAHALO!