

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

JOSH GREEN, M.D.
GOVERNOR

CHRIS J. SADAYASU
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

REVISED 2/15/23

Statement of
CHRIS J. SADAYASU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Thursday, February 16, 2023
11:00 AM
VIA VIDEOCONFERENCE
Conference Room 423
State Capitol
415 South Beretania Street

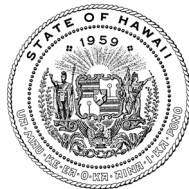
In consideration of
HB491 HD1
RELATING TO A LEAVE GRANT PROGRAM.

Chair Holt, Vice Chair Lamosao, and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments to HB491 HD1 which establishes in DBEDT a leave grant program to help small businesses:

DBEDT does not have the expertise to handle labor related issues. As such, DBEDT requests resources to administer a paid family leave program.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
HOUSE BILL NO. 491, H.D. 1

February 16, 2023
11:00 a.m.
Room 423 and Videoconference

RELATING TO A LEAVE GRANT PROGRAM

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 491, H.D. 1: 1) establishes a two-year, pilot leave grant program to help small businesses offer their employees paid family leave and paid sick leave; 2) sets requirements for small businesses to qualify for the pilot program; 3) appropriates unspecified amounts of general funds for FY 24 and FY 25 to fund leave grants for small businesses; and 4) appropriates unspecified amounts of general funds for FY 24 and FY 25 for administrative expenses including staff.

B&F strongly recommends that an actuarial study be conducted prior to establishing the pilot program to have an informed estimate of: a) potential costs of the leave grants that would be paid to small businesses; and b) costs to administer the pilot program. The proposed pilot leave program appears to be a major undertaking, so a careful study of potential costs is needed.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development
Thursday, February 16, 2023, at 11:00am
Conference Room 423 & Videoconference**

RE: HB 491 HD1 – Relating to a Leave Grant Program

Aloha Chair Holt, Vice Chair Lamosao, and members of the committee,

The Chamber of Commerce Hawaii ("The Chamber") **supports HB 491 HD1 and offers an amendment for consideration.** The bill establishes within the department of business, economic development, and tourism a two-year leave grant program to help small businesses offer their employees paid family leave and paid sick leave. Requires reports to the legislature. Appropriates moneys.

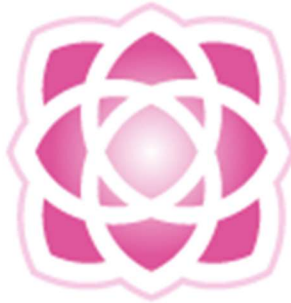
This bill incentivizes small businesses to offer family leave, and assists employers with the program. We believe that incentivizing a family leave program for small businesses who want to offer it but cannot afford to do so, is a much more reasonable and responsible approach than to mandate all employers to do so.

Over the past few sessions when family leave bills are introduced, the Chamber typically does not support these bills because they mandate family leave which can hurt our smallest businesses. The incurred cost could put our smallest companies out of business or force them cut elsewhere, which will in turn cost jobs.

We do, however, recommend an amendment to allow for businesses with up to 100 employees to qualify for this grant program. Based on data from usgrants.org, there are 2,404 businesses in Hawaii that are classified as having 20-99 employees. The way the bill is drafted now, a good portion of those businesses would not be eligible for the grant. With the intent of the bill to provide more employees in the State with family leave, adding this amendment would expand the number of businesses eligible and overall help the people who need it most.

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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CHAMBER OF COMMERCE
VOICE OF BUSINESS

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**HEARING BEFORE THE HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
THURSDAY, FEBRUARY 16, 2023 AT 11:00 A.M.**

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

COMMENTS ON HB491 HD1 RELATING TO A LEAVE GRANT PROGRAM

The Maui Chamber of Commerce would like to offer **COMMENTS on HB491 HD1** which establishes within the department of business, economic development, and tourism (DBEDT) a two-year leave grant program to help small businesses offer their employees paid family leave and paid sick leave. Requires reports to the legislature.

The Chamber appreciates the intent to help small businesses. While we understand this is a pilot program, we are concerned that it has very broad parameters, particularly with 50 or fewer employees. This could be a very expensive program and would have to have clearer rules established for who qualifies.

We would recommend narrowing it to those small businesses hardest hit and struggle to pay these kinds of expenses. For example, it might be for businesses with 10 or fewer employees which would narrow the scope considerably.

We appreciate the idea of a reimbursable grant. However, we feel the concept needs to be a bit more refined and would be happy to assist DBEDT with refining this program.

The Chamber notes prior testimony that suggests a tiered program. We like that idea and think that could work well. For example, there could be one tier for those with 1-5 employees and another tier with 6-10 employees so it is more equitable based on their number of employees. We suggest that the 6-10 employee tier receive the higher portion of funding.

Mahalo for the opportunity to offer **COMMENTS on HB491 HD1**.

Sincerely,

Pamela Tumpap
President

HB-491-HD-1

Submitted on: 2/15/2023 2:48:16 PM

Testimony for ECD on 2/16/2023 11:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kala'e Correa	Individual	Support	Written Testimony Only

Comments:

I support HB491.

HB-491-HD-1

Submitted on: 2/15/2023 3:14:46 PM

Testimony for ECD on 2/16/2023 11:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jordana Ferreira	Individual	Support	Written Testimony Only

Comments:

I support the passage of H.B. No. 491, which would establish a leave grant program to help small businesses offer their employees paid family leave and sick leave.

Paid family leave contributes to better health outcomes such as improving maternal and paternal health, supporting health development for young children, and reducing financial stress and enhancing working families' overall economic security. With the substantial rising cost of living in Hawaii, paid family leave would provide significant relief to Hawaii's working individuals.

Offering this benefit may impose increased financial costs to businesses, particularly small businesses. Establishing this program and allocating adequate appropriations may be the catalyst that can help small businesses offer these benefits to employees and to offset additional associated costs with PFL, helping to alleviate the stress and financial burdens that were further exacerbated from the COVID-19 pandemic for both businesses and employees in Hawaii.

please pass this measure as an effective policy that supports economic security for Hawaii residents. mahalo for the opportunity to testify.