
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 a 2019 Bureau of Labor Statistics study, fifty
9 per cent of Hawaii businesses close within the first six years.
10 More than twenty-five per cent of businesses in Hawaii failed in
11 their first year. This is the highest first-year failure rate
12 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 § -A Definitions. For the purpose of this chapter:

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

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 § -B 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 § **-C 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 § -D **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,
8 or veterans that have been in operation for not more
9 than five years and have been awarded a state
10 contract;
- 11 (4) The percentage of the total dollar amount of state
12 contracts awarded to businesses that have been in
13 operation for not more than five years compared to the
14 total dollar amount of contracts awarded;
- 15 (5) The types of businesses awarded a state contract;
- 16 (6) Recommendations on improving access to state contracts
17 for businesses that have been in operation for not
18 more than five years, including, without limitation,
19 those businesses in statistically underrepresented
20 demographic segments and geographic areas of Hawaii;



1 (7) Recommendations on improving overall entrepreneurship
2 in this State including, without limitation,
3 identifying regional challenges to entrepreneurship;
4 and

5 (8) Any additional information deemed necessary by the
6 office of entrepreneurship to provide an accurate
7 depiction of the condition of entrepreneurship in
8 Hawaii."

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

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

- 15 (1) Appropriations by the legislature;
16 (2) Donations and contributions made by private
17 individuals or organizations for deposit into the
18 fund;
19 (3) Grants provided by governmental agencies or any other
20 source;



1 (4) Effective January 2, 2023, all revenues, fees, and
2 charges from the processing of the motion picture,
3 digital media, and film production income tax credit
4 pursuant to section 235-17; and

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

11 (b) The fund shall be used by the department to provide
12 for:

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

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

19 (3) Marketing programs that attract business opportunities
20 in the film, media, and creative industries in the
21 State; [~~and~~]



1 (4) A program in partnership with the office of
2 entrepreneurship; and
3 [~~4~~] (5) Repair, maintenance, and related costs of the
4 department's management of public facilities that
5 support media and entertainment workforce and business
6 development."

7 SECTION 4. There is appropriated out of the general
8 revenues of the State of Hawaii the sum of \$ or so
9 much thereof as may be necessary for fiscal year 2025-2026 and
10 the same sum or so much thereof as may be necessary for fiscal
11 year 2026-2027 for the purpose of establishing an office the
12 office of entrepreneurship.

13 The sums appropriated shall be expended by the department
14 of business, economic development, and tourism for the purposes
15 of this Act.

16 SECTION 5. In codifying the new sections added by section
17 2 of this Act, the revisor of statutes shall substitute
18 appropriate section numbers for the letters used in designating
19 the new sections in this Act.

20 SECTION 6. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

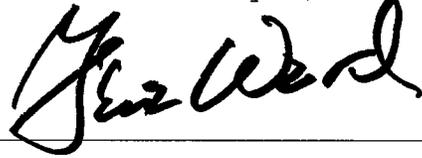


H.B. NO. 521

1 SECTION 7. This Act shall take effect on July 1, 2025.

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INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Jen Wood", is written over a horizontal line.

JAN 17 2025



H.B. NO. 521

Report Title:

Small Business Caucus; Entrepreneurship; Appropriation

Description:

Establishes the Office of Entrepreneurship. Creates a program in partnership with the Hawaii film and creative industries development special fund. Appropriates moneys to establish the Office of Entrepreneurship.

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