

JAN 21 2026

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# A BILL FOR AN ACT

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RELATING TO BUSINESS COMPETITIVENESS.

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

1       SECTION 1. The legislature finds that Hawaii ranks among  
2 the least competitive states for business in national  
3 assessments. For example, CNBC's "America's Top States for  
4 Business" listing, which scores each state using one hundred  
5 thirty-five metrics in ten broad categories of competitiveness,  
6 ranked Hawaii fiftieth in 2024 and forty-ninth in 2025.

7       The legislature finds that Hawaii's low ranking in the CNBC  
8 "America's Top States for Business" listing and similar rankings  
9 elsewhere is due to the challenges that Hawaii businesses face,  
10 which include high regulatory burdens and slow governmental  
11 processes. These issues collectively hinder economic growth and  
12 threaten Hawaii's long-term prosperity.

13       The legislature further finds that the business  
14 revitalization task force, established by Act 142, Session Laws  
15 of Hawaii 2024, was formed to identify strategies to improve  
16 Hawaii's business climate. The task force recommended the  
17 creation of a permanent framework to advance business



1 competitiveness through sustained policy development and  
2 stakeholder engagement.

3 Accordingly, the purpose of this Act is to:

4 (1) Establish a statutory goal for the State to achieve a  
5 ranking among the top states in the nation for  
6 business competitiveness by the year 2045; and

7 (2) Require the department of business, economic  
8 development, and tourism to establish a business  
9 climate improvement working group to work with private  
10 sector organizations and other relevant parties to  
11 develop and recommend policies that improve Hawaii's  
12 business competitiveness.

13 SECTION 2. Chapter 201, Hawaii Revised Statutes, is  
14 amended by adding a new part to be appropriately designated and  
15 to read as follows:

16 **"PART . HAWAII BUSINESS COMPETITIVENESS**

17 **§201-A Ranking metric; definition; selection by**

18 **department.** (a) As used in this part, "ranking metric" means a  
19 publication that:



(1) Measures each state's business competitiveness by considering data and other information in the following categories:

(A) Economy: Measures economic strength through gross domestic product and job growth, fiscal stability, credit ratings, real estate health, business diversity, trade exposure, and new business survival;

(B) Infrastructure: Assesses transportation networks, utilities, broadband, site readiness, land availability, market access, and climate resiliency;

(C) Workforce: Evaluates skilled labor availability, education levels, migration of talent, productivity, training programs, and labor flexibility;

(D) Cost of doing business: Examines tax competitiveness, wages, utilities, property and insurance costs, and business incentives;

(E) Business friendliness: Focuses on regulatory and legal environments, permitting efficiency,



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- 1 land-use rules, and support for emerging  
2 industries;
- 3 (F) Quality of life: Measures livability, including  
4 safety, environment, health care, childcare,  
5 worker rights, inclusiveness, and reproductive  
6 freedoms;
- 7 (G) Technology and Innovation: Captures innovation  
8 capacity via patents, research funding, research  
9 and development support, and participation in the  
10 semiconductor and artificial intelligence  
11 sectors;
- 12 (H) Education: Assesses kindergarten through twelfth  
13 grade and higher education systems, funding,  
14 access, and workforce alignment through community  
15 colleges partnerships;
- 16 (I) Access to capital: Measures availability of  
17 venture capital, bank lending, state-backed  
18 financing, and foreign direct investment; and
- 19 (J) Cost of living: Evaluates affordability through  
20 housing, consumer goods, and insurance costs,



1 factoring inflation and overall living expenses;

2 and

3 (2) Ranks each state's business competitiveness in  
4 relation to each other using the categories of metrics  
5 described in paragraph (1).

6 (b) The department shall select a ranking metric that  
7 meets the definition in subsection (a); provided that if the  
8 department's selected ranking metric is discontinued, the  
9 department shall select an alternative national ranking metric  
10 that provides a comprehensive and balanced assessment of state  
11 business competitiveness.

12 **§201-B State commitment to business competitiveness**  
13 **improvement.** (a) It shall be the goal of the State to achieve  
14 a ranking among the top ten states in the nation for business  
15 competitiveness by 2045, as measured by the ranking metric.

16 (b) In addition to the goal established in subsection (a),  
17 it shall be the goal of the State to achieve the following  
18 interim rankings, as measured by the ranking metric:

- 19 (1) Forty-fifth or better by 2030;  
20 (2) Thirtieth or better by 2035; and  
21 (3) Twentieth or better by 2040.



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**§201-C Business climate improvement working group. (a)**

The department shall establish a business climate improvement working group, which shall develop targeted policies and legislative proposals to improve Hawaii's business competitiveness.

(b) The director of business, economic development, and tourism shall appoint members to the working group and shall designate a member to serve as chairperson. Working group members may include representatives from private sector organizations and any other parties having experience or expertise relevant to the improvement of the State's business competitiveness.

(c) In developing policies and proposals, the working group shall:

(1) Consult with persons from business groups, labor unions, community groups, and other government entities; and

(2) Review and analyze relevant research, including:

(A) Reports from the department;

(B) The Chamber of Commerce Hawaii's 2030 Blueprint;



(C) The office of planning and sustainable development's comprehensive economic development strategy reports for the State and each county;

(D) Studies and other publications from the university of Hawaii economic research organization; and

(E) Recommendations by the business revitalization task force established by Act 142, Session Laws of Hawaii 2024.

(d) Members of the working group shall serve without compensation, but may be reimbursed for reasonable expenses, including travel expenses, necessary for the performance of their duties.

**§201-D Annual report.** No later than twenty days prior to the convening of each regular session, the working group shall submit a report to the legislature that includes:

(1) An assessment of the State's progress in meeting the goals established by section 201-B, including the State's progress in improving the State's scores in the ranking metric; and



1           (2) Proposed policies, including any proposed legislation,  
2           to improve Hawaii's business competitiveness."

3           SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$300,000 or so much  
5 thereof as may be necessary for fiscal year 2026-2027 for  
6 independent research, staffing, travel, and other expenses for  
7 the purposes of this Act.

8           The sum appropriated shall be expended by the department of  
9 business, economic development, and tourism for the purposes of  
10 this Act.

11          SECTION 4. In codifying the new sections added by  
12 section 2 of this Act, the revisor of statutes shall substitute  
13 appropriate section numbers for the letters used in designating  
14 the new sections in this Act.

15          SECTION 5. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: Lyn DeCorte





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**Report Title:**

DBEDT; Business Competitiveness; Business Climate Improvement  
Working Group; Reports; Appropriation

**Description:**

Establishes a goal for the State to achieve a ranking among the top 10 states in the nation for business competitiveness by 2045. Establishes a ranking metric and interim goals. Requires the Department of Business, Economic Development, and Tourism to establish a working group to develop and recommend policies that improve Hawaii's business competitiveness. Requires annual reports to Legislature. Appropriates moneys.

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

