

JAN 21 2026

A BILL FOR AN ACT

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 **S201-A Ranking metric; definition; selection by**
18 **department.** (a) As used in this part, "ranking metric" means a
19 publication that:



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

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

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

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

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

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



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.

§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.



1 **S201-C Business climate improvement working group. (a)**

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

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

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

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

18 (2) Review and analyze relevant research, including:
19 (A) Reports from the department;
20 (B) The Chamber of Commerce Hawaii's 2030 Blueprint;



1 (C) The office of planning and sustainable
2 development's comprehensive economic development
3 strategy reports for the State and each county;
4 (D) Studies and other publications from the
5 university of Hawaii economic research
6 organization; and
7 (E) Recommendations by the business revitalization
8 task force established by Act 142, Session Laws
9 of Hawaii 2024.

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

14 **§201-D Annual report.** No later than twenty days prior to
15 the convening of each regular session, the working group shall
16 submit a report to the legislature that includes:

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



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.

16

INTRODUCED BY:

Lynn DeCorte



S.B. NO. 2263

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.

