

---

# 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 **§201-A Definitions.** As used in this part:

18 "Department" means the department of business, economic  
19 development, and tourism.

20 "Director" means the director of business, economic  
21 development, and tourism.



1           **§201-B Ranking metric; definition; selection by**  
2 **department.** (a) As used in this part, "ranking metric" means a  
3 publication that:

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

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

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

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



- 1 (D) Cost of doing business: Examines tax  
2 competitiveness, wages, utilities, property and  
3 insurance costs, and business incentives;
- 4 (E) Business friendliness: Focuses on regulatory and  
5 legal environments, permitting efficiency,  
6 land-use rules, and support for emerging  
7 industries;
- 8 (F) Quality of life: Measures livability, including  
9 safety, environment, health care, childcare,  
10 worker rights, inclusiveness, and reproductive  
11 freedoms;
- 12 (G) Technology and Innovation: Captures innovation  
13 capacity via patents, research funding, research  
14 and development support, and participation in the  
15 semiconductor and artificial intelligence  
16 sectors;
- 17 (H) Education: Assesses kindergarten through twelfth  
18 grade and higher education systems, funding,  
19 access, and workforce alignment through community  
20 colleges partnerships;



1 (I) Access to capital: Measures availability of  
2 venture capital, bank lending, state-backed  
3 financing, and foreign direct investment; and

4 (J) Cost of living: Evaluates affordability through  
5 housing, consumer goods, and insurance costs,  
6 factoring in inflation and overall living  
7 expenses; and

8 (2) Ranks each state's business competitiveness in  
9 relation to each other using the categories of metrics  
10 described in paragraph (1).

11 (b) The department shall select a ranking metric that  
12 meets the definition in subsection (a) to carry out the purposes  
13 of this part; provided that if the department's selected ranking  
14 metric is discontinued, the department shall select an  
15 alternative national ranking metric that provides a  
16 comprehensive and balanced assessment of state business  
17 competitiveness.

18 **§201-C State commitment to business competitiveness**  
19 **improvement.** (a) It shall be the goal of the State to achieve  
20 a ranking among the top ten states in the nation for business



1 competitiveness by 2045, as measured by the ranking metric  
2 selected by the department pursuant to section 201-B.

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

- 6 (1) Forty-fifth or better by 2030;
- 7 (2) Thirtieth or better by 2035; and
- 8 (3) Twentieth or better by 2040.

9 **§201-D Business climate improvement working group.** (a)  
10 The department shall establish a business climate improvement  
11 working group, which shall develop targeted policies and  
12 legislative proposals to improve the State's business  
13 competitiveness.

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

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



- 1 (1) Consult with persons from business groups, labor  
2 unions, community groups, and other government  
3 entities; and
- 4 (2) Review and analyze relevant research, including:
- 5 (A) Reports from the department;
- 6 (B) The Chamber of Commerce Hawaii's 2030 Blueprint  
7 for Hawaii;
- 8 (C) The office of planning and sustainable  
9 development's comprehensive economic development  
10 strategy reports for the State and each county;
- 11 (D) Studies and other publications from the  
12 university of Hawaii economic research  
13 organization; and
- 14 (E) Recommendations by the business revitalization  
15 task force established pursuant to Act 142,  
16 Session Laws of Hawaii 2024.
- 17 (d) Members of the working group shall serve without  
18 compensation, but may be reimbursed for reasonable expenses,  
19 including travel expenses, necessary for the performance of  
20 their duties.



1           **§201-E Annual report.** No later than twenty days prior to  
2 the convening of each regular session, the working group shall  
3 submit a report to the legislature that includes:

4           (1) An assessment of the State's progress in meeting the  
5 goals established under section 201-C, including the  
6 State's progress in improving the State's scores in  
7 the ranking metric; and

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

10           SECTION 3. There is appropriated out of the general  
11 revenues of the State of Hawaii the sum of \$                    or so  
12 much thereof as may be necessary for fiscal year 2026-2027 for  
13 independent research, staffing, travel, and other expenses for  
14 the purposes of this Act.

15           The sum appropriated shall be expended by the department of  
16 business, economic development, and tourism for the purposes of  
17 this Act.

18           SECTION 4. In codifying the new sections added by  
19 section 2 of this Act, the revisor of statutes shall substitute  
20 appropriate section numbers for the letters used in designating  
21 the new sections in this Act.



**1** SECTION 5. This Act shall take effect on July 1, 2050.



S.B. NO. 2263  
S.D. 1

**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. Defines and requires the Department of Business, Economic Development, and Tourism to select a "ranking metric" and establishes interim goals. Requires DBEDT to establish a working group to develop and recommend policies that improve Hawaii's business competitiveness. Requires annual reports to Legislature. Appropriates funds. Effective 7/1/2050. (SD1)

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

