
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.



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)

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