



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKA'I

**BUSINESS DEVELOPMENT AND SUPPORT DIVISION**

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

**DENNIS T. LING**  
ADMINISTRATOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawai'i 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawai'i 96804  
Web site: [dbedt.Hawaii.gov](http://dbedt.Hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**DENNIS T. LING**  
Administrator

Business Development and Support Division  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON  
FINANCE**

Monday, March 2, 2026  
2:00 PM  
State Capitol, Conference Room 308

In consideration of  
**HB2583, HD1**  
**RELATING TO ECONOMIC DEVELOPMENT.**

Chair Todd, Vice Chair Takenouchi and members of the Committee. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on **HB2583, HD1** which would appropriate funds and establish the Hawai'i Micro-Lending Credit Enhancement Program within DBEDT. This measure provides loan loss reserves or other credit enhancement that absorbs first losses on qualified micro-loans made by participating lenders to Hawai'i small businesses. It also allows borrower fees and state matching contributions to capitalize lender-held loan loss reserve accounts.

BDSD agrees that access to financing is vital for Hawaii's small businesses and essential to the growth and diversification of the state's economy – particularly for entrepreneurs who may not qualify for convention lending.

BDSD notes that an existing program within the Department advances a similar policy objective. Pursuant to Chapter 210D, Hawaii Revised Statutes (HRS), the Community-Based Economic Development (CBED) Program is established to foster

community-based enterprises, increase access to capital and support economic diversification, self-reliance and employment opportunities. CBED advances this goal through its loan program by addressing the gap in conventional lending by providing financial assistance to qualified businesses that are unable to obtain financing through traditional means. CBED loans, ranging from \$25,000 to \$125,000, are made to qualified Hawaii entrepreneurs focused on expanding their agricultural, manufacturing and wholesale businesses. A key eligibility requirement for loan recipients is that the borrowers must demonstrate that they were unable to obtain a loan from a financial institution. By serving these borrowers, CBED increases access to capital, strengthening the overall financing ecosystem for small businesses across the state. As of the end of 2025, the CBED loan program portfolio totaled \$1.54M loans across 18 local businesses, with no history of defaults.

As this committee considers this measure, BDS D notes that coordinating the Micro-Lending Credit Enhancement Program initiative with CBED and expanding Chapter 210D, HRS to incorporate the actions of this program would be helpful in ensuring efficiency and alignment with existing state financing tools and small business support objectives.

An initial investment of \$300,000 would represent a prudent pilot-investment.

Thank you for the opportunity to testify.

**Testimony to the House Committee on Finance  
Representative Chris Todd, Chair  
Representative Jenna Takenouchi, Vice Chair**

**Monday, March 2, 2026, at 2:00PM  
Conference Room 308 & Videoconference**

**RE: HB2583 HD1 Relating to Economic Development**

Aloha e Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 2583 House Draft 1 (HB2583 HD1), which establishes the Hawaii Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development & Tourism.

HB2583 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Small Business. This bill takes a sensible approach to increasing access to capital by establishing credit enhancement mechanisms such as loan loss reserves that allow local lenders to take on less risk when extending micro-loans to small businesses. By sharing risk with the lenders, the state increases capital lending activity within the state without providing any direct lending subsidies to banks. With small business struggling to access lending locally, they are compelled to access capital from bank outside of the state that are willing to take that risk. The impact being that when revenue is generated by a small business that receives out of state money, that repayment value leaves Hawaii's economy. Where it cannot generate returns for local banks and be used to support local lending. Further, if our small companies seek capital outside of the state, there introduces risk that non-local banks purchase a controlling stake in our local businesses. This leaves decision making for key stakeholders in the state's economy in the hands of financial institutions that do not retain the same community interest as our local banks.

At best, failing to provide better access to capital for our local businesses means allowing loan repayments to leave the state. At worst, it means offering controlling stake to lenders who are not rooted within this community. Furthermore, these small companies might do not find a bank willing to lend the capital they need. In which case these businesses risk closure. For these reasons, the Chamber believes that derisking local investment for local banks is a sensible investment that mitigates capital leaving the state and stimulates growth and development for our local businesses.

We respectfully ask to pass House Bill 2583 House Draft 1. Thank you for the opportunity to testify.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
MONDAY, MARCH 2, 2026 AT 2:00 P.M.**

To The Honorable Representative Chris Todd, Chair  
The Honorable Representative Jenna Takenouchi, Vice Chair  
Members of the Committee on Finance

### **SUPPORT HB2583 HD1 RELATING TO ECONOMIC DEVELOPMENT**

Economic growth and diversification are among the top priorities of the Maui Chamber of Commerce and we support HB2583 is of significant interest because it proposes targeted measures to expand access to microlending for small businesses, which are essential drivers of job creation, innovation, and local resilience.

The establishment of the Hawai'i Micro-Lending Credit Enhancement Program and its accompanying special fund aligns with our mission to foster a robust, diversified economy. By providing state-backed loan loss reserves and credit enhancements, the bill directly addresses a key barrier faced by small businesses, which is limited access to affordable credit due to perceived lending risks. This approach leverages public resources to encourage private lending, amplifying the impact of state funds and supporting entrepreneurship across a range of industries, including those critical to economic diversification such as technology, creative sectors, and value-added manufacturing.

We also appreciate that the bill allows for both borrower fees and state matching contributions to capitalize loan loss reserve accounts. This structure promotes shared responsibility and sustainability, ensuring that the program can adapt to varying economic conditions without placing undue burden on any single stakeholder. To maximize the program's positive impact, we encourage thoughtful implementation that prioritizes outreach to underserved communities and industries with high potential for growth and diversification. We also recommend ongoing stakeholder engagement to identify and address operational challenges as the program is rolled out. We believe these steps will help ensure that the program fulfills its promise of strengthening Hawai'i's small business ecosystem and supporting long-term economic resilience.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail [info@hfbf.org](mailto:info@hfbf.org); [www.hfbf.org](http://www.hfbf.org)

March 2, 2026

HEARING BEFORE THE  
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HB 2583, HD1**  
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 308 & Videoconference  
2:00 PM

Aloha Chair Todd, Vice-Chair Takenouchi, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawai'i Farm Bureau supports HB 2583, HD1**, which establishes the Hawai'i Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development, and Tourism.

Access to affordable, right-sized capital remains one of the most significant barriers facing small farms and agricultural value-added businesses across our state. Many agricultural operations, particularly beginning farmers, diversified farms, sole proprietors, and neighbor island producers, do not require large commercial loans, but instead need smaller-dollar financing for equipment, irrigation systems, cold storage, fencing, working capital, and other operational improvements.

Unfortunately, smaller microloans are often more difficult to secure due to underwriting risk and limited local lending capacity. A state-supported loan-loss reserve or credit enhancement mechanism can responsibly share risk with lenders and encourage increased participation in smaller-dollar lending without imposing mandates or replacing private capital.

HB 2583, HD1 offers a market-based, voluntary approach that strengthens Hawai'i's local lending ecosystem while leveraging private investment. By improving access to microloans, this measure can help support farm viability, encourage new agricultural enterprises, and strengthen rural economic development statewide.

Improved access to capital is essential to growing local food production and supporting small businesses that form the backbone of Hawai'i's agricultural economy.

Thank you for the opportunity to provide testimony.



TESTIMONY OF DAVE ERDMAN  
INTERIM PRESIDENT & CEO  
RETAIL MERCHANTS OF HAWAII

**IN SUPPORT OF HB 2583 HD1 – RELATING TO ECONOMIC DEVELOPMENT**

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Dave Erdman, and I am the Interim President and CEO of Retail Merchants of Hawai'i (RMH), a statewide nonprofit trade association representing retailers, shopping centers, and allied businesses across Hawai'i.

**Retail Merchants of Hawai'i supports HB 2583 HD1**, which establishes the Hawai'i Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development and Tourism.

Access to appropriately sized financing remains a challenge for many locally owned retailers and small businesses. Many small businesses do not require large commercial loans but instead depend on smaller amounts of capital for inventory purchases, equipment upgrades, leasehold improvements, and working capital. These types of smaller loans can be difficult to obtain even for otherwise viable businesses, particularly in Hawai'i's high-cost operating environment where many businesses operate on thin margins.

HB 2583 HD1 creates a practical framework to encourage more local lending by sharing risk through loan loss reserves and other credit enhancement tools. This approach can help expand lending opportunities while maintaining prudent underwriting standards and voluntary participation by lenders.

Improving access to micro-lending can help support business startups, neighborhood retailers, and small employers across the state, including on neighbor islands where financing options may be more limited. Expanding local lending capacity also helps keep financial activity circulating within Hawai'i's economy.

This measure aligns with the small business and economic development priorities identified in the Chamber of Commerce Hawai'i 2030 Blueprint, which emphasizes the importance of improving access to capital for local entrepreneurs and small businesses.

**For these reasons, Retail Merchants of Hawai'i supports HB 2583 HD1.** Thank you for the opportunity to testify



**Testimony to the House Committee on Finance  
Representative Chris Todd, Chair  
Representative Jenna Takenouchi, Vice Chair**

**Monday, March 2, 2026, at 2:00 PM  
Conference Room 308 & Videoconference**

**RE: HB2583 HD1 Relating to Economic Development**

Aloha e Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Monty Pereira, General Manager and Head of Sales and Marketing at Watanabe Floral. I am writing in **SUPPORT of House Bill 2583 House Draft 1 (HB2583 HD1)**, which establishes the Hawaii Micro-Lending Credit Enhancement Program within DBEDT to expand local micro-lending capacity through state-supported loan loss reserves or other credit enhancement mechanisms that absorb first losses on qualified micro-loans made by participating lenders to small businesses.

Access to capital has been identified as the most significant barrier to small business formation and entrepreneurship in Hawaii, as highlighted in UHERO's "*Investigating & Tackling Barriers for Small Business*" report. Limited access to affordable, right-sized capital constrains entrepreneurship, slows expansion, and weakens local reinvestment. When entrepreneurs rely on high-cost financing or out-of-state lenders, capital leaves our communities, reducing long-term economic resilience.

The 2030 Blueprint for Hawaii offers a clear solution. Under its Small Business policy pillar, the Blueprint prioritizes strengthening access to capital, supporting entrepreneurship, and building a more resilient, locally rooted business ecosystem. HB2583 HD1 directly advances this solution by expanding responsible micro-lending capacity while maintaining prudent underwriting standards.

Hawaii has the Capital for Business Expansion and Development (CBED) program in place through DBEDT, which provides loans of \$25,000 to \$125,000 to qualified entrepreneurs in agricultural, manufacturing, and wholesale sectors. HB2583 HD1 complements this framework by establishing a broader credit enhancement structure that enables lenders to extend smaller micro-loans across additional small business sectors. Administered through DBEDT, the program would further strengthen the State's coordinated approach to expanding access to capital and supporting entrepreneurship.

Modeled on successful initiatives in California, Colorado, and Florida, similar credit enhancement programs have supported hundreds of millions of dollars in small business lending and thousands of jobs. Borrower fees and state matching contributions would capitalize lender-held loan loss reserves, creating a first-loss structure that leverages private capital while limiting state exposure. HB2583 HD1 represents a targeted, market-based step toward strengthening local financing, supporting business formation and job creation, and advancing the diversification goals outlined in the 2030 Blueprint.

For these reasons, I respectfully ask to **PASS House Bill 2583 House Draft 1**. Thank you for the opportunity to testify.



# Hawai'i Island Chamber of Commerce

1321 Kino'ole Street - Hilo, Hawai'i 96720

Phone (808) 935-7178 - Fax (808) 961-4435 - Email [exec@hicc.biz](mailto:exec@hicc.biz) - [www.hicc.biz](http://www.hicc.biz)

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2025-2026

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Testimony to the House Committee on Finance  
Representative Chris Todd, Chair  
Representative Jenna Takenouchi, Vice Chair

Monday, March 2, 2026 at 2:00 PM

## **RE: HB2583 HD1 Relating to Economic Development - SUPPORT**

Aloha e Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Hawai'i Island Chamber of Commerce, representing more than 350 businesses and individual members primarily on the east side of Hawai'i Island, **supports HB2583 HD1**, which establishes the Hawaii Micro-Lending Credit Enhancement Program within DBEDT to expand local micro-lending capacity through state-supported loan loss reserves or other credit enhancement mechanisms that absorb first losses on qualified micro-loans made by participating lenders to small businesses.

Access to capital has been identified as the most significant barrier to small business formation and entrepreneurship in Hawaii, as highlighted in UHERO's "*Investigating & Tackling Barriers for Small Business*" report. Limited access to affordable, right-sized capital constrains entrepreneurship, slows expansion, and weakens local reinvestment. When entrepreneurs rely on high-cost financing or out-of-state lenders, capital leaves our communities, reducing long-term economic resilience.

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Modeled on successful initiatives in California, Colorado, and Florida, similar credit enhancement programs have supported hundreds of millions of dollars in small business lending and thousands of jobs. Borrower fees and state matching contributions would capitalize lender-held loan loss reserves, creating a first-loss structure that leverages private capital while limiting state exposure. HB2583 HD1 represents a targeted, market-based step toward strengthening local financing, supporting business formation and job creation, and advancing the diversification goals outlined in the 2030 Blueprint.

For these reasons, I respectfully ask to **PASS House Bill 2583 House Draft 1**. Thank you for the opportunity to testify.

Respectfully submitted,

Carla Kuo  
Executive Officer  
Hawai'i Island Chamber of Commerce

**HB-2583-HD-1**

Submitted on: 3/1/2026 11:39:57 AM

Testimony for FIN on 3/2/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Karey Kapoi	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

My name is Karey Kapoi, and I serve as Chairperson of the Small Business Policy Committee under the 2030 Blueprint for Hawai‘i with the Chamber of Commerce Hawai‘i. I am writing in strong **support** of HB2583 HD1, which establishes the Hawai‘i Micro-Lending Credit Enhancement Program within DBEDT to expand access to micro-loans for small businesses through credit enhancement tools such as loan loss reserves.

Access to right-sized capital remains one of the most consistent barriers for Hawai‘i’s small businesses especially on the neighbor islands and for locally-owned firms that need working capital for equipment, inventory, leasehold improvements, or operating costs. HB2583 directly advances the Blueprint’s small business priorities by helping entrepreneurs start, stabilize, and grow.

HB2583 HD1 is also fiscally responsible. A credit enhancement model can unlock private lending while maintaining appropriate safeguards, allowing limited public dollars to drive broader impact. We also appreciate the structure in HD1, including the special fund and reporting, to support transparency and performance measurement.

For these reasons, I respectfully ask the Committee to pass HB2583 HD1.

Mahalo for the opportunity to testify.

With Aloha,

Karey Kapoi

**HB-2583-HD-1**

Submitted on: 2/28/2026 9:06:36 PM

Testimony for FIN on 3/2/2026 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

This bill would help local small businesses. Mahalo!