



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

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

BUSINESS DEVELOPMENT AND SUPPORT DIVISION

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Statement of
DENNIS T. LING
Administrator

Business Development and Support Division
Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEE ON
WAYS AND MEANS
AND
SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION**

Tuesday, April 7, 2026
10:30 AM
State Capitol, Conference Room 211

In consideration of
HB2583, HD1, SD1
RELATING TO ECONOMIC DEVELOPMENT.

Chairs Dela Cruz and Keohokalole, Vice Chairs Moriwaki and Fukunaga, and members of the Committees. The Business Development and Support Division (BDSD) of the Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on **HB2583, HD1, SD1** 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 Hawai'i'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.

BDSB 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, BDSB 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 Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair**

**Testimony to the Senate Committee on Commerce and Consumer Protection
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair**

**Tuesday, April 7, 2026, at 10:30AM
Conference Room 211 & Videoconference**

RE: HB2583 HD1 SD1 Relating to Economic Development

Aloha e Chair Dela Cruz, Vice Chair Moriwaki, Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committees:

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 Senate Draft 1 (HB2583 HD1 SD1), which establishes the Hawaii Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development & Tourism.

HB2583 HD1 SD1 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 Senate 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.



TESTIMONY OF DAVE ERDMAN
INTERIM PRESIDENT & CEO
RETAIL MERCHANTS OF HAWAI'I

**IN SUPPORT OF HB 2583, HD1, SD1 – RELATING TO ECONOMIC DEVELOPMENT
(MICRO-LENDING)**

Aloha Chair Dela Cruz, Vice Chair Moriwaki, Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committees:

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, restaurants operating in retail environments, and allied businesses across Hawai'i. **RMH supports HB 2583, HD1, SD1.**

This measure establishes the Hawai'i Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development and Tourism to expand access to micro-loans for Hawai'i small businesses through loan loss reserves and other credit enhancement tools. The program is designed to share risk with participating lenders, encouraging more local lending activity while maintaining prudent underwriting and voluntary participation.

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

By supporting lender-held loan loss reserve accounts and allowing borrower fees and state matching contributions to capitalize those reserves, this measure creates a practical framework to expand micro-lending capacity while leveraging private sector participation. This approach can help support startups, neighborhood retailers, and small employers across the state, including on neighbor islands where financing options may be more limited.

RMH also appreciates that the committee report highlights the importance of strengthening local lending capacity and keeping financial activity circulating within Hawai'i's economy. Expanding access to micro-capital can help small businesses grow responsibly, stabilize operations, and invest in their workforce and communities.

This measure aligns with broader economic development priorities focused on strengthening small businesses, supporting entrepreneurship, and improving access to capital statewide.

For these reasons, **Retail Merchants of Hawai'i supports HB 2583, HD1, SD1.**

Thank you for the opportunity to testify.



Hawai'i Island Chamber of Commerce

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Testimony to the Senate Committee on Ways and Means

Senator Donovan M. Dela Cruz, Chair

Senator Sharon Y. Moriwaki, Vice Chair

Testimony to the Senate Committee on Commerce and Consumer Protection

Senator Jarrett Keohokalole, Chair

Senator Carol Fukunaga, Vice Chair

Tuesday, April 7, 2026 at 10:30 AM

RE: HB 2583 HD1 SD1 Relating to Economic Development - SUPPORT

Aloha e Chairs Dela Cruz and Keohokalole, Vice Chairs Moriwaki and Fukunaga, and Members of the Committees,

On behalf of the Hawai'i Island Chamber of Commerce, representing more than 350 businesses and individual members primarily on the east side of Hawai'i Island, we respectfully submit testimony in strong support of HB2583 HD1 SD1, Relating to Economic Development.

Access to capital remains one of the most persistent challenges facing small businesses across Hawai'i, particularly on neighbor islands where financing options can be more limited. HB2583 HD1 SD1 addresses this by establishing the Hawai'i Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development, and Tourism.

By providing state-funded loan loss reserves or other credit enhancements that absorb first losses on qualified micro-loans, this measure reduces risk for participating lenders and encourages them to expand lending to small businesses that may not otherwise qualify for traditional financing. This type of targeted support is especially important for startups, locally owned businesses, and entrepreneurs working to scale their operations.

Strengthening local lending capacity is critical to building a more resilient and self-sustaining economy. When financial resources are deployed through local lenders and reinvested into local businesses, the economic benefits circulate within our communities—supporting job creation, workforce stability, and long-term economic growth. Expanding access to micro-capital allows small businesses to grow responsibly, stabilize operations during periods of uncertainty, and invest in their employees and services.

At a time when many small businesses continue to navigate rising costs and economic uncertainty, this measure provides a practical tool to expand opportunity and strengthen Hawai'i's economic foundation from the ground up.

For these reasons, the Hawai'i Island Chamber of Commerce respectfully urges your support for HB2583 HD1 SD1. Mahalo for the opportunity to testify.

Sincerely,

Carla Kuo
Executive Officer
Hawai'i Island Chamber of Commerce



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April 7, 2026

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TESTIMONY ON HB 2583, HD1, SD1
RELATING TO ECONOMIC DEVELOPMENT

Conference Room 211 & Videoconference
10:30 AM

Aloha Chairs Dela Cruz and Keohokalole, Vice-Chairs Moriwaki and Fukunaga, and Members of the Committees:

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 SD1, 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, SD1 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.



DATE: April 6, 2026

TO: Senator Donovan Dela Cruz
Chair, Committee on Ways & Means

Senator Jarrett Keohokalole
Chair, Committee on Commerce & Consumer Protection

FROM: Mihoko Ito / Tiffany Yajima

RE: **HB2583 HD1 SD1 – Relating to Economic Development**
Hearing Date: Tuesday, April 7, 2026 at 10:30 a.m.
Conference Room: 211

Dear Chair Dela Cruz, Chair Keohokalole, and Members of the Joint Committees:

On behalf of Hawaii Bankers Association, thank you for the opportunity to submit **comments** on HB2583 HD1 SD1, which establishes the Hawai'i Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development, and Tourism to expand micro-lending capacity by providing state funded loan loss reserves or other credit enhancement that absorbs first losses on qualified micro-loans made by participating lenders to Hawai'i small businesses. The bill also allows borrower fees and state matching contributions to capitalize lender-held loan loss reserve accounts and establishes the Hawai'i Micro-Lending Credit Enhancement Special Fund.

From the banking industry's perspective, improving access to small-dollar capital for emerging and underserved businesses is an important goal, and we appreciate the Legislature's efforts to expand financing tools available to local entrepreneurs. Many early-stage and very small businesses in Hawaii struggle to access traditional financing because loan sizes are small relative to underwriting costs, and borrowers may lack sufficient credit history or collateral. Credit enhancement programs that provide loan loss reserves or other first-loss protection can help address this challenge by allowing lenders to responsibly extend micro-loans that might otherwise fall outside conventional credit parameters.

While we support the objective of expanding access to micro-capital, we would also encourage the Committee consider coordinating this new program with the State's existing micro-lending initiatives, including the Community-Based Economic Development Program (CBED). This program already supports community-based micro-enterprise lending, and aligning HB2583 HD1 SD1 with those efforts could help avoid duplication while maximizing the use of state resources.

Thank you for the opportunity to submit this testimony.



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MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE SENATE COMMITTEE ON WAYS & MEANS AND
COMMITTEE ON COMMERCE & CONSUMER PROTECTION
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
TUESDAY, APRIL 7, 2026 AT 10:30 A.M.**

To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the Committee on Ways & Means

To The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Carol Fukunaga, Vice Chair
Members of the Committee on Commerce & Consumer Protection

SUPPORT HB2583 HD1 SD1 RELATING TO ECONOMIC DEVELOPMENT

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

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 implementation that prioritizes outreach to underserved communities and industries with high potential for growth and diversification. We also recommend ongoing stakeholder engagement, including businesses and chambers of commerce statewide to identify and address operational challenges as the program is rolled out.

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.

HB-2583-SD-1

Submitted on: 4/5/2026 7:39:01 PM

Testimony for WAM on 4/7/2026 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT!!! MAHALO!