



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

KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'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

**HOUSE COMMITTEE ON
ECONOMIC DEVELOPMENT & TECHNOLOGY**

Friday, February 13, 2026
8:30 AM
State Capitol, Conference Room 423

In consideration of
HB2583
RELATING TO ECONOMIC DEVELOPMENT

Chair Ilagan, Vice Chair Hussey and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) offers the following comments on **HB2583** 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.

DBEDT 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.

DBEDT 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, DBEDT 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.



Hawai'i Island Chamber of Commerce

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Testimony to the House Committee on Economic Development & Technology
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair

Friday, February 13, 2026 at 8:30 AM

RE: HB2583 Relating to Economic Development - SUPPORT

Aloha e Chair Ilagan, Vice Chair Hussey, 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**, which establishes the Hawaii Micro-Lending Credit Enhancement Program within DBEDT to expand access to micro-loans for small businesses through loan loss reserves and other credit enhancement tools.

HB2583 aligns with the 2030 Blueprint for Hawaii's Small Business policy pillar by strengthening access to capital for entrepreneurs. In Hawai'i's high-cost, geographically isolated economy, particularly on Hawai'i Island, where businesses operate across vast distances and smaller, rural markets - start-ups and small employers often face significant barriers to affordable financing. Smaller-dollar loans are essential for sole proprietors and early-stage businesses seeking working capital, equipment, inventory, and operational stability, yet limited local lending capacity and heightened risk considerations can restrict access.

By sharing risk through loan loss reserves, HB2583 responsibly leverages public-private partnerships to expand lending without displacing private capital. Similar programs in states such as California and Michigan have successfully increased financing access for underserved entrepreneurs while supporting job creation and maintaining fiscal safeguards. Strengthening Hawai'i's micro-lending ecosystem—especially on neighbor islands like Hawai'i Island—will promote entrepreneurship, economic diversification, and locally rooted job growth.

For these reasons, we **respectfully urge passage of HB2583**. Thank you for the opportunity to testify.

Respectfully submitted,

Carla Kuo
Executive Officer
Hawai'i Island Chamber of Commerce



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 423
FRIDAY, FEBRUARY 13, 2026 AT 8:30 A.M.**

To The Honorable Representative Greggor Ilagan, Chair
The Honorable Representative Ikaika Hussey, Vice Chair
Members of the Committee on Economic Development & Technology

SUPPORT HB2583 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 micro-lending 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.



**Testimony to the House Committee on Economic Development & Technology (ECD)
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair**

**Friday, February 13, 2026, at 8:30AM
Conference Room 423 & Videoconference**

RE: HB2583 Relating to Economic Development

Aloha e Chair Ilagan, Vice Chair Hussey, 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 (HB2583), which establishes the Hawaii Micro-Lending Credit Enhancement Program within the Department of Business, Economic Development & Tourism.

HB2583 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 receiving outside money, that repayment value leaves Hawaii's economy. Where it cannot be used by local banks to provide further 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 is 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 repayment value to leave the state. At worst, it means offering controlling stake to lenders who are not rooted within this community. And it might even mean that these small companies 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. 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



Chamber *of* Commerce HAWAII



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 to the Committee on Economic Development & Technology
Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair**

**Friday, February 13, 2026, 8:30 a.m.
Conference Room 423 & Videoconference**

RE: HB2583 – Relating to Economic Development

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the Committee:

My name is Karey Kapoi, Chair of the Small Business Policy Committee for the Chamber of Commerce Hawai'i's 2030 Blueprint, and a local small-business owner. I write in strong SUPPORT of House Bill 2583.

Access to capital remains one of the greatest barriers facing small businesses in Hawai'i, particularly sole proprietors, start-ups, and early-stage entrepreneurs. In our high-cost and geographically isolated economy, even small financing gaps can determine whether a business survives, grows, or never gets off the ground.

HB2583 takes a smart, partnership-based approach by establishing a Micro-Lending Credit Enhancement Program within DBEDT. By creating a loan loss reserve and sharing risk, the State can responsibly unlock private lending capacity without displacing private capital.

Smaller-dollar loans are often the most difficult to secure, yet they are critical for working capital, equipment, inventory, and stability. A structured credit enhancement framework helps financial institutions serve more entrepreneurs while maintaining fiscal safeguards.

This measure aligns directly with the Small Business policy pillar of the 2030 Blueprint by expanding access to capital, encouraging entrepreneurship, and supporting local job growth.

For these reasons, I respectfully urge you to PASS HB2583. Mahalo for the opportunity to testify.

Thank you,



Karey Kapoi
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