
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that while new business
2 formations have grown by thirty-seven per cent in Hawaii since
3 the beginning of 2020, this rate is well below the national
4 average and among the bottom ten nationally. In the latest
5 comprehensive entrepreneurial study from the Kauffman
6 Foundation, the early survival rate for startups in Hawaii is
7 the lowest in the country. Self-employment in Hawaii has
8 consistently been lower than in the United States as a whole,
9 and in 2020, Hawaii ranked fortieth for the percentage of
10 self-employed individuals.

11 The legislature further finds that tax rates are a factor
12 in business investment decisions and often affect the movement
13 of individuals. Recent reports show both companies and
14 individuals are more likely to move to a location with lower
15 taxes. Hawaii currently ranks the sixth highest for state and
16 local taxes per capita and was ranked forty-second for business
17 climate by the Tax Foundation.



1 The purpose of this Act is to establish a task force to
2 identify methods to improve Hawaii's general economic
3 competitiveness and business climate, including the mitigation
4 of regulatory and tax burdens.

5 SECTION 2. (a) There is established a business
6 revitalization task force within the department of business,
7 economic development, and tourism for administrative purposes.

8 (b) The task force shall consist of the following members:

- 9 (1) The director of business, economic development, and
10 tourism or the director's designee;
- 11 (2) The director of commerce and consumer affairs or the
12 director's designee;
- 13 (3) The director of taxation or the director's designee;
- 14 (4) The director of labor and industrial relations or the
15 director's designee;
- 16 (5) A member of the small business regulatory review
17 board, to be appointed by the chair of the board;
- 18 (6) The dean of the university of Hawaii at Manoa Shidler
19 college of business or the dean's designee; and



1 (7) The director of each county agency with jurisdiction
2 over economic development or each respective
3 director's designee.

4 (c) The chair of the house of representatives standing
5 committee with primary jurisdiction over economic development
6 and the chair of the senate standing committee with primary
7 jurisdiction over economic development may invite one person
8 from each of the following entities to join the task force:

- 9 (1) One representative of the construction industry;
- 10 (2) One representative of the agriculture industry;
- 11 (3) One representative of the visitor industry;
- 12 (4) One representative of the food industry;
- 13 (5) One representative of the retail industry;
- 14 (6) One representative of the high technology industry;
- 15 (7) One representative of the regional and ethnic chambers
16 of commerce; and
- 17 (8) One representative from the Chamber of Commerce
18 Hawaii.

19 (d) The task force shall select a chairperson from among
20 the members listed in subsection (b) and a vice chairperson from
21 among any of its members.



1 (e) Local business community members of the task force
2 shall serve without compensation.

3 (f) The task force shall meet as necessary but not less
4 than quarterly. The task force may conduct its meetings by
5 teleconference or other similar means.

6 (g) The task force shall:

7 (1) Identify methods to improve Hawaii's general economic
8 competitiveness and business climate, including the
9 mitigation of regulatory and tax burdens;

10 (2) Develop and recommend legislation to increase Hawaii's
11 general economic competitiveness; and

12 (3) Develop recommendations for improving governmental
13 operations and reducing costs.

14 (h) Staff to assist the task force in performing its
15 duties shall be assigned by the department of business, economic
16 development, and tourism or the president of the senate, speaker
17 of the house of representatives, and governor.

18 (i) In performing its duties as required by subsection
19 (g), the task force shall consider reports issued by the
20 auditor; state ethics commission; department of business,



1 economic development, and tourism; and university of Hawaii
2 economic research organization and any other relevant reports.

3 (j) The task force shall submit a report of its findings
4 and recommendations, including any proposed legislation, to the
5 legislature no later than twenty days prior to the convening of
6 the regular session of 2026; provided that the task force may
7 submit all or parts of its recommendations to the legislature
8 prior to the submission of its report.

9 (k) The task force shall be dissolved on June 30, 2026.

10 SECTION 3. This Act shall take effect on July 1, 2024.



Report Title:

DBEDT; Task Force; Business Revitalization; Report

Description:

Establishes a Business Revitalization Task Force within the Department of Business, Economic Development, and Tourism to identify methods to improve Hawaii's general economic competitiveness and business climate, including the mitigation of regulatory and tax burdens. Requires a report to the Legislature. (CD1)

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



Honolulu, Hawaii

APR 26 2024

RE: S.B. No. 2974
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sirs:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2974, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Establish a Business Revitalization Task Force within the Department of Business, Economic Development, and Tourism to identify methods to improve Hawaii's general economic competitiveness and business climate, including the mitigation of regulatory and tax burdens; and
- (2) Require the Business Revitalization Task Force to submit a report to the Legislature.



Your Committee on Conference finds that the State ranks below other states in new business formations, early survival rates for startups, self-employment, and business climate. This measure establishes a task force to collaboratively and comprehensively collect ideas from stakeholders to promote economic growth in the State and propose solutions to improve the State's business economy.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Chair of the House of Representatives Standing Committee with primary jurisdiction over economic development and the Chair of the Senate Standing Committee with primary jurisdiction over economic development may invite one representative from certain industries to serve as members of the task force, including one representative from the Chamber of Commerce Hawaii;
- (2) Deleting language that would have allowed certain task force members to be reimbursed for expenses, including travel expenses;
- (3) Inserting an effective date of July 1, 2024; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2974, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2974, S.D. 2, H.D. 1, C.D. 1.



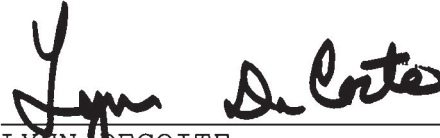
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE



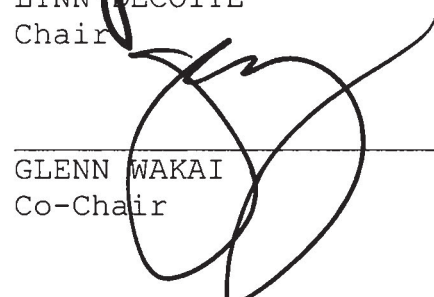
DANIEL HOLT
Co-Chair



LYNN DECOITE
Chair



RACHELE LAMCAO
Co-Chair



GLENN WAKAI
Co-Chair



