

Business Revitalization Task Force

Third Meeting Minutes (Draft)

The Meeting was held virtually via Zoom and at 250 South Hotel Street, Room 436, Honolulu,
Hawai‘i 96813
April 10, 2025
10:00 a.m. – 11:30 a.m.

PRESENT:

State Government:

Director James Kunane Tokioka, Dean Hazama Representative (Kayla Setzler),
Seth Colby, Sandra Fujiyama, David Rodriguez

Small Business Regulatory Review Board:

Garth Yamanaka

County Government:

Amy Asselbaye, Nalani Brun

Visitor Industry:

Sue Kanoho

Food Industry:

Lauren Zirbel, Jimmy Chen

Retail Industry:

Tina Yamaki, Monty Pereira

High Technology Industry:

Dr. Patrick Sullivan

Regional and Ethnic Chambers of Commerce:

Constancio Paranal, Wendy Laros

Chamber of Commerce Hawai‘i:

Sherry Menor-McNamara

Staff Members:

Department of Business, Economic Development and Tourism (DBEDT): Dennis Ling, Deputy Director Dane Wicker, Eugene Tian, Joseph Roos, Mustafa Shirzad, Oscar Carvallo Valencia

CALL TO ORDER:

Time lapse: 10:04 a.m. – 10:08 a.m.

Chair Dennis Ling called the meeting to order. 17 members were present for quorum.

SUMMARY:

1. Agenda Item 1: Welcome Speech and Approval of the January 16, 2025 Meeting Minutes

Time lapse: 10:09 a.m. – 10:13 a.m.

Director James Kunane Tokioka welcomed task force members and expressed gratitude for the collaborative efforts and the contributions of the PIG teams. Chair Dennis Ling called for a motion to approve the January 16 meeting minutes. Seth Colby moved to approve the minutes and Tina Yamaki seconded. No objection vote was raised and the motion passed.

2. Agenda Item 2: Presentation by the Respective Permitted Interaction Groups (PIGs)

Time lapse: 10:13 a.m. – 11:23 a.m.

Chair Dennis Ling opened the floor for presentations by the Permitted Interaction Groups (PIGs) to present their findings and recommendations. He also clarified that the PIGs will be dissolved and that any further discussion among the taskforce and PIG members is not permitted. Moreover, he added that during the PIG presentations, members can only seek clarification regarding the content of the presentations, with no additional discussion allowed during this meeting. He stated the PIG presentations will occur in the following order: Group 1. Regulation, Group 2. Workforce Development, Group 3. Business Costs, Group 4. Access to Capital/Entrepreneurship/Growth Prospect, and Group 5. Innovation and Economic.

Group 1: Regulation

Kayla Setzler, on behalf of DCCA Deputy Director Dean I. Hazama, presented regulation group findings on economic revitalization efforts, and proposed solutions from various industries in Hawai'i. The Regulation PIG conducted a survey to identify major

regulatory concerns faced by businesses in Hawai‘i. The survey received 59 responses from various industries, with the highest concentration in the real estate and construction industries. The top concerns identified were taxes and financial burdens, zoning regulation, labor costs, and industry-specific issues. The survey suggested that resolving these issues would alleviate current pain points and create a more favorable environment for growth, innovation, and market stability. Proposed solutions included reducing GET, implementing a shot clock for permitting, reviewing of building codes, and reviewing and adjusting income and property taxes to address the high cost of living in Hawai‘i.

Group 2: Workforce Development

Thomas Chalk presented the findings of the workforce development group. The group initially focused on inventorying existing workforce development efforts across Hawai‘i to avoid duplication. However, they shifted to discussing systemic issues impacting workforce development, particularly housing costs and availability. They noted that without addressing housing, other workforce development initiatives may be ineffective as workers are pushed out of Hawai‘i. The group recommends using AI to analyze existing workforce development plans to identify gaps and overlaps. They also suggest holding legislative briefings on workforce development efforts across all sectors.

Group 3: Business Costs

Seth Colby presented a comprehensive overview of Hawai‘i's business environment, highlighting its challenges as the least favorable place in the country to do business. He discussed the cost of doing business in Hawai‘i including high wages with low value for workers, low labor participation rates, high mandated fringe benefits, slow and restrictive permitting processes, high taxation, and high costs for rent, shipping, and utilities. Regarding the income tax burden, he added that the 2024 Hawai‘i tax cut bill will significantly lower the income tax burden from the second highest to the 4th lowest burden in the country by 2031. Moreover, he added that these issues are largely due to policy choices and can be changed. This group suggests prioritizing improvements in business permitting speed and regulatory restrictiveness, while acknowledging the difficulty in addressing issues like housing costs and mandated benefits. Dr. Colby concluded by stating that Hawai‘i must either reform its regulatory environment or accept lackluster economic growth.

Group 4 Access to Capital/ Entrepreneurship/ Growth Prospects

Sandra Fujiyama led Group 4, which focused on access to capital, entrepreneurship, and growth prospects. The group concluded that improving the business environment is crucial, arguing that even if access to capital and entrepreneurship issues are addressed, a poor business environment will hinder growth. The group suggested various ways to

access funding, enhance financial literacy, and further invest in incubators, accelerators, and mentorship programs. They also discussed promoting R&D commercialization, leveraging the University of Hawai‘i and DBEDT/HTDC, and improving the business climate by streamlining regulations and reducing tax burdens. The group emphasized the need for a comprehensive approach to support businesses and create a more welcoming environment for entrepreneurs. Additionally, Dr. Sullivan discussed the lack of investment in Hawai‘i, attributing it to an unfavorable business ecosystem rather than a lack of capital or talent. He emphasized the need to address the root causes of this issue.

Group.5 Innovation and Economic Climate

Sherry Menor-McNamara, representing Group 5, focused on improving the business climate, adjusting regulations, and enhancing workforce competitiveness. The group decided to leverage existing programs and initiatives rather than introducing new ones. She presented four focused areas of investment for promoting innovation and economic climate. These key areas include Enterprise Zones Partnership Program, technology enablement, enhancing community outreach, and supporting business eco-system. The team also discussed the need for the introduction of new programs to help small businesses scale up.

3. Agenda Item 3: Discussion of Future Meeting Schedule

Time lapse: 11:23 a.m. – 11:27 a.m.

Chair Dennis Ling suggested the next task force meeting be in early to mid-May. He also stated that all groups’ presentations and reports will be circulated to the task force members.

NEXT STEPS:

- All task force members are to send questions or clarification requests about the PIG presentations/reports to the DBEDT supporting team which includes Dennis Ling, Eugene Tian, Mustafa Shirzad, and Joseph Roos.
- The DBEDT Director James Kunane Tokioka will share the task force's information with the Business Roundtable group to avoid duplication of efforts.
- The DBEDT support team will compile the PIG presentations and reports into one comprehensive report.
- The DBEDT supporting team will also provide taskforce members with date,time, and agenda for the May meeting via email.

ADJOURNMENT:

The meeting adjourned at 11:27 a.m.