Business Revitalization Task Force Fourth Meeting Minutes

Meeting was held virtually via Zoom and physical location at 250 South Hotel Street, Room 435, Honolulu, Hawai'i 96813

May 15, 2025

10:00 a.m. - 11:30 a.m.

PRESENT:

State Government:

Dennis Ling, Seth Colby, Sandra Fujiyama, David Rodriguez

County Government:

Amy Asselbaye

High Technology Industry:

Dr. Patrick Sullivan

Construction Industry:

Roseann Freitas,

Agriculture Industry:

Brian Miyamoto

Visitor Industry:

Sue Kanoho

Food Industry:

Lauren Zirbel

Retail Industry:

Monty Pereira

Regional and Ethnic Chambers of Commerce:

Wendy Laros, Tonga Hopoi

Staff Members:

Department of Business, Economic Development and Tourism (DBEDT): Eugene Tian, Joseph Roos, Mustafa Shirzad, Oscar Carvallo Valencia

CALL TO ORDER:

Time lapse: 10:02 a.m. – 10:05 a.m.

Chair Dennis Ling, BDSD-DBEDT administrator, called the meeting to order. 13 members were present.

SUMMARY:

1. <u>Agenda Item 1: Approval of April 10, 2025 Meeting Minutes</u> Time lapse: 10:06 a.m. – 10:10 a.m.

Due to a lack of quorums at the meeting, the motion to approve the meeting minutes was not raised.

2. Agenda Item 2: Review of legislation establishing task force

Time lapse: 10:08 a.m. – 10:10 a.m.

Dennis Ling provided an overview of the bill and outlined the anticipated schedule for the task force. He noted that the task force may need to hold three to four more meetings. The task force is set to dissolve on June 30, 2026, and all work must be completed prior to that date. If the task force concludes its work earlier—potentially in the first part of the year, there will be no need for additional meetings. Dennis also recommended establishing a schedule of quarterly meetings to help ensure timely progress toward fulfilling the task force's mandate.

3. <u>Agenda Item 3: Presentation and overview of Permitted Interaction Group (PIG) reports</u>

Time lapse: 10:10 a.m. – 10: 23 a.m.

Dr Eugene Tian (READ administrator, DBEDT) provided a high-level summary of the previous meeting's presentations from the five permitted interaction groups (PIGs). He highlighted that PIGs were formed based on Hawaii's rankings across seven metrics—business and economic climate, business costs, workforce, access to capital, cost of living, infrastructure, and technology/innovation. The rankings highlighted areas in which Hawaii consistently underperforms, prompting the creation of five PIGs to address key challenges, current practices and recommendations.

Dr Tian briefly summarized the PIGs findings as follows:

Regulation group identified permitting delays, regulations, and tax system inefficiencies, recommending reforms like a 60-day permit timeline and a shift in tax structure, though concerns were raised about revenue impacts.

The Workforce Development group highlighted labor shortages and fragmented initiatives, suggesting clearer strategies and potential incentives.

The Business Cost group addressed issues in labor cost, permitting, taxation and other cost including energy, shipping, and rent costs.

The Access to Capital and Entrepreneurship group pointed to limited capital availability, reliance on federal programs, and gaps in support for R&D and startups, recommending incentives, centralized resources, and potential special funds.

Lastly, the Technology and Innovation group lacked clear challenges or new recommendations but noted existing programs such as the Enterprise Zone with relevant bills now passed.

Dr Tian concluded by noting that many issues overlap across groups and that some recommendations may require further feasibility analysis. Members were encouraged to revisit their proposals in light of recent legislative developments and consider whether to put forward specific legislative recommendations. All detailed group findings will be incorporated into the final report for the Legislature.

4. Agenda Item 4: Reconstituting/re-establishment of PIGs to develop detailed proposals.

Time lapse: 10:23 a.m. – 11: 08 a.m.

Members discussed major challenges outlined in the PIGs reports, and how to proceed with prioritizing recommendations for the final report to the legislature.

Lauren Zirbel raised concerns about the economic benefits lost due to permitting delays and proposed quantifying potential tax revenue increases from streamlined permitting processes.

Seth Colby and Lauren Zirbel highlighted the state's high unemployment insurance (UI) tax base, highlighting that Hawaii has the second-highest UI tax nationally.

Investment climate concerns were discussed extensively. Patrick Sullivan emphasized a deeper issue: the state's inconsistent messaging about welcoming investment, stating investors perceive Hawaii as disinterested due to conflicting actions and policies.

Energy costs emerged as a major economic barrier, discussed by Lauren Zirbel and Patrick Sullivan, who advocated exploring the potential for energy projects to bring down costs and improve the business climate.

Tonga Hopoi and Wendy Laros suggested the task force should narrow its focus to specific areas for legislative and economic recommendations stressing the need for a clear prioritization strategy. Members suggested various methods for prioritization, including conducting a survey.

Dennis Ling emphasized the urgency of defining clear, implementable recommendations due to legislative timelines. He concluded the meeting by confirming the task force's

decision to conduct a survey to identify key priority areas, with results to be discussed in the next meeting, targeted for early June.

NEXT STEPS:

- 1. DBEDT to send out a Doodle poll for scheduling the next meeting in early June, preferably June 4th or 5th.
- 2. DBEDT to prepare an agenda for the next meeting that includes discussing the survey results.
- 3. DBEDT to send an email to all 26 task force members on the Monday before the next meeting to confirm attendance.
- 4. Task force members to read all reports available on the website before the next meeting.

AJOURNMENT:

The meeting adjourned at 11:09 a.m.