

Chair Williams, Ranking Member Velázquez and members of the Committee,

Good morning and aloha. Thank you for the opportunity to address you today on the devastating August 2023 Maui wildfires, in particular their deep impact on small businesses throughout Hawai'i and the need to adjust federal small business assistance programs to specific conditions.

The Maui wildfires were one of the worst natural disasters in our country's history. The fires caused 100 deaths and displaced thousands of people. They burned over 2,500 acres of land and destroyed over 2,200 structures, including homes, businesses and historic landmarks. They deeply impacted our small business owners and their employees.

Small businesses on Maui, and businesses through the Hawaiian Islands linked to Maui, have experienced a "severe economic disruption" following the fires. The State of Hawai'i revised its statewide economic growth projections for 2023 and 2024 downward, from 1.8 percent to 1.1 percent for 2023 and from 2.0 percent to 1.5 percent for 2024. However, the impacts are far worse on Maui. For example, initial unemployment claims jumped from an average of 130 cases per week before the wildfire to 865 cases in the first week after the fire to 4,449 cases in the second week after the fire. The unemployment rate on Maui eventually rose to 8.6% in September 2023.

This economic burden is hitting Hawai'i's small businesses hard. Small businesses comprise the vast majority of our workforce and are the backbone of our economy. Hawai'i is home to over 130,000 small businesses, and the average small business employs just 12 people. Hawai'i's small businesses, already burdened with existing loans including COVID-related, find themselves grappling with the aftermath of recent wildfires.

Acknowledging these challenges, as of November 20th, the Small Business Administration (SBA) had approved 1,500 disaster loans for Hawai'i totaling \$243 million. While this is commendable progress, it remains clear that more needs to be done and the existing programs are falling short.

To help small businesses in Hawai'i, I will soon introduce the HEAL Maui Act—a comprehensive legislative proposal designed to provide swift, meaningful and direct support to our small businesses during these trying times. It comprises several key provisions to directly address the pressing issues faced by our small business community.

First, the HEAL Maui Act seeks to augment the existing SBA Economic Injury Disaster Loan Program by providing immediate advances on these loans to ensure businesses can maintain operations and keep employees on the payroll. It would also establish a new loan program under the 7(a) initiative to directly address the immediate financial challenges many businesses face in the aftermath of the wildfires, providing a lifeline to those struggling to stay afloat. Finally, for those who have already taken out SBA disaster loans post-wildfire, the HEAL Maui Act offers a beacon of hope through loan cancellations, recognizing the need to alleviate the weight of debt during these unprecedented times when the business may not be able to reopen a storefront in Lahaina for years.

In conclusion, the HEAL Maui Act is not just a legislative proposal; it embodies our commitment to "Maui Strong." This is our local unifying phrase in the face of this crisis. It represents a promise to the people of Maui, a promise that we, as a nation, will stand with them in their darkest hours.

I extend my deepest appreciation for allowing me to engage with you today. I stand ready to collaborate with you, not only for Maui but also the entire country, to ensure that lessons are learned from this crisis and applied to help others avoid the same economic harm following a wildfire.

Mahalo.