

House Small Business Committee
Member Day Hearing
10:00 AM Thursday, November 30, 2023

Chairman Williams, Ranking Member Velazquez, and distinguished members of the House Small Business Committee, mahalo for the opportunity to testify before you today.

Small businesses are the backbone of our economy in Hawai‘i. From tour operators to local food, jewelry and clothing, product manufacturers and service providers. Small businesses in Hawai‘i support their local communities through jobs and investments and have made Hawai‘i a leading destination for business and tourism.

I want to thank this committee for its decisive action during the COVID-19 pandemic. Your work helped to save countless Hawai‘i small businesses from going under. I’m testifying before you today to ask for your help once again to respond to a historic crisis on Maui that is impacting the entire state.

I’m honored to represent Hawai‘i’s Second Congressional District, which spans all eight of Hawai‘i’s major islands, including the island of Maui, which suffered considerable devastation and death from the August 8th fires—the deadliest wildfires in U.S. history in over a century.

In just a single day, the Maui Wildfires caused significant physical damage and emotional trauma that will be felt in Lahaina, on Maui, and throughout the entire state of Hawai‘i for generations to come. Lahaina was home to as many as one thousand businesses, many of them family-owned and operated, many of them micro-businesses with nine employees or less.

By some estimates, the catastrophic damage inflicted upon our Maui communities as a result of the fires has caused up to \$6 billion in economic losses. According to state agencies, 40 percent of Maui’s economy depended on tourism, and visitor spending on Maui made up about one-third of total visitor spending in the state.

Because of the fires, visitor numbers to Maui are at historic lows. From the latest monthly data, just over 94,000 visitors came to Maui in September 2023. That volume represents a more than 57 percent drop from September 2022. In addition to the physical damage from the fires, small businesses throughout Hawai‘i, especially on Maui, are facing an economic crisis.

In response, the Hawai‘i Small Business Administration and Small Business Development Centers have acted swiftly to provide resources and support to businesses in need, and I want to commend them for their responsiveness and their unwavering commitment to getting our businesses back on track.

As of the end of October, the Small Business Administration (SBA) has served 7,986 individuals and approved 1,219 disaster assistance loans for almost \$200 million, 398 business loans totaling \$59 million, and 821 loans for homeowners and renters totaling \$140.9 million. While this assistance has been critical in helping residents rebuild and recover from the fires, too many businesses in my district are still, unfortunately getting left behind by existing federal programs.

Just as you recognized in the midst of the pandemic, supplemental programs are needed to meet the needs that arise from unprecedented disasters. I’ve heard from countless small business owners still recovering from the economic impact of the pandemic who could not qualify for SBA assistance because of program capital requirements or could not take on more loans because they had existing debt from the pandemic-era programs. Over 4,700 EIDL loans totaling roughly \$569 million were made to Maui County during the pandemic.

Understanding the compounding financial impact COVID and the fires have had on our small businesses, I introduced the Micro-enterprise Assistance and Urgent Investment for Supporting Trade, Recovery Operations, and Neighborhood Growth or the “MAUI STRONG” Act. This bill would help businesses reestablish themselves and provide an economic bridge to recovery by providing grants of up to \$20,000 to nonprofits, small businesses with 25 or fewer employees, and independent contractors that experienced revenue loss because of the Maui fires. These funds would help cover a variety of expenses that come with rebuilding and restarting a business.

In addition to the need for direct relief, changes to federal contracting laws would go a long way to supporting local businesses recovering from disaster. The Federal Emergency Management Agency and U.S. Army Corps of Engineers are to be commended on their swift action, hiring local 8(a) Native Hawaiian Organizations to perform debris removal, construct a temporary school, and provide cultural oversight of operations in the burn zone of Lahaina.

Native Hawaiian small businesses have repeatedly demonstrated their ability to do critical work across the federal government, and we should take the example of the fires to ensure Native Hawaiian businesses can receive 8(a) direct awards above the competitive threshold from all federal agencies, not just through the Department of Defense. My bill, H.R. 3830, would do just this so that Native Hawaiian Organizations have parity with Native American- and Alaska Native-owned businesses.

Chairman Williams and Ranking Member Velazquez, our small businesses and entrepreneurs in Hawai'i are emblematic of the hard-working spirit that makes our nation so great. In this time of unprecedented disaster in my home state of Hawai'i, Congress must do everything possible to support those who are struggling as a result of the fires. I look forward to working with you and this committee to advance these and other important initiatives that will provide critically needed relief to survivors of the Maui Wildfires.

Mahalo.