

Aloha Esteemed Members:

My name is Sne Patel, and I stand before you today as the President of the LahainaTown Action Committee (LAC). Before I share my experiences and thoughts from this unprecedented disaster, I want to begin by saying thank you. Thank you for your time, thank you for your support, and thank you for coming here, to Lahaina and Maui to see some of the impacts first hand...And thank you for the opportunity to speak and share our experiences, so that the lessons we've learned can be brought forward to help other communities in need, and in doing so, offer a small silver lining from this tragedy. Greater resilience is what we seek, in a world that continues to present its challenges, and I believe that by working together, sharing our collective wisdom and experience, we can do better for ourselves and generations to come. For we must ask ourselves, what kind of future are we leaving for our keiki? Lahaina is not just a place; it is a cherished, sacred part of Hawaii's identity. And as we move forward, we are committed to ensuring that it shines brightly again—today, tomorrow, and for generations to come.

As I mentioned, I'm President of the LahainaTown Action Committee (LAC). Our organization was founded nearly 40 years ago by business leaders in Lahaina, and the LAC has always been dedicated to protecting the historic, cultural, and economic vitality of Lahaina. Today, I speak to you not only as a leader in the business community but also as an individual deeply affected by the devastating wildfire on August 8th. As a 20-plus-year resident of West Maui, a married father of three, and someone who has personally lost two properties to the fire, I have experienced the profound impacts of this disaster on both personal and professional levels....However, nothing compares to the heartbreak of families who lost loved ones that day.

In the immediate aftermath of the wildfire, the businesses that remained standing were among the first to step up. There were no divisions or distinctions—just a unified effort to shelter, feed and support those who had lost everything. Witnessing this firsthand, even under the heavy weight of the fire's aftermath, was a testament to the strength of our community. For weeks, we operated on a foundation of mutual aid, doing whatever we could to support each other in this time of need. However, as the days turned into weeks, it became evident that our efforts, though valiant, were not sustainable without more structured support.

The destruction of businesses along Front Street and other parts of Lahaina represents a monumental economic loss. This is not just about individual businesses but the economic and cultural heart of West Maui. Tourism alone drives 70% of our economy, and many of the small businesses along Lahaina's historic Front Street were not only integral to the local heritage but also key to the daily livelihood of thousands. Losing these businesses has meant losing a significant portion of our community's income, jobs, and security.

For generations, Lahaina was not just a historic town—it was a hub of commerce, culture, and connection. The restaurants, art galleries, museums, historic sites, retail shops, and marine businesses all blended together to provide livelihoods for many and attracted visitors from all over the world. The destruction of these businesses is not just a financial blow—it represents a deep wound to the identity of West Maui.

The economic shockwaves are already being felt throughout our community. However, my greatest fear is the tsunami yet to come if we don't act fast with the right level of support. The wildfire destroyed over 2,200 structures, including around 800 businesses, which collectively generated approximately \$2.7 million in daily revenue. The decline in tourism—which at the peak was 7,000 daily visitors to just 2,000—led to an estimated loss of \$11 million per day in visitor expenditures. Overall, economic losses, including property damage and business interruptions, are estimated to be between \$4 billion and \$6 billion. (*UHERO/DEBT*)

Business owners, many of whom were underinsured, are facing an uncertain future. Workers who depended on those jobs are now out of work, and we are losing people each day to the mainland. Given the level of devastation and the need to update much of the infrastructure, it may be years before businesses can even think about rebuilding and reopening. For many, the question is not just how they will reopen, but whether they can afford to at all. Even those that are back in operation are struggling, and those looking to restart are finding that lease rents have increased exponentially with the demand for commercial space, making it harder for them to get back on their feet.

By the end of the first month following the fire, the LahainaTown Action Committee began receiving calls from our members—small business owners—seeking answers, guidance, and a path forward. In response, we facilitated a critical meeting on September 5th, 2023 with the support from State Senator Lynn Decoite and both the Maui Chamber of Commerce and Hawaii State Chamber. The meeting was attended by over 100 businesses and key government officials, including the Mayor, the Governor, members of the State Senate, various state and federal and county department heads and Congresswoman Jill Tokuda.

During this meeting, several immediate needs were identified, highlighting both the challenges faced and the opportunities for improvement in recovery efforts specifically for businesses.

1. **Centralized Communication:** Businesses expressed the need for a single point of contact to manage inquiries and support requests, which was somewhat addressed by the establishment of MauiRecovers.org and the State of Hawaii Maui Disaster Relief Call Center. While these resources were helpful, the process of accessing vital information and coordinating assistance remains a challenge that requires further streamlining. There are just too many different agencies involved with different systems.
2. **Financial Assistance:** There was a strong demand for grants instead of loans, particularly given that many businesses were underinsured. Governor Green announced a \$25 million plan to provide \$10,000 and \$20,000 bridge grants to help businesses get by. However, clarity on the application process and the timeline for receiving these funds was lacking, and for many, the funds took too long to arrive and were simply not enough.
3. **Access and Insurance Claims:** Many businesses faced significant obstacles in accessing their properties to document damage for insurance claims due to safety restrictions and

unclear communication from authorities. This delay made it difficult for businesses to justify their insurance claims, highlighting the need for more transparent and efficient communication from civil authorities.

4. Infrastructure and Rebuilding: It was evident that many structures destroyed in the wildfire had outdated infrastructure. We discussed the potential for grants specifically targeted at upgrading essential infrastructure—such as plumbing, electrical systems, and foundations—during reconstruction. This approach would ensure that rebuilt spaces are safer and more resilient, easing the burden on future tenants and business owners.
5. Utility Restoration: The lack of safe drinking water and sewer services was a major barrier to reopening businesses in Lahaina that were still standing.
6. Fast-Tracking Permits: One of the critical issues raised was the need to fast-track building permits for businesses already in the process of planning renovations or expansions before the wildfire. Just as there is an expedited process for residents, there should be another office opened specifically for businesses.

The SBA and the Need for Creative Solutions:

One thing became clear early on: the primary federal response for impacted businesses would be through the Small Business Administration (SBA). However, unlike the Paycheck Protection Program (PPP) loans during the COVID-19 pandemic, which were widely successful, the SBA disaster loans have proven to be largely inaccessible for many of Lahaina's small businesses. The majority of these businesses did not own the land or buildings they operated from, and the SBA's requirement for collateral—typically land or property—created an insurmountable barrier for those seeking financial relief.

For example, one of our members highlighted that since they are a tenant rather than a property owner, the SBA's disaster loan terms would require the business to put up personal homes as collateral—a risk that neither the business owner nor their shareholders were willing to take. They felt what Lahaina businesses need are state-backed loans with reasonable interest rates, perhaps around 4%, and a debt consolidation option for those still carrying the burden of COVID-19 relief loans.

To better align federal aid with the real needs of Lahaina's businesses, I propose several creative solutions that have proven effective in other disaster-stricken areas and could be adapted to our unique situation:

Flexible Use of SBA Loans: Modify SBA loan requirements to allow businesses to use “physical damage loans” for relocation, if necessary, rather than being strictly tied to rebuilding on the original site. The commercial area we are talking about might take years to recover, and

allowing businesses to temporarily or permanently relocate to viable locations would enable them to restart operations more quickly and retain their workforce.

Increase the SBA Loan Cap and Adjust Terms: Raise the \$2 million cap on SBA disaster loans and adjust loan terms to reflect the increased costs of construction and materials due to widespread destruction. The scale of devastation in Lahaina has driven up rebuilding costs significantly. An increased loan cap would provide businesses with the financial resources necessary to cover the full costs of reconstruction, which are far higher than previous estimates due to inflation and the extensive damage.

Grants for Infrastructure Upgrades: Introduce federal grants specifically targeted at upgrading critical infrastructure during the rebuilding process, including plumbing, electrical systems, and foundations. Many destroyed structures had outdated infrastructure. Providing grants for infrastructure improvements would ensure that rebuilt structures are safer, more resilient, and better suited to the needs of modern businesses, ultimately reducing future vulnerabilities. This also alleviates the burden on the businesses that move back in and need to update.

Streamlined and Centralized Application Processes: Develop a streamlined, centralized application process for all federal, state, and local aid programs, with a single point of contact for business owners. The current application process is fragmented and cumbersome, leading to delays and confusion. A centralized system would simplify access to the necessary resources, enabling businesses to receive aid more efficiently and get back on their feet faster. Make federal grant money available to local nonprofits to employ grant writers to help businesses access federal grants. This can be a new area for job creation on Maui.

Enhanced Coordination with Insurance Companies: Federal agencies should collaborate more closely with insurance companies to expedite the claims process, possibly using federal aerial and satellite imagery to verify property damage remotely. Delays in insurance claims due to access issues have left many businesses in financial uncertainty. By providing insurance companies with verified data through federal resources, the government can help accelerate the claims process, ensuring that businesses receive their payouts sooner and can begin the recovery process. For example, at the Spinnaker Condos, where my family owns property, the association has yet to receive our full policy limit, despite the property being clearly a total loss. This delay is partly due to logistical hurdles in getting accurate forensic information related to the claim. The adjuster working on behalf of the insurance company based the pay out on inaccurate satellite footage that the condo complex was first floor CMU and second floor wood frame, when in fact it is two storey CMU...

Learning from Other States:

Many of the solutions I've proposed have already been successfully implemented in other states facing similar disasters. For example:

California has implemented grant programs specifically for wildfire prevention and recovery, providing funding for infrastructure improvements that can prevent future fires and support recovery efforts.

Louisiana's Small Business Rebirth Fund post-Hurricane Katrina offered grants to small businesses to cover immediate operational needs without the burden of additional debt.

Texas's Post-Harvey Tax Relief and Expedited Permitting provided significant incentives for businesses to rebuild in affected areas, including fast-tracking permits and offering tax breaks.

In closing, I urge this committee to consider the lessons learned from these other states and to advocate for more flexible, accessible forms of financial support for Lahaina's small businesses. The resilience of our community is strong, but we need the right tools and support to rebuild. Without swift and decisive action, the economic recovery of West Maui will be severely hampered, with long-lasting effects on our residents and the broader Hawaii economy.

Mahalo for your time and attention. I look forward to working with you to find solutions that will allow our businesses and our community to recover and thrive once again.