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ECONOMIC DEVELOPMENT & TOURISM**

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WRITTEN ONLY

Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 23, 2012
9:00 AM
State Capitol, Conference Room 211

In consideration of
SB 2739 SD1
RELATING TO THE SMALL BUSINESS REGULATORY REVIEW BOARD

Chair Ige, Vice Chair Kidani and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development, and Tourism (DBEDT) opposes SB 2739 SD1, Relating to the Small Business Regulatory Review Board (Board). This measure authorizes DBEDT to establish fees pursuant to Chapter 91, Hawaii Revised Statutes, to be charged to each agency submitting rules to the Board as part of the agency submission process with the fees to be used for the expense of the Board. The measure also requires each agency to notify the Board on an annual basis if any rules that affect small business to be amended or repealed to reflect a statutory amendment or repeal.

DBEDT prefers SB 2739, which transfers the Board to the Department of Commerce and Consumer Affairs (DCCA), and authorizes the expenses of the Board to be funded from the compliance resolution fund. The transfer to DCCA also includes one full-time, civil service position.

DBEDT believes that it would be difficult to determine the amount to charge agencies when submitting rules to the Board. In any given year, the number of rules received significantly varies from agency to agency. Further, as the Board's estimated annual expenses run approximately \$20,000 to \$25,000, not including DBEDT staff

assigned to assist the Board, the amount received may be insufficient to cover expenses.

The changing financial conditions of the State could affect the stability of the Board's funding. Funding from DCCA's compliance resolution fund will help to ensure the Board's viability. Also, the transfer of the Board to DCCA provides a "stable home" for the Board and its staff while maintaining the Legislature's intent – that the Board remain an essential part of the State's rule-review process by providing recommendations to lessen the regulatory burden of Hawaii's small business community.

Thank you for the opportunity to testify on this measure.