

Honolulu, Hawaii

March 19, 2014

RE: S.B. No. 2487  
S.D. 1  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which  
was referred S.B. No. 2487, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE SMALL BUSINESS REGULATORY  
FLEXIBILITY ACT,"

begs leave to report as follows:

The purpose of this measure is to assist small businesses in  
Hawaii. Specifically, this bill improves the effectiveness and  
efficiency of the Small Business Regulatory Review Board, while  
allowing the Legislature to monitor and evaluate the Board's  
performance and effectiveness by:

- (1) Requiring training of members of the Board by the  
Department of the Attorney General to ensure that the  
members have a clear understanding of their role and its  
parameters;
- (2) Clarifying the contents of the Board's annual report to  
the Legislature; and
- (3) Establishing a sunset date of June 30, 2019, for the  
Board.

The Small Business Regulatory Review Board and Hawaii  
Business League testified in support of this measure. The Chamber



of Commerce of Hawaii and a concerned individual testified in opposition to this bill.

Act 168, Session Laws of Hawaii 1998, codified as Chapter 201M, Hawaii Revised Statutes, established the Small Business Regulatory Flexibility Act. This Act provides for a petition process for regulatory review and a periodic administrative review of rules impacting small businesses by an independent regulatory review board, known as the Small Business Regulatory Review Board.

Although the Board's role is to look at the impact of rules on small businesses and make recommendations to adopt new rules, or amend or repeal existing rules, concerns have been raised that the Board has not been functioning as originally envisioned, particularly with regard to the roles of Board members. Nevertheless, the underlying mission of the Board remains important for small businesses in Hawaii. Providing additional training and a clearer understanding of the role of Board members should help the Board operate as originally envisioned.

Furthermore, clarifying the contents of the Board's annual report to the Legislature will also enable the Legislature to better monitor and evaluate the Board's performance over the next several years to determine whether the Board is beneficial to small businesses in Hawaii and should be retained.

However, your Committee finds that establishing a date by which the Board will be dissolved is unnecessary at this time. Further monitoring and evaluation of the Board and its fulfillment of its mission is sufficient. Your Committee also notes that, while concerns about the Board have been raised, the Board has not received the necessary financial and administrative support from the Department of Business, Economic Development, and Tourism to operate efficiently and effectively.

Accordingly, your Committee has amended this bill by:

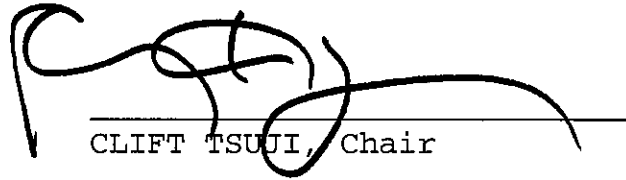
- (1) Inserting language requiring the Department of Business, Economic Development, and Tourism to sufficiently support the work of the Board through financial and administrative assistance; and
- (2) Deleting provisions repealing the Board on June 30, 2019.



Technical, nonsubstantive amendments were also made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2487, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2487, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



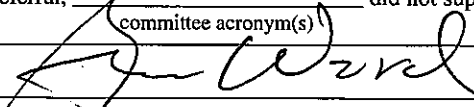
CLIFT TSUJI, Chair



HC 1058-14

State of Hawaii  
House of Representatives  
The Twenty-seventh Legislature

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: SB 2487, SD 1	Committee Referral: EDB, CPC	Date: 3/11/14		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. TSUJI, Clift (C)	/			
2. WARD, Gene (VC)	/			
3. AWANA, Karen	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.				/
6. ITO, Ken				/
7. CHOY, Isaac W.	/			
8. OHNO, Takashi	/			
9. ONISHI, Richard H.K.	/			
10. TOKIOKA, James Kunane	/			
11. WOOLEY, Jessica	/			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				