

Honolulu, Hawaii
April 4, 2014

RE: S.B. No. 2487
S.D. 1
H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2487, S.D. 1, H.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, as received by your Committee, is to improve the effectiveness and efficiency of the Small Business Regulatory Review Board (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) Requiring the Department of Business, Economic Development, and Tourism to sufficiently support the work of the Board through financial and administrative assistance.



For purposes of a public hearing on this measure, your Committee circulated S.B. No. 2487, S.D.1, H.D.2 Proposed, and notified the public that it would be accepting testimony on the proposal, which amends this measure to better ensure that the originally-envisioned functions of the Board are carried out in an efficient manner by, among other things:

- (1) Creating the Office of Small Business Regulatory Review and the position of Director of Small Business Regulatory Review (Director);
- (2) Changing the rule review process and role of the Board, by among other things, making it a supervisory body with the ability to approve or reject the actions of the Director;
- (3) Requiring the Director and members of the Board to receive training by the Department of the Attorney General; and
- (4) Requiring the Director to submit analyses of proposed rules to the Board; impact statements on proposed rules to agencies, the Governor, and the Attorney General; and an annual report to the Legislature.

The Small Business Regulatory Review Board, Building Industry Association of Hawaii, and Ocean Tourism Coalition testified in support of the intent of the Proposed Draft. The Chamber of Commerce of Hawaii testified in opposition to the Proposed Draft. The Hawaii Business League provided comments on the Proposed Draft.

Your Committee considered the merits of both S.B. No. 2487, S.D.1, H.D.1, and the Proposed Draft, and upon careful consideration, adopted the Proposed Draft with the following amendments:

- (1) Removing references to the Board as a supervisory body;
- (2) Requiring the Director to also send impact statements to members of the Board;
- (3) Clarifying the contents of the Director's annual report to the Legislature;



- (4) Requiring the Board to prepare with the Director's assistance, a statement of the Board's support of amendments to, or dissent from any analyses, recommendations, or decisions by the Director;
- (5) Removing the Director's ability to delegate to any person such power or authority vested in the Director as the Director deems reasonable and proper for the effective administration of this section;
- (6) Requiring the Department of Business, Economic Development, and Tourism to also sufficiently support the work of the Office of Small Business Regulatory Review through financial and administrative assistance;
- (7) Reinstating the requirement that all state and county agencies submit a small business statement for any proposed rule that affects small business and transferring review functions from the Board to the Director;
- (8) Deleting the requirement that the Director's appointment be subject to the advice and consent of the Senate;
- (9) Amending the composition of the Board by adding a member appointed by the Governor and removing the Director of Business, Economic Development, and Tourism;
- (10) Requiring the Department of Business, Economic Development, and Tourism to submit a report on the implementation of this measure to the Legislature no later than 20 days prior to the convening of the Regular Session of 2015;
- (11) Changing the effective date of this measure to July 1, 2015; provided that the section requiring the Department of Business, Economic Development, and Tourism to submit a report to the Legislature shall take effect upon the approval of this measure; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and



purpose of S.B. No. 2487, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2487, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



Record of Votes of the Committee on Consumer Protection and Commerce

Bill/Resolution No.: SB2487, SDI, HD1* Committee Referral: EDB, CPC Date: 07/02/14

The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. KAWAKAMI, Derek S.K. (VC)	/			
3. BELATTI, Della Au	/			
4. BROWER, Tom	/			
5. CACHOLA, Romy M.				/
6. CREAGAN, Richard	/			
7. EVANS, Cindy	/			
8. HAR, Sharon E.				/
9. ITO, Ken	/			
10. LEE, Chris	/			
11. NAKASHIMA, Mark M.	/			
12. OSHIRO, Marcus R.	/			
13. TSUJI, Cliff	/			
14. YAMANE, Ryan I.	/			
15. MCDERMOTT, Bob	/			
16. THIELEN, Cynthia	/			
TOTAL (16)	14			2

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
committee acronym(s)

Vice Chair's or designee's signature: 