

STAND. COM. REP. NO.

2498

Honolulu, Hawaii

FEB 27 2014

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

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2487 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to repeal chapter 201M, Hawaii Revised Statutes, the Small Business Regulatory Flexibility Act.

Your Committee received testimony in opposition to this measure from the Small Business Regulatory Review Board, The Chamber of Commerce of Hawaii, Building Industry Association of Hawaii, Hawaii Business League, Hawaii Farm Bureau Federation, Hawaii Cattlemen's Council, and two individuals.

Your Committee finds that the Small Business Regulatory Review Board, established pursuant to chapter 201M, Hawaii Revised Statutes, has not been functioning as originally envisioned. Although the Board's role is to look at the impact of rules on small businesses, your Committee is concerned that the Board as a whole may need additional clarification or training on the application of existing laws and administrative rules.

Although your Committee has expressed concerns over the functioning of the Small Business Regulatory Review Board, your Committee also finds that the underlying mission of the Board remains important for small businesses in Hawaii. Your Committee

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therefore concludes that additional training and clearer understanding of the role of board members should be required to help the Board operate as originally envisioned. Clarifying the contents of the Board's annual report to the Legislature will also enable the Legislature to better monitor the Board's performance.

Additionally, rather than an immediate repeal of the Small Business Regulatory Review Board and chapter 201M, Hawaii Revised Statutes, your Committee finds that a five-year sunset date for the board and chapter 201M, Hawaii Revised Statutes, is more appropriate. This sunset date will enable a future Legislature to review the board's performance after the effective date of this measure.

Finally, your Committee notes that for the Board to operate effectively it must be better supported by the Department of Business, Economic Development, and Tourism.

Your Committee has amended this measure by:

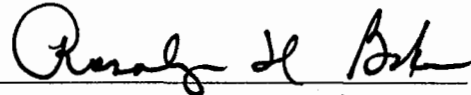
- (1) Specifying that members of the Small Business Regulatory Review Board must receive training by the division of the Department of the Attorney General that oversees the State's boards and commissions, to ensure that the members have a clear understanding of the role of board members and the parameters of the members' role, including the hierarchy of the Hawaii Revised Statutes and the Hawaii Administrative Rules;
- (2) Clarifying the contents of the annual report that the Small Business Regulatory Review Board must submit to the Legislature, including:
 - (A) The impact or effect any rule adopted by a state agency would have on small businesses;
 - (B) Any action taken by the Board in response to any requests from small business owners for review of rules adopted by state agencies; and
 - (C) The outcome of any action taken by the Board in response to requests from small business owners;
- (3) Updating the purpose section for clarity;



- (4) Inserting a sunset date of June 30, 2019, for the Small Business Regulatory Review Board and chapter 201M, Hawaii Revised Statutes; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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

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



ROSALYN H. BAKER, Chair



