



Hawaii Business League

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LATE

February 19, 2014

Testimony To: Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons
President

Subject: S.B. 2487 - RELATING TO THE SMALL BUSINESS REGULATORY
FLEXIBILITY ACT

Chair Baker and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization.

We oppose this bill.

We continue to believe that the Small Business Regulatory Flexibility Act is a great vehicle. It's problem has been since it's inception that it has not had the proper staff, not been given the proper attention and not been given sufficient resources to get its job done.

As you may know when the Act was first created, it pretty much received a "stiff arm" from most of the regulatory agencies. They largely ignored it and it wasn't until an executive order was sent to all the department heads that the Board was given any credence at all.

Under another administration, the Board was given even more credence and at this point, the Board worked better than it probably ever has. That is largely because the Departments came to the Board in order to get small business input and although, because it was new, it was considered one more step in the process, it nevertheless provided a very effective and important role in assuring that regulations without input did not take place.

We ask you to consider all the regulations that go to the Small Business Regulatory Flexibility Board which are by and large reviewed and acted upon by a board of volunteers who has at times, had barely a part-time person assigned to it. With tons of regulations bestowed upon the Board for review we hardly see how a part-time person and a volunteer Board could accomplish that mission. This is not to say that this is not a worthwhile mission and it is not to say that it couldn't be done but it does take the resources and the personnel in order to provide for an effective process.

We would recommend to this Committee rather than consider repeal, you instead consider bolstering the Board and having the Legislature provide it with the proper resources and staff.

Thank you.

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February 19, 2014

HEARING BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER
PROTECTION

TESTIMONY ON SB 2487
RELATING TO THE SMALL BUSINESS REGULATORY FLEXIBILITY ACT
Room 229
9:00 AM

Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFB). Organized since 1948, the HFB is comprised of 1,832 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

HFB **opposes SB 2487** that would repeal chapter 201M, HRS, the Small Business Regulatory Flexibility Act. Frankly, we are astonished that a repeal of this chapter designed to protect small business, is being considered.

Small businesses are an important driving force for Hawaii's economy. Unfortunately, one of the many obstacles hindering the growth of small businesses in Hawaii is the burdensome, duplicative, costly, and often unnecessary administrative rules that disproportionately impact small businesses.

Rather than eliminating the chapter that, among other things mandates the existence of the Small Business Regulatory Review Board, we would hope that this Legislature would recognize the importance of the work conducted by the Board and would provide the necessary funding and support resources to permit the Board to continue assisting small businesses throughout the State.

The Farm Bureau strongly supports the mission and work of the SBRRB. Over the years, our farmer and rancher members have benefited from the Board's conscientious review of rules and its work to ensure that any proposed rules are necessary and appropriate. In fact, without this process, overburdening rules *would* have been already been promulgated that would have negatively impacted food production in Hawaii. SBRRB is designed to streamline administrative rules from the unique perspective of the impacted businesses, thereby reducing regulatory costs, making them more competitive.

The Hawaii Farm Bureau has examined the claims made in this bill:

"Unfortunately, the legislature also finds that the small business regulatory review board has been going beyond the scope of its powers, as described under chapter 201M, Hawaii Revised Statutes, and is hindering the same administrative process it was originally intended to help."

HFB would like to point out that the mission of the Board was NOT to "help" the administrative process, but to help small businesses, including farms, in areas where an agency might be stifling commerce. HFB would like to understand how the Board has gone beyond the scope of its powers. Furthermore, we query whether repealing the entire chapter is the appropriate way to fix the alleged problem. We respectfully request that if the Board is, in fact, not functioning as intended, that the source of the problem be isolated and corrected rather than scrapping the entire statute. Over several years, it has been noted in testimony to this Legislature that the Board has had difficulty fulfilling its mission because of a lack of administrative support and funding. If this situation could be remedied, perhaps the Board would function more effectively.

As recently as 2012, the Legislature passed Act 241, an administrative bill that reconstituted the Small Business Regulatory Review Board and tried to address problems raised by the Governor, small businesses, and the Board itself. As you are likely aware, the conference committee found merit in the concerns raised by the Board "regarding the lack of cooperation the Board sometimes encounters regarding an agency's response to the requirements of chapter 201M, Hawaii Revised Statutes." The stated purpose of the 2012 Act was to "authorize the Board to require an agency to conduct another public hearing on a rule change when the rulemaking agency declines to make changes requested at the first hearing and the agency's small business-statement, submitted after the hearing, indicates inconsistency with the agency's earlier determination or does not address the public's concerns."

SB 2487 will eliminate an important process that provides checks and balances to assure the timely adoption of appropriate and necessary administrative agency rules, while assuring that farmers and ranchers, and other small businesses, remain viable.

We ask you to **oppose SB 2487.**

Thank you.

LATE

SB2487

Submitted on: 2/18/2014

Testimony for CPN on Feb 19, 2014 09:00AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|----------------------------|---------------------------|---------------------------|
| Alan Gottlieb | Hawaii Cattlemen's Council | Oppose | No |

Comments:

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SB2487

Submitted on: 2/18/2014

Testimony for CPN on Feb 19, 2014 09:00AM in Conference Room 229

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Greg Thielen | Individual | Oppose | No |

Comments: I was one of the original members of the Small Business Task force on regulatory relief during the Cayetano Administration. The small business regulatory review board was the result of this group. This has been the one opportunity (however small) offered to the small business community to have a voice in the regulation process. Stripping this vital group of this voice is a huge disservice to our community. For this reason I strongly oppose SB2487.

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