

SMALL BUSINESS REGULATORY REVIEW BOARD

Department of Business, Economic Development & Tourism
No. 1 Capitol District Bldg., 250 South Hotel St. 5th Fl., Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Email: dbedt.sbrb@hawaii.gov
Website: dbedt.hawaii.gov/sbrb

Tel 808 586-2594

MEMORANDUM

David Y. Ige
Governor

Luis P. Salaveria
Director, DBEDT

Members

Anthony Borge
Chair
Oahu

Harris Nakamoto
Vice Chair
Oahu

Kyoko Kimura
2nd Vice Chair
Maui

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Oahu

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Hawaii

Director, DBEDT
Voting Ex Officio

TO: Chair Mark Nakashima, Vice Chair Keohokalole, and
Members of the Committee on Economic Development
and Business – Room 309

FROM: Anthony Borge, Chairperson
Small Business Regulatory Review Board

DATE: February 15, 2017

SUBJECT: HB1042 – Relating to the Small Business Regulatory Flexibility Act
Support with Comments – Room 309

On behalf of the Small Business Regulatory Review Board (SBRRB), I am providing testimony mostly in support of HB1042, Relating to the Small Business Regulatory Flexibility Act.

The bill adopts a more explicit definition of “small business,” which is taken from Title 15, Chapter 3, Capital Access Program, HRS, and increases the number of board members. The bill also clarifies when reporting by the agencies is required for submission to the board and for submission by the board to the Legislature.

The purpose of increasing the number of board members from nine to eleven is to help alleviate both meeting and voting quorum. For example, currently meeting and voting quorum is five, but when five members attend the meeting and one member is recused, it leaves only four members, which has resulted in an inability to take any action. If two additional members exist and attend the meeting, we believe the SBRRB would have a better chance at maintaining a voting quorum when one member may need to recuse themselves.

In addition, the board would like to be provided the opportunity to nominate the two new board members. This falls within sec. 26-34(a), HRS, and was in Chapter 201M, HRS the first fourteen years of the board’s existence. While the SBRRB recognizes that final appointments are within the Governor’s power, we believe this will help to expedite the process, and give members the opportunity to appropriately screen and bring in known, qualified small business owners.

Thank you for allowing the SBRRB to provide comments and testimony in support of HB1042.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Wednesday, February 15, 2017
9:00 AM
State Capitol, Conference Room 309

in consideration of
HB1042
RELATING TO THE SMALL BUSINESS REGULATORY FLEXIBILITY ACT.

Chair Nakashima, Vice Chair Keohokalole and Members of the House Committee on Economic Development & Business. The Department of Business, Economic Development and Tourism (DBEDT) supports HB1042, Relating to the Small Business Regulatory Flexibility Act.

This measure adopts a more explicit definition of "small business," clarifies the powers of the Small Business Regulatory Review Board (SBRRB), increases the number of board members from nine to eleven, and clarifies when reporting by the agencies is required for submission to the board and for submission by the board to the Legislature.

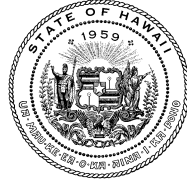
The Legislature established the SBRRB in 1998 and reaffirmed its belief in its importance by making it a permanent body in 2001. Since its inception, the SBRRB has enjoyed many successes and is perhaps the single most important voice on regulations within government for the 96% of the State's employers with fewer than 100 employees.

Overall, the proposed changes will add clarity and effect to the SBRRB's powers, increase the number of board members to help with meeting and voting quorum, and ensure the stability of the SBRRB by clarifying the Regulatory Flexibility Act.

Thank you for the opportunity to offer testimony in support of HB1042.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Mark M. Nakashima, Chair
and Members of the House Committee on Economic Development & Business

Date: Wednesday, February 15, 2017
Time: 9:00 A.M.
Place: Conference Room 309, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

Re: H.B. 1042, Relating to the Small Business Regulatory Flexibility Act

The Department of Taxation (Department) supports H.B. 1042 and offers the following comments for the committee's consideration.

H.B. 1042 clarifies the definition of "small business" under chapter 201M, Hawaii Revised Statutes, clarifies the procedure for submitting a small business impact statement to the Small Business Regulatory Review Board (SBRRB) as part of the Hawaii Administrative Rules rulemaking procedure, and changes the report of rules affecting small business which agencies must submit to the Board from a yearly report to a biennial report. H.B. 1042 is effective upon approval.

The Department appreciates the clarity H.B. 1042 would provide to rulemaking procedure. Many of the rules the Department proposes affect small business; however, determining whether to submit a small business impact statement can sometimes be difficult. Making such a determination incorrectly could result in the rules being overturned because they were improperly promulgated. This measure removes that risk and puts the determination of whether proposed rules affect small business into the Board's hands.

The Department does, however, recommend H.B. 1042 be amended to apply to administrative rules promulgated after January 1, 2018. Rulemaking is a lengthy and complicated process. The Department has several drafts of rules in various stages of completion, and would appreciate a clear date in the future at which to begin complying with this new procedural requirement.

Thank you for the opportunity to provide comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development and Business
Tuesday, February 15, 2017 at 9:00 A.M.
Conference Room 309, State Capitol**

**RE: HOUSE BILL 1042 RELATING TO THE SMALL BUSINESS REGULATORY
FLEXIBILITY ACT**

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

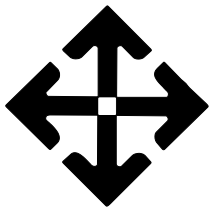
The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1042, which adopts a more explicit definition of "small business," clarifies the powers of the Small Business Regulatory Review Board, increases the number of board members from nine to eleven, and clarifies when reporting by the agencies is required for submission to the board and for submission by the board to the Legislature..

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We support increasing the number of board members from nine to eleven, the purpose of which is to help alleviate both meeting and voting quorum issues. Currently, meeting and voting quorum is five, but when five members attend the meeting and one member must recuse himself or herself, it leaves only four members, resulting in an inability to take any action. If two additional members exist and attend the meeting, we believe the SBRRB would have a better chance at maintaining a voting quorum when a member may need to recuse themselves.

In terms of the addition of the new board members, we suggest that they are nominated by the Governor in consultation with the SBRRB and small business organizations. This is similar to the original law.

Thank you for the opportunity to testify.



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813

Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 15, 2017

Testimony To: House Committee on Economic Development & Business
Representative Mark M. Nakashima, Chair

Presented By: Tim Lyons, President

Subject: H.B. 1042 - RELATING TO THE SMALL BUSINESS REGULATORY FLEXIBILITY
ACT.

Chair Nakashima and Members of the Committee:

I am Tim Lyons, President of The Hawaii Business League, a small business service organization. We support this bill.

While this bill increases the number of Board members from nine (9) to eleven (11), it also establishes that four (4) members instead of two (2) will be appointed by the Governor. While we concur that there can be an increase in that designation, we would prefer to see that the individuals are nominated by the Board and then appointed by the Governor. The Board will have first-hand knowledge of members of the small business community that have expressed an interest and are willing to dedicate the time and the resources towards small business issues. This of course is a volunteer Board and not everyone is interested in the plight of small business, let alone the diverse subject matter that this Board takes up. Therefore we feel that it is important that we give the

Governor the last say so on who goes onto the Board however it could be helpful to the Governor to have some indication from Board members as to possible nominees.

This bill also clarifies the definition of small business and we have no problem with the definition that is offered.

Based the above, we support this bill and respectfully request your favorable consideration.

Thank you.



COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair

Rep. Daniel Holt Rep. Kyle T. Yamashita
Rep. Aaron Ling Johanson Rep. Lauren Kealohilani Matsumoto
Rep. Roy M. Takumi

NOTICE OF HEARING

DATE: Wednesday, February 15, 2017
TIME: 9:00 AM
PLACE: Conference Room 309

TESTIMONY OF THE OCEAN TOURISM COALITION SPEAKING IN SUPPORT HB1042

Aloha Chair Nakashima, Vice Chair Keohokalole and Members of EDB:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC). The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities. Most of these businesses operate from State Boating Facilities. These businesses are already highly regulated by the Federal, State, and County laws. These regulations continue to increase year after year.

It is very important to the small business community to have a review board such as the Small Business Regulatory Review Board that functions as a potential buffer to vet out unreasonable new regulations that may be promulgated. OTC supports the changes contemplated by HB 1042.

Please pass HB1042 so that this valuable board may continue to operate more efficiently in the future.

Sincerely,

James E. Coon, President OTC