

## SMALL BUSINESS REGULATORY REVIEW BOARD

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

Tel 808 586-2594

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*Governor*

**Luis P. Salaveria**  
*Director, DBEDT*

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## MEMORANDUM

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

**FROM:** Anthony Borge, Chairperson  
Small Business Regulatory Review Board

**DATE:** Friday, March 17, 2017 at 10:00 AM

**SUBJECT:** SB908 SD1 – Relating to the Small Business Regulatory Flexibility Act - Support with Recommendations

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On behalf of the Small Business Regulatory Review Board (SBRRB), I am providing testimony in support of SB908 SD1, Relating to the Small Business Regulatory Flexibility Act with recommendations.

This measure 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 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.

**Recommendation:** The board members, however, prefer and would like to be provided the opportunity to nominate the two new board members, (see House Bill 1042, HD1). This falls under sec. 26-34(a), HRS, and was in Chapter 201M, HRS the first fourteen years of the board’s existence. While it is recognized 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 recommendations and testimony in support of SB908 SD1.

**DAVID Y. IGE**  
GOVERNOR

**SHAN TSUTSUI**  
LT. GOVERNOR



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

**MARIA E. ZIELINSKI**  
DIRECTOR OF TAXATION

**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

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

Date: Friday, March 17, 2017  
Time: 10:00 A.M.  
Place: Conference Room 309, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: S.B. 908, S.D. 1, Relating to the Small Business Regulatory Flexibility Act

The Department of Taxation (Department) supports S.B. 908, S.D. 1, and offers the following comments for the committee's consideration.

S.B. 908, S.D. 1, 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 (HAR) rulemaking procedure, and requires that agencies submitting periodic reports of HAR affecting small businesses include in the report a description of the public purpose or interest for adopting the HAR.

The Department appreciates the clarity S.B. 908, S.D. 1 would provide to the rulemaking process. 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 S.B. 908, S.D. 1, be amended to apply to administrative rules promulgated after January 1, 2018. Rulemaking is a lengthy and complicated process. The Department already 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.



## 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](http://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**  
Friday, March 17, 2017  
10:00 AM  
State Capitol, Conference Room 309

in consideration of  
**SB908, SD1**  
**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 SB908, SD1, 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.

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 SB908, SD1.



**Testimony to the House Committee on Economic Development & Business  
Friday, March 17, 2017 at 10:00 A.M.  
Conference Room 309, State Capitol**

**RE: SENATE BILL 908 SD1 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** SB 908 SD1sd, which proposes to adopt a more explicit definition of "small business," clarify the powers of the Small Business Regulatory Review Board (SBRRB), increase the number of board members from nine to eleven, and clarify 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.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE  
ON ECONOMIC DEVELOPMENT & BUSINESS  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309  
FRIDAY, MARCH 17, 2017 AT 10:00 A.M.**

To The Honorable Mark M. Nakashima, Chair;  
The Honorable Jarrett Keohokalole, Vice Chair; and  
Members of the Committee on Economic Development & Business

**TESTIMONY IN SUPPORT OF SB 908 RELATING TO THE  
SMALL BUSINESS REGULATORY FLEXIBILITY ACT**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees. I am writing share our support of HB 587 HD1.

We feel that the Small Business Regulatory Review Board is extremely important to protect small businesses in our state. Increasing the amount of board members and clarifying the powers of the Small Business Regulatory Review Board is important so they may continue to help small businesses. They have a large number of significant duties to conduct such as reviewing new rules and regulations from new legislation and state agencies as well as working with small businesses. By increasing the number of board members, they will have an increased amount of meeting attendees and quorum.

In addition to the changes in the proposed bill, we would like to see the Small Business Regulatory Review Board given more authority to have more teeth. With more teeth, they would be able to ensure that when they give comments back to a state agency or department, they must follow their suggestions.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be passed.

Mahalo for your consideration of our testimony and we hope you will move this bill forward.

Sincerely,

*Pamela Tumpap*

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

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MAILING:  
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WAIPAHU, HAWAII 96797-0967

PHYSICAL:  
94-487 AKOKI STREET  
WAIPAHU, HAWAII 96797

**Testimony to the House Committee on Economic Development & Business**  
**Friday, March 17, 2017**  
**10:00 a.m.**  
**Conference Room 309**

**RE: S.B. 908 SD1, Relating to the Small Business Regulatory Flexibility Act**

Chair Nakashima, Vice-Chair Keohokalole, and members of the committee:

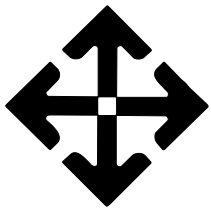
My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in strong support of S.B. 908, S.D. 1, which proposes to adopt a more explicit definition of "small business," clarify the powers of the Small Business Regulatory Review Board (SBRRB), increase the number of board members from nine to eleven, and clarify when reporting by the agencies is required for submission to the board and for submission by the board to the Legislature.

The SBRRB is essential to a healthy and nurturing environment for Hawaii's small businesses as it is the one check the public has on the administrative rule process by providing real-life feedback on the impact rules may have on small businesses, their employees, and their family members. Prior to each of their monthly meetings, this volunteer board spends countless hours reviewing rules and regulations to assess the impact they could have on small businesses in Hawaii. Hawaii's small businesses account for 96% of all employers in the state and employ over half of the state's private workforce. To date, the SBRRB has reviewed over 630 rules/regulations since its 1998 inception.

We also note that this effort should be funded appropriately to allow this volunteer Board to conduct its essential review of government regulations. An appropriation would provide this important board with a budget for staff support and travel expenses for their appointees from across the State, helping to increase their efficiency and allowing them to focus their attention on safeguarding small businesses throughout the State.

We are in strong support of S.B. 908, S.D. 1, and appreciate the opportunity to express our views on this matter.



# The Hawaii Business League

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

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

March 17, 2017

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

Presented By: Tim Lyons, President

Subject: S.B. 908, SD 1 - 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. We concur that there should be an increase in that designation.

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.