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February 13, 2017

HEARING BEFORE THE
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY

**TESTIMONY ON SB 908: RELATING TO THE SMALL BUSINESS REGULATORY
FLEXIBILITY ACT**

Room 414
1:15 PM

Aloha Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 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.

The Hawaii Farm Bureau respectfully offers the following **comments on SB 908**, which appears to narrow the definition of "small business," restrict the purview and powers of the Small Business Regulatory Review Board, double the number of board members who are selected by the Governor, set a higher threshold for board involvement in agency rulemaking ("*significant economic impact on a substantial number of small businesses*"), and reduce the reporting requirement from the board to the Legislature.

HFB is concerned that rather than merely clarify existing law, these amendments would actually weaken the authority and helpfulness of the board. That would be unfortunate because over the years, our farmer and rancher members have benefited from the board's conscientious review of rules and its work to ensure that proposed rules are necessary and appropriate.

The work of the board provides the checks and balances to assure the timely adoption of sound administrative agency rules, while assuring that farmers, ranchers, and other small businesses remain viable.

It is well-known that one of the many obstacles hindering the growth and success of small businesses in Hawaii is the burdensome, duplicative, costly, and often unnecessary

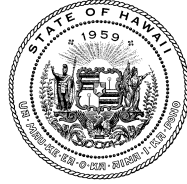
administrative rules that disproportionately impact small businesses. The SBRRB, through its members, protect and foster the viability of small business by providing input and recommendations to agencies on rules that may otherwise have a detrimental impact on these businesses.

HFB respectfully asks you **not** to diminish the effectiveness of the SBRRB. We also hope that sufficient funds will be allocated to the board so it can fulfill its mandate.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



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To: The Honorable Glenn Wakai, Chair
and Members of the Senate Committee on Economic Development, Tourism, and
Technology

Date: Monday, February 13, 2017
Time: 1:15 P.M.
Place: Conference Room 414, State Capitol

From: Maria E. Zielinski, Director
Department of Taxation

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

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

S.B. 908 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 biannual report. S.B. 908 is effective upon approval.

The Department appreciates the clarity S.B. 908 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 S.B. 908 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.