

**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
KA 'OIHANA O KA LOIO KUHINA  
THIRTY-THIRD LEGISLATURE, 2025**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 418, RELATING TO REGULATORY SUNSET REVIEW IN HAWAII.

**BEFORE THE:**

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**DATE:** Tuesday, January 28, 2025 **TIME:** 3:00 p.m.

**LOCATION:** State Capitol, Room 225 and Videoconference

**TESTIFIER(S):** Anne E. Lopez, Attorney General, or  
Stella M.L. Kam, Deputy Attorney General

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Chair McKelvey and Members of the Committee:

The Department of the Attorney General opposes this bill.

This bill would establish a program overseen by the Department of the Attorney General (Department) requiring each state agency to review twenty percent of its administrative rules every year and submit an annual report to the Department identifying which rules should be retained, modified, or repealed. Agencies, as part of the review process under this program, are required to publish on their website a list of the bills under review. Agencies also must accept public comments for at least sixty days and conduct public hearings, as needed. A summary of the public input as well as the agency's recommendations for retention, modification, or repeal of each reviewed rule must be included in the agency's annual report to the Department. This bill also automatically repeals rules at the end of each five-year review cycle if the agency has failed to comply with the review and reporting requirement for those rules, unless the review cycle has been extended by the Legislature. Under this bill, the Department is required to adopt rules pursuant to chapter 91, Hawaii Revised Statutes (HRS), to implement the review program. The Department is also required to submit an annual report to the Governor and the Legislature, and is also required to notify them of any noncompliance by a state agency. The bill makes an unspecified appropriation for funds to be expended by the Department to implement and administer this review program.

We note that this bill does not amend any sections within chapter 91, HRS. However, the automatic repeal provision contemplated in section 5(a) of this bill would conflict with section 91-3, HRS, which provides mandatory procedures for rule adoption, amendment, and repeal. Furthermore, many administrative rules were adopted pursuant to statutes that required the adoption of administrative rules and the deletion of those rules would place those state agencies in violation of those statutes.

This bill would create an enormous burden on every agency that has administrative rules, and also on their assigned deputy attorneys general. The administrative rule promulgation process is difficult and time-consuming, with many procedural steps and agency approvals required. It is also expensive. When adopting, amending, or repealing administrative rules, agencies are required to publish notice of the proposed changes and that a public hearing will be conducted to solicit input on the proposed rule changes. Pursuant to section 1-28.5(a), HRS, such notices are required to be published through newspaper advertisements with statewide circulation. These publication costs are significant and agencies will be forced to request additional funding from the Legislature to cover these new costs which will occur every year under this program.

We also anticipate that all state agencies that have administrative rules will require additional personnel in order to comply with requirements established by this bill. The Department of the Attorney General, in particular, will require funding and several new positions to adopt new rules for this program, effectively monitor all the agencies for compliance, and compile the annual report. Some of the other rule-making departments have many more administrative rules than others, so the fiscal impact of this bill, with its annually recurring costs, would be difficult to project at this time.

For the above reasons, we respectfully request the Committee to hold this bill.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



JADE T. BUTAY  
DIRECTOR

WILLIAM G. KUNSTMAN  
DEPUTY DIRECTOR

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA

January 28, 2025

To: The Honorable Angus L.K. McKelvey, Chair,  
The Honorable Mike Gabbard, Vice Chair, and  
Members of the Senate Committee on Government Operations

Date: Monday, January 27, 2025  
Time: 3:00 p.m.  
Place: Conference Room 225, State Capitol

From: Jade T. Butay, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. 418, RELATING TO REGULATORY SUNSET REVIEW IN HAWAII.**

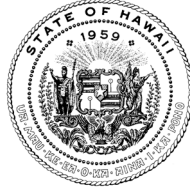
**I. OVERVIEW OF PROPOSED LEGISLATION**

The **DLIR opposes** this bill to establish a program in the State to review, streamline, and modernize the Hawaii Administrative Rules by implementing a rolling regulatory sunset and review process.

**III. COMMENTS ON THE HOUSE BILL**

We must be realistic because even under the best of circumstances, DLIR cannot do every project or meet everyone's need as we don't have unlimited time, resources, or manpower. So, to fulfill our responsibility and achieve our mission, we must establish priorities. The enactment of this bill will require additional resources to comply with the proposed processes.





**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA

**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**  
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**NADINE Y. ANDO**  
DIRECTOR | KA LUNA HO'OKELE

**DEAN I. HAZAMA**  
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

## **Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**Senate Committee on Government Operations**  
**Tuesday, January 28, 2025**  
**3:00 p.m.**

**On the following measure:**  
**S.B. 418, RELATING TO REGULATORY SUNSET REVIEW IN HAWAII**

Chair McKelvey and Members of the Committee:

My name is Nadine Ando, and I am the Director of the Department of Commerce and Consumer Affairs (Department). The Department opposes this bill.

The purposes of this bill are to (1) establish a regulatory review program overseen by the Department of the Attorney General to evaluate all Hawai'i Administrative Rules adopted by state agencies and identify any rules that should be retained, modified or repealed, (2) require each state agency to review 20 per cent of their rules every year and submit a report to the Department of the Attorney General, (3) automatically repeal administrative rules at the end of each five-year review cycle for any state agency that fails to comply, unless the review cycle is extended by the Legislature, (4) require the Department of the Attorney General to notify the Governor and Legislature of any noncompliance by a state agency, adopt rules, submit annual reports to the Legislature and Governor, and (5) makes an unspecified appropriation for

funds to be expended by the Department of the Attorney General to implement and administer this review program.

We note that this bill does not amend any sections within chapter 91, HRS. However, the automatic repeal provision contemplated in section 5(a) of this bill would conflict with section 91-3, HRS, which provides mandatory procedures for rule adoption, amendment, and repeal. Furthermore, many administrative rules were adopted pursuant to statutes that required the adoption of administrative rules and the deletion of those rules would place the Department in violation of those statutes.

This bill would create an enormous burden on the Department, and on our assigned deputy attorneys general. The administrative rule promulgation process is both difficult and time-consuming, involving many procedural steps and approvals, and it is also costly. When adopting, amending, or repealing administrative rules, we are required to publish notice of the proposed changes and that a public hearing will be conducted to solicit input on the proposed rule changes. Under section 1-28.5(a), HRS, notices must be published through newspaper advertisements with statewide circulation. The cost of these publications is substantial, and the Department will need to increase funding to cover these recurring expenses.

Thank you for the opportunity to testify on this bill.

Jan. 28, 2024, 3 p.m.  
Hawaii State Capitol  
Conference Room 225 and Videoconference

**To: Senate Committee on Government Operations**  
**Sen. Angus McKelvey, Chair**  
**Sen. Mike Gabbard, Vice Chair**

**From: Grassroot Institute of Hawaii**  
**Ted Kefalas, Director of Strategic Campaigns**

TESTIMONY IN SUPPORT OF SB418 — RELATING TO REGULATORY SUNSET REVIEW IN HAWAII

Aloha Chair McKelvey, Vice-Chair Gabbard and other members of the Committee,

The Grassroot Institute of Hawaii would like to offer **support** for [SB418](#), which would introduce a regulatory review program for the purpose of identifying which administrative rules should be retained, modified or repealed.

Administrative rules have a significant impact on life in Hawaii, governing everything from starting a business to seeing the doctor. According to the [Mercatus Center](#), the Hawaii Code of Rules contained 108,741 restrictions and more than 6.4 million words as of 2023.

Despite its small size, Hawaii is the 28th most regulated state in the country. As regulations mount, they can become a burden to Hawaii residents and a drag on the state's economy.

Heavy regulation is associated with higher prices and increased poverty. A study in [Public Choice](#) found that a 10% increase in federal regulation in a state is associated with a 2.5% increase in the poverty rate. Moreover, a separate [analysis](#) of the impact of regulation on consumer prices found not only that regulations promote higher consumer prices, but also that those price increases have a disproportionately negative effect on low-income households.

Mercatus Center researchers estimate in Hawaii alone, the growth in federal regulations between 1997 and 2015 has resulted in 17,028 additional people living in poverty, prices that are 7.35% higher, and 491 jobs being lost every year.

To put it simply, high regulation is especially damaging to the most vulnerable.

Currently, there is no mechanism to help reduce the amount of regulation in Hawaii, making it difficult to identify unnecessary, outdated, ineffective or burdensome rules. The sunset-review program outlined in this bill, SB418, would remedy that problem, allowing for a reasonable time to evaluate new and existing rules.

SB418 represents the kind of forward-thinking approach we need to boost the state's economy and help reduce the cost of living for Hawaii families.

We urge the committee to pass SB418.

Thank you for the opportunity to testify.

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii



**SB-418**

Submitted on: 1/25/2025 1:05:23 PM

Testimony for GVO on 1/28/2025 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Jacob Wiencek	Individual	Support	Written Testimony Only

Comments:

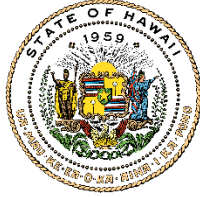
Aloha Committee Members,

Hawaii is an over-regulated state. We consistently rank as one of the most uncompetitive states in the Union, economically. And the results speak for themselves. Falling population rates and declining social and economic quality of life are impacting the people here. The proposed regulatory review is a signal that our government will be serious about addressing the systemic issues hurting people here.

I STRONGLY urge this Committee to SUPPORT this proposed bill!

JOSH GREEN, M.D.  
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**LATE**

DAWN N.S. CHANG  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

RYAN K.P. KANAKA'OLE  
FIRST DEPUTY

CIARA W.K. KAHANE  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621  
HONOLULU, HAWAII 96809

Testimony of  
DAWN N.S. CHANG  
Chairperson

Before the Senate Committee on  
Government Operations  
Tuesday, January 28, 2025  
3:00 PM  
Conference Room 225 & Videoconference

SENATE BILL 418  
RELATING TO REGULATORY SUNSET REVIEW IN HAWAII

Senate Bill 418 proposes to establish a program that requires each state agency to review twenty percent of its administrative rules every year and submit an annual report to the Department of the Attorney General. As part of this review process, agencies are required to engage the general public and solicit their inputs on the retention, modification or repeal of the rules that are under review. This bill also automatically repeals those rules at the end of each five-year review cycle if the agency has failed to comply with their designated review and reporting requirements, unless the Legislature extends the agency's review cycle. The **Department of Land and Natural Resources (Department)** opposes this bill.

This bill will create an enormous burden on the Department. Among all state agencies, DLNR is one of those whose mission covers the most aspects of the State government function. Its jurisdiction encompasses nearly 1.3 million acres of State lands, beaches, coastal waters and coastline, including the State's many important natural and cultural resources thereon. They include state parks; historical sites; forests and forest reserves; aquatic life and its sanctuaries; public fishing areas; boating, ocean recreation, and coastal programs; wildlife and its sanctuaries; game management areas; public hunting areas; natural area reserves; and historic and cultural sites and artifacts. Programs under DLNR's 11 divisions and other attached boards, councils and commissions do affect everyone in the State, residents, visitors and businesses alike.

Reflecting this spanning administrative duty, the Department has adopted a large number of administrative rules. To constantly review all of them every five years will be an over burdensome task for our staff, which is already short-handed for a long time. It should be also pointed out that, given the nature of DLNR's role in managing the State's wide-ranging recourses, our administrative rules unavoidably regulate and thus cause impacts to stakeholders of different, and indeed often competing, interests. This is very different from many other State agencies whose rules can be much less

controversial. It will be a very difficult and heavy job to review **all** DLNR's rules every five years to make a determination as to whether a particular rule impedes individual or business interests and whether the impacts are justifiable.

Further, the Department does not believe that this proposed review process is necessary. DLNR and its governing Board of Land and Natural Resources (Land Board) are constantly engaged with the general public in its daily operation and receive inquiries and proposals of administrative rule changes from time to time. Staff review of these public requests are ongoing everyday. Another mechanism of periodic and comprehensive review and reporting of **all** of our rules will likely cause unnecessary duplication of work and delays in addressing the public's proposals for rulemaking and rule changes.

Lastly, the Department wants to point out that its current rulemaking and amendment process already incorporates a procedure that requires public inputs and a review of impacts on the general public, the State's economy and the business sector, including a review by the State's Small Business Regulatory Review Board. Such review is included in staff's submittal to the Land Board (and the Department's attached commissions when appropriate) before the Land Board adopts the new rules or amendments. The Department believes this procedure is adequate and sufficient to fulfill the purpose of this proposed legislation.

Thank you for this opportunity to testify on this measure.

**LATE**



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 225  
Tuesday, January 28, 2025, 3:00 P.M.**

To The Honorable Senator Angus L.K. McKelvey Chair  
The Honorable Senator Mike Gabbard, Vice Chair  
Members of the Committee on Government Operations

**SUPPORT SB418 RELATING TO TAXATION**

The Maui Chamber of Commerce **SUPPORTS SB418**, which establishes a program in the State to review, streamline, and modernize the Hawaii Administrative Rules by implementing a rolling regulatory sunset and review process.

The Chamber wholeheartedly supports this bill and respectfully requests that departments engage with the Small Business Regulatory Review Board to ensure consideration of any rules that impact businesses and contribute to the high cost of doing business in the state.

Any opportunity to streamline the governmental process helps move projects forward. Given the severe housing crisis in the state, such streamlining is particularly needed at this time.

For these reasons we **SUPPORT SB418** and respectfully ask that it be passed with our suggested amendment.

Sincerely,

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.