



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON
ECONOMIC REVITALIZATION, BUSINESS, & MILITARY AFFAIRS**
Tuesday, March 17, 2009
7:30 a.m.
State Capitol, Conference Room 312

in consideration of
SB 1276, SD2
RELATING TO SMALL BUSINESS.

Chair McKelvey, Vice Chair Choy, and Members of the Committee:

The Department of Business, Economic Development & Tourism (DBEDT) strongly supports Senate Bill 1276, SD2 "Relating to Small Business." The bill provides both administrative and technical amendments to the Small Business Regulatory Flexibility Act (RFA). Specifically, the bill requires the Small Business Regulatory Review Board (Review Board) to determine business impact, adds two new and amends two existing definitions, increases the number of board members from eleven to thirteen, removes the provision that the chairperson will serve a term of not more than one year, codifies the Small Business Bill of Rights, and other non-substantive changes.

Modifying the definitions of "affected small business" and "agency," and adding "county" and "state," will clarify the identities of the rule-making entities required to adhere to the statute. Including the Review Board in the preliminary rule-review process will allow the members to provide input to the drafting agencies in a more efficient and

timely manner as it is recognized that rule-making agencies require technical comments as soon as practicable. Increasing the number of board members from eleven to thirteen will assist the Review Board in meeting its added responsibilities and help to alleviate quorum concerns. Removing the provision that the chairperson will serve a term of one year is expected to improve upon the Review Board's continuity and goals.

In addition, codifying the Small Business Bill of Rights will assist in educating small businesses about their important basic rights already dealt with in existing laws. The Bill of Rights is the result of an initial effort that began in the 2003 legislative session, which led to the adoption of SCR 76, asking the small business regulatory review board to provide such a "Bill of Rights" for consideration in the 2004 legislative session. This is a far-reaching and important measure that affects nearly all state and county agencies, many boards and commissions and Hawaii's small businesses.

Overall, DBEDT appreciates any proposal that affords small business equal and fair treatment, and reduces roadblocks to business success. Amending the RFA by adding the Small Business Bill of Rights, clarifying the functions of the Review Board and streamlining its processes will help to solidify the Board's role as the primary agent for small businesses that are burdened by broad administrative rules and will serve as a positive impact on all rule-making agencies within the administrative rule-making process.

Thank you for the opportunity to provide this testimony.



SMALL BUSINESS REGULATORY REVIEW BOARD

Department of Business, Economic Development & Tourism
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2nd Vice Chairperson
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Peter Yukimura
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Bruce E. Bucky
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Charles Au
Oahu

Donald Dymond
Oahu

Richard Schnitzler
Hawaii

David S. De Luz, Jr.
Hawaii

To: Chair McKelvey, Vice Chair Choy and Members of the Committee on Revitalization, Business & Military Affairs – Conference Room 312

Re: SB 1276, SD2 – “Relating to Small Business”

Date: March 17, 2009 at 7:30 a.m.

Aloha:

As the Chairperson of and on behalf of the Small Business Regulatory Review Board (Review Board), I offer testimony in **strong support** of SB 1276, SD2 “Relating to Small Business” **with one minor change** (see below).

This bill addresses the 2008 legislature’s requirement that the Review Board convene a working group to study and make recommendations of the process and procedures related to rulemaking, as established under Chapter 201, HRS. The working group found that the current statutes are not adequate to meet the concerns of small business, that Hawaii small businesses are still not fully aware of the Review Board’s purview and its processes, and that the Review Board is limited in its authority as it lacks the capacity to enforce recommendations. Further, the working group found that government agencies have expressed the need for flexibility and explicit guidance as to the information the Review Board requests from them.

For these reasons, the proposed revisions to 201M, HRS, which include a new section that codifies the Small Business Bill of Rights, are expected to improve communication and flexibility of the Statute’s processes and procedures.

The Review Board respectfully requests the following change to Right No. 9 of the Bill of Rights. The change was recommended by the Attorney General’s Office and approved by the Review Board’s working group but inadvertently omitted when the bill was introduced.

"The right to privacy regarding confidential and proprietary business information when competing for state procurement contracts. Subject to Chapter 92F, HRS, No state agency shall mandate the disclosure of confidential or proprietary business information as a condition of obtaining any contract or payment under any contract when a contract is to be awarded on a firm fixed price or cost plus fixed price basis[.]"

The Review Board is most appreciative of the change of attitude towards business shown over the past few years. The support the Review Board is receiving from current department directors and from many elected officials is gratifying. We urge the passing of this proposed bill in order to ensure that future administrations and those holding public office will continue the work on behalf of the small businesses of Hawaii.

On behalf of the members of the Small Business Regulatory Review Board, I thank you for the opportunity to present this testimony on SB 1276 SD2, and for your attention to the issues of Hawaii's business community.

Yours truly,



Lynne Woods, Chairperson
Small Business Regulatory Review Board



Testimony to the House Committee on Economic Revitalization, Business & Military Affairs
Tuesday, March 17, 2009
7:30 a.m.
Conference Room 312

RE: SENATE BILL NO. 1276, SD2 RELATING TO SMALL BUSINESS

Chair McKelvey, Vice Chair Choy, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). I am here to state The Chamber's support to Senate Bill No. 1276 SD2, relating to Small Business.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 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 its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

SB 1276 SD2 makes various administrative and technical amendments to the Small Business Regulatory Flexibility Act. The measure also codifies the small business bill of rights.

In Hawaii, small businesses are the engine for Hawaii's economy through the creation of jobs which provide innovative products and services, and the generation of economic activity. They reflect all industries and a wide range of employment.

The Chamber believes that this bill is an important step in obtaining transparency in the agency's review of rules and a mechanism for small businesses to be represented in the process.

Thus, The Chamber respectfully requests the committee to change the defective date to an effective date and pass SB 1276 SD2.

Thank you for the opportunity to testify.



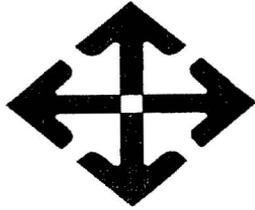
**Before the House Committee on Economic
Revitalization, Business & Military Affairs**

DATE: March 17, 2009
TIME: 7:30 a.m.
PLACE: Conference Room 312

**Re: SB 1276 SD2
Relating to the Small Business**

Thank you for the opportunity to testify in support of SB 1276 SD2. NFIB supports this measure in its current form. We recognize and appreciate the efforts of legislators to address small business concerns.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.



The Hawaii Business League

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March 17, 2009

Testimony To: House Committee on Economic Revitalization, Business, & Military Affairs
Representative Angus L.K. McKelvey, Chair

Presented By: Tim Lyons
President

Subject: S.B. 1276, SD 2 – RELATING TO SMALL BUSINESS

Chair McKelvey and Members of the Committee:

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

We are in support of this bill.

Small Business Regulatory Flexibility Act was "hallmark" legislation achieved by the small business community with the express cooperation of this Legislature. We established the framework to help review and assure that excessive regulations are not placed upon the small business community which of course is the "economic driver" of our community.

Since the time that this legislation was created, the Small Business Regulatory Review Board has moved forward with a variety of projects and challenges, many of which have benefited the small business community. As late as last year, the Small Business Bill of Rights was enacted

with Act 230-2008. This bill now requests the codification of those bill of rights and we wholeheartedly agree with that important step.

Based on the above, we can highly recommend the passage of this legislation and we request your favorable support.

Thank you.