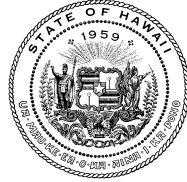


DAVID Y. IGE
GOVERNOR

SHAN TSUTSUI
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
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MARIA E. ZIELINSKI
DIRECTOR OF TAXATION

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

To: The Honorable Jill N. Tokuda, Chair
and Members of the Senate Committee on Ways and Means

Date: Friday, February 24, 2017

Time: 9:35 A.M.

Place: Conference Room 211, 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 biennial 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.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 24, 2017
9:35 a.m.
State Capitol, Conference Room 211

in consideration of
SB908
RELATING TO THE SMALL BUSINESS REGULATORY FLEXIBILITY ACT.

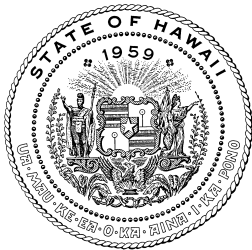
Chair Tokuda, Vice Chair Della Cruz and Members of the Senate Committee on Ways and Means. The Department of Business, Economic Development and Tourism (DBEDT) supports SB908, Relating to the Small Business Regulatory Flexibility Act.

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 employers.

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 SB908.



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.sbrrb@hawaii.gov
Website: dbedt.hawaii.gov/sbrrb

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

Robert Cundiff
Oahu

Nancy Atmospera-Walch
Oahu

Garth Yamanaka
Hawaii

Director, DBEDT
Voting Ex Officio

TO: Chair Tokuda, Vice Chair Dell Cruz, and Members of the
Committee on Ways and Means – Room 211

FROM: Anthony Borge, Chairperson
Small Business Regulatory Review Board

DATE: Friday, February 24, 2017 at 9:35 AM

SUBJECT: SB908 – Relating to the Small Business Regulatory Flexibility Act
Strong Support with Recommendations

On behalf of the Small Business Regulatory Review Board (SBRRB), I am providing testimony mostly in strong support of SB908, 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 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: In addition, the board would like to be provided the opportunity to nominate the two new board members, which is found in this measure’s companion bill, House Bill 1042 HD1. 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 recommendations and testimony in strong support of SB908.



**Testimony to the Senate Committee on Ways and Means
Friday, February 24, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

**RE: SENATE BILL 908 RELATING TO THE SMALL BUSINESS
REGULATORY FLEXIBILITY ACT**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 908, 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.



COMMITTEE ON WAYS AND MEANS

Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

NOTICE OF DECISION MAKING

DATE: Friday, February 24, 2017
TIME: 9:35 AM
PLACE: Conference Room 211

TESTIMONY OF THE OCEAN TOURISM COALITION SPEAKING IN SUPPORT SB908

Chair Senator Tokuda, Vice Chair Senator Dela Cruz and Members of WAM:

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.

Please pass SB 908 so that this valuable board may continue to operate more effectively.

Sincerely,

James E. Coon, President



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

February 24, 2017

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

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

Room 211
9:35 AM

Aloha Chair Tokuda, Vice Chair Dela Cruz, 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 in opposition to 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 oppose this measure.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 23, 2017 12:00 AM
To: WAM Testimony
Cc: ashman.janet@gmail.com
Subject: Submitted testimony for SB908 on Feb 24, 2017 09:35AM

SB908

Submitted on: 2/22/2017

Testimony for WAM on Feb 24, 2017 09:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
J Ashman	Individual	Oppose	No

Comments: Why not just do away with the Small Business Regulatory Review Board that protects small businesses? Because that is essentially what this measure will do.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov