

ACT 348

H.B. NO. 103

A Bill for an Act Relating to Business.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that a strong and stable economy is the key to ensuring that the immediate and future needs of Hawaii residents are met. This is an environment that provides and creates jobs, facilitates job growth, and encourages economic diversification. It is an environment that is vital to ensuring a comfortable and secure lifestyle for Hawaii residents.

To ensure that Hawaii's economic health steadily improves, our economy depends on the strength and vitality of businesses in the State. In this regard, Hawaii's economy must move away from its dependence on a few industries, to an economy that is more broad-based to encompass a wider variety of products, crops,

services, and business ventures and investments. It is in the State's best interests to pursue initiatives that will help existing businesses become more productive and promote more business opportunities and ventures.

Last year, the eighteenth legislature passed H.B. No. 3208 to assist small businesses in Hawaii. Enacted as Act 272, Session Laws of Hawaii 1996, this legislation established a blue ribbon task force on small business (task force) to review all state and county laws that impede the formation, operation, and expansion of small businesses in Hawaii. In addition, Act 272 specified that the task force was to look at all existing administrative rules and proposed rules and amendments that affect small businesses. This review process was to take place over a two-year period, with a preliminary report of the task force's findings and recommendations to be submitted to the governor and the legislature prior to the 1997 regular session and a final report to be submitted to the governor and the legislature prior to the 1998 regular session.

Through this legislation, the legislature addressed a primary concern of businesses by establishing a means to minimize delays in the regulatory process and to facilitate greater coordination of regulatory procedures, thereby alleviating stress on business operations and allowing businesses "to do business." However, in its ongoing effort to support business activities and operations, the legislature recognizes that the assessment and determination of which governmental regulations are burdensome to businesses must be coupled with balance and fairness to ensure that there are appropriate safeguards to protect the interests of consumers, the environment, and businesses. Given Hawaii's complex, regulatory environment, this is no easy task.

The commitment to nurture a thriving and stable business community in our State is ongoing. The challenges ahead are an opportunity to ensure that the concerns of the business community are addressed and that initiatives are carried out to help existing businesses prosper and grow, create new businesses, and attract other businesses and firms to the State. The immense responsibilities of the task force require careful and thoughtful deliberation for a sound analysis and conclusion. The task force's preliminary report to the governor and the legislature is just the beginning of its complex and extensive responsibilities.

The purpose of this Act is to support business in the State and the ongoing efforts of the task force by amending Act 272, Session Laws of Hawaii 1996, to:

- (1) Change the name of the "blue ribbon task force on small business" to the "small business task force on regulatory relief"; and
- (2) Extend the duration of the task force by one year, to June 30, 1999.

SECTION 2. Act 272, Session Laws of Hawaii 1996, is amended by amending section 1 to read as follows:

"SECTION 1. The legislature finds that small businesses in Hawaii are vital to the State's economic development and growth and help the State to maintain a stable and diversified economy. The legislature finds, however, that small businesses in the State are over-regulated by state government. Many state laws, although seemingly equitable on their face, often impose intolerable burdens on small businesses. Among the laws hampering small businesses are numerous state and county taxes; mandated benefits, including workers' compensation, health care, and motor vehicle insurance benefits; unemployment insurance costs; payroll costs; lease costs; licensing and permit fees; and reporting requirements.

The purpose of this Act is to establish a [one-year blue ribbon task force on small business] three-year small business task force on regulatory relief within the department of business, economic development, and tourism to review:

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- (1) All existing state administrative rules and proposed legislation relating to small businesses;
- (2) All state-originated proposed rules and proposed amendments to existing rules that affect small businesses prior to their adoption; and
- (3) All current and proposed state laws that act as barriers to the formation, operation, and expansion of small businesses in the State.”

SECTION 3. Act 272, Session Laws of Hawaii 1996, is amended by amending section 2 to read as follows:

“SECTION 2. There is established a [blue ribbon task force on] small business task force on regulatory relief within the department of business, economic development, and tourism for administrative purposes, to testify and represent the task force and the small business community at legislative hearings and to review:

- (1) All existing state administrative rules and proposed legislation relating to small businesses [as identified by the department of business, economic development, and tourism];
- (2) All state-originated proposed rules and proposed amendments to existing rules that affect small businesses prior to their adoption, concurrently with the department of business, economic development, and tourism; and
- (3) All current and proposed state laws that act as barriers to the formation, operation, and expansion of small businesses in the State.”

SECTION 4. Act 272, Session Laws of Hawaii 1996, is amended by amending section 4 to read as follows:

“SECTION 4. The [blue ribbon task force on] small business task force on regulatory relief shall submit:

- (1) A [preliminary] report of its findings and recommendations to the governor and the legislature no later than twenty days prior to the convening of the regular session of [1997;] 1998; and
- (2) A final report of its findings and recommendations to the governor and the legislature no later than twenty days prior to the convening of the regular session of [1998.] 1999.”

SECTION 5. Act 272, Session Laws of Hawaii 1996, is amended by amending section 5 to read as follows:

“SECTION 5. This Act shall take effect on July 1, 1996, and shall be repealed on [June 30, 1998.] June 30, 1999.”

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION 7. This Act shall take effect upon its approval.

(Approved July 3, 1997.)