



DAVID Y. IGE  
GOVERNOR

MIKE MCCARTNEY  
DIRECTOR

## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**MIKE MCCARTNEY**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS**

Wednesday, March 13, 2019  
10:00 AM  
State Capitol, Conference Room 309

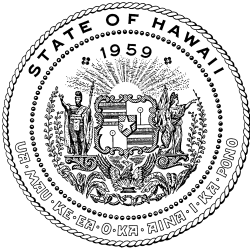
In consideration of  
**SB1348 SD1**  
**RELATING TO THE SMALL BUSINESS REGULATORY REVIEW BOARD.**

Chair McKelvey, Vice Chair Kitagawa and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) respectfully defers to the Small Business Regulatory Review Board as to the proposed changes of SB1348 SD1, which clarifies the intent of the Small Business Regulatory Review Board's powers when reviewing state and county administrative rules and ordinances that impact small business.

Overall, it is important that the Small Business Regulatory Review Board's purview is clearly understood by the small business community, state and county agencies, Hawaii business chambers, and trade industries to avoid any misinterpretations.

Thank you for the opportunity to testify on SB1348 SD1.



## SMALL BUSINESS REGULATORY REVIEW BOARD

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Department of Business, Economic Development & Tourism  
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### MEMORANDUM

David Y. Ige  
Governor

Michael McCartney  
DBEDT Director

#### Members

Anthony Borge  
Chairperson  
O'ahu

Robert Cundiff  
Vice Chairperson  
O'ahu

Garth Yamanaka  
2nd Vice Chairperson  
Hawaii'i

Harris Nakamoto  
O'ahu

Nancy Atmospera-Walch  
O'ahu

Mary Albitz  
Maui

William Lydgate  
Kaua'i

Director, DBEDT  
Voting Ex Officio

TO: Chair McKelvey, Vice Chair Kitagawa, and Members of the  
Committee on Economic Development & Business

FROM: Anthony Borge, Chairperson *Anthony Borge*  
Small Business Regulatory Review Board

DATE: March 13, 2019 – Room 309 at 10:00 a.m.

SUBJECT: Senate Bill 1348, SD 1 Relating to the Small Business  
Regulatory Review Board - Comments

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On behalf of the Small Business Regulatory Review Board (SBRRB), I am providing comments on Senate Bill 1348, SD1 Relating to the Small Business Regulatory Review Board. This measure clarifies the intent of the small business regulatory review board's powers when reviewing state and county administrative rules and ordinances that impact small business.

The SBRRB prefers Senate Bill 1348 which provides that "for requests regarding county rules, the board may make recommendations to the county council or the mayor for appropriate action."

Thank you for hearing the SBRRB's comments on Senate Bill 1348 SD1.



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March 13, 2019

HEARING BEFORE THE  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

**TESTIMONY ON SB 1348, SD1**  
RELATING TO THE SMALL BUSINESS REGULATORY REVIEW BOARD

Room 309  
10:00 AM

Aloha Chair McKelvey, Vice Chair Kitagawa, and Members of the Committee:

I am Brian Miyamoto, Executive Director 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 interest of our diverse agricultural community.

**The Hawaii Farm Bureau offers the following comments on SB 1348, SD1**, which aims to clarify the intent of the Small Business regulatory review board's powers. **We believe that the Board should have the broadest authority possible to protect small businesses in Hawaii from unnecessary and overburdensome rules.** HFB also believes that the Board should be adequately funded so that it can accomplish its mission.

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. The Board review helps to ensure that the proposed rules will be drafted in a manner that will protect the public health, welfare, and safety without placing an undue and significant burden upon small business.

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 protects and fosters the viability of small business by providing input and recommendations to agencies on rules that may otherwise have a detrimental impact on these businesses.

Thank you for the opportunity to support the work of the Small Business Regulatory Review Board.

**SB-1348-SD-1**

Submitted on: 3/12/2019 9:50:58 AM

Testimony for EDB on 3/13/2019 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

**SB-1348-SD-1**

Submitted on: 3/11/2019 11:23:32 AM

Testimony for EDB on 3/13/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bob	Individual	Oppose	No

Comments:

Chair Angus L.K. McKelvey, Vice Chair Kitagawa, and Members of the Committee:

Currently, the Board has three bites at the apple:

1. "§201M-2 Determination of small business impact; small business impact statement." requires an agency to submit a statement to the Board.
2. "§201M-3 Small business statement after public hearing." requires an agency to submit a statement after the public hearing(s).
3. "§201M-5 Small business regulatory review board; powers." **Permits the Board to suggest changes to "the proposed rules** to minimize the impact of the proposed rule, or may recommend the withdrawal of the proposed rule."

The existing statute offers the Board significant input into the rule-making process. In addition, pursuant to the Governor's Administrative Directive No. 09-01, each agency is required to provide the Governor an assessment of the impact on small businesses. In effect, this requires each agency to "seek approval" from the Board before the Governor will sign off on the approval for a public hearing or the rules.

Thus, there exists a rigorous statutory and administrative process for the review of rules vis-à-vis the impact on small businesses. If enacted, this measure would allow any number of small businesses to request the Board to make a recommendation to the agency or Legislature about proposed or amended rules in process. This is putting the cart before the horse and would allow any number of small businesses to make requests for review of any rule at any formal stage of the process as well as once approved.

Instead of significantly expanding the Board, what about creating other Boards to represent stakeholders in the administrative rules process?

As is, does the existing §201M violate the delegation of legislative power?

How about amending the definition of "small business"? 19 or less?

Thank you for the opportunity to testify.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 016  
WEDNESDAY, MARCH 13, 2019 AT 10:00 A.M.**

To The Honorable Angus L.K. McKelvey, Chair;  
The Honorable Lisa Kitagawa, Vice Chair; and  
Members of the Committee on Economic Development & Business;

**TESTIMONY IN SUPPORT OF SB 1348 RELATING TO  
THE SMALL BUSINESS REGULATORY REVIEW BOARD**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. We appreciate the opportunity to support SB 1348.

The Small Business Regulatory Review Board is extremely important to protect small businesses in our state and we support the expansion of their authority.

As many proposed, amended, and adopted rules by state agencies create significant impacts on small businesses, we support this bill that would allow the Small Business Regulatory Review Board to now review proposed and amended rules as well. This change will be very beneficial as the Small Business Regulatory Review Board could review a proposed change to determine its effects on small businesses before it is passed, which provides the opportunity for additional testimony on the proposed rule and better protects small businesses.

Mahalo for your consideration of our testimony and we ask that this bill be passed.

Sincerely,

*Pamela Tumpap*

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.



# Chamber of Commerce HAWAII

*The Voice of Business*

**Testimony to the House Committee on Economic Development and Business  
Wednesday, March 13, 2019 at 10:00 A.M.  
Conference Room 309, State Capitol**

**LATE**

**RE: SB 1348 SD1, RELATING TO THE SMALL BUSINESS REGULATORY REVIEW BOARD**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1348 SD1, clarifies the intent of the small business regulatory review board's powers when reviewing state and county administrative rules that impact small business.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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.

State and County rules should implement the purpose and intent established in the corresponding statutes or ordinances. The Small Business Regulatory Review Board plays an important role to insure the proposed rules are in compliance with the statutes/ordinances. The Board also assess the proposed rules impacts to small businesses to ensure that the rules do not create unnecessary burden for small businesses in the state.

Thank you for the opportunity to testify.