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# A BILL FOR AN ACT

RELATING TO THE SMALL BUSINESS REGULATORY FLEXIBILITY ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to provide greater  
2 clarity and effect to the Small Business Regulatory Flexibility  
3 Act with the following amendments:

4           (1) Adopt a more explicit definition of "small business";

5           (2) Clarify the powers of the small business regulatory  
6 review board when reviewing administrative rules that  
7 impact small business;

8           (3) Increase the number of board members from nine to  
9 eleven; and

10          (4) Clarify when reporting by the agencies is required for  
11 submission to the small business regulatory review  
12 board and when reporting by the board is required for  
13 submission to the legislature.

14          SECTION 2. Section 201M-1, Hawaii Revised Statutes, is  
15 amended by amending the definition of "small business" to read  
16 as follows:



1        "Small business" means a for-profit ~~[enterprise consisting~~  
2 ~~of]~~ corporation, limited liability company, partnership, limited  
3 partnership, sole proprietorship, or other legal entity that:

4        (1) Is domiciled and authorized to do business in Hawaii;

5        (2) Is independently owned and operated; and

6        (3) Employs fewer than one hundred full-time or part-time  
7        employees[-] in Hawaii."

8        SECTION 3. Section 201M-5, Hawaii Revised Statutes, is  
9 amended by amending subsections (a) and (b) to read as follows:

10        "(a) There shall be established within the department of  
11 business, economic development, and tourism, for administrative  
12 purposes, a small business regulatory review board to review any  
13 proposed new or amended rule ~~[or to]~~. If the board determines  
14 that a proposed rule will not have a significant economic impact  
15 on a substantial number of small businesses, the board shall  
16 submit a statement to that effect to the agency that sets forth  
17 the reason for the board's decision. If the board determines  
18 that the proposed rule will have a significant economic impact  
19 on a substantial number of small businesses, the board may  
20 submit to the agency suggested changes in the proposed rule to  
21 minimize the economic impact of the proposed rule, or may



1 recommend the withdrawal of the proposed rule. The board may  
2 also consider any request from small business owners for review  
3 of any rule adopted by a state agency and to make  
4 recommendations to the agency or the legislature regarding the  
5 need for a rule change or legislation. For requests regarding  
6 county ordinances, the board may make recommendations to the  
7 county council or the mayor for appropriate action.

8 (b) The board shall consist of [~~nine~~] eleven members, who  
9 shall be appointed by the governor pursuant to section 26-34,  
10 provided that:

- 11 (1) Three members shall be appointed from a list of  
12 nominees submitted to the president of the senate;
- 13 (2) Three members shall be appointed from a list of  
14 nominees submitted by the speaker of the house of  
15 representatives;
- 16 (3) [~~Two~~] Four members shall be appointed by the governor;
- 17 (4) The director of business, economic development, and  
18 tourism, or the director's designated representative,  
19 shall serve as an ex officio [~~+~~], [~~+~~] voting member of  
20 the board;



- 1 (5) The appointments shall reflect representation of a  
2 variety of businesses in the State;
- 3 (6) No more than two members shall be representatives from  
4 the same type of business; and
- 5 (7) There shall be at least one representative from each  
6 county.

7 For the purposes of paragraphs (1) and (2), nominations shall be  
8 solicited from small business organizations, state and county  
9 chambers of commerce, and other interested business  
10 organizations."

11 SECTION 4. Section 201M-7, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) Each agency having rules that affect small business  
14 shall submit by June 30 of each odd-numbered year~~[7]~~ to the  
15 board a list of those rules ~~[to the small business regulatory~~  
16 ~~review board,]~~ and a report describing the specific public  
17 purpose or interest for adopting the respective rules that  
18 affect small business and any other reasons to justify their  
19 continued implementation; provided that, by June 30 of each  
20 year, each agency shall submit to the ~~[small business regulatory~~  
21 ~~review]~~ board a list of any rules to be amended or repealed,



1 based upon any new, amended, or repealed statute [~~—The agency~~  
2 ~~shall also submit a report describing the specific public~~  
3 ~~purpose or interest for adopting the respective rules that~~  
4 ~~affect small business and any other reasons to justify their~~  
5 ~~continued implementation.] that impacts small business."~~

6 SECTION 5. Section 201M-7, Hawaii Revised Statutes, is  
7 amended by amending subsection (c) to read as follows:

8 "(c) The board may solicit testimony from the public  
9 regarding any report submitted by the agency under this section  
10 at a public meeting held pursuant to chapter 92. Upon  
11 consideration of any report submitted by an agency under this  
12 section and any public testimony, the board shall submit an  
13 evaluation report to the [~~next regular session of the]~~  
14 legislature [~~-~~] prior to the end of the next even-numbered year.  
15 The evaluation report shall include an assessment as to whether  
16 the public interest significantly outweighs a rule's effect on  
17 small business and any legislative proposal to eliminate or  
18 reduce the effect on small business. The legislature may take  
19 any action in response to the report as it finds appropriate."



1 SECTION 6. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 7. This Act shall take effect on July 1, 2050.



**Report Title:**

Small Business Regulatory Flexibility Act

**Description:**

Adopt a more explicit definition of "small business," clarify the powers of the Small Business Regulatory Review Board, 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. Effective 7/1/2050. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

