

Small Business Regulatory Review Board

MINUTES OF REGULAR MEETING

August 19, 2015

Conference Room 436 - No. 1 Capitol District Building, Honolulu, Hawaii

- I. **CALL TO ORDER:** Chair Borge called the meeting to order at 9:30 a.m. with a quorum present.

MEMBERS PRESENT:

- Anthony Borge
- Harris Nakamoto
- Barbara Bennett
- Kyoko Kimura
- Robert Cundiff
- Garth Yamanaka
- Mark Ritchie

ABSENT MEMBERS:

- Phillip Kasper
- Nancy Atmospera-Walch

STAFF: DBEDT
Dori Palcovich

Office of the Attorney General
Margaret Ahn

II. APPROVAL OF JULY 15, 2015 MINUTES

Ms. Kimura made a motion to accept the July 15, 2015 minutes, as amended. Second Vice Chair Bennett seconded the motion, and the Board members unanimously agreed.

III. NEW BUSINESS

- A. Discussion and Action on Proposed Amendments to HAR Title 11, Chapter 62, Wastewater Systems, promulgated by Department of Health (DOH)

Chair Borge explained that amendments were reviewed by this Board in 2014 but they have since been withdrawn and revised. Ms. Pruder, Branch Chief at DOH Wastewater Branch, stated that the current proposal is based on input received at neighbor-island public information meetings after the prior rule amendment proposal was withdrawn in May 2015.

The current revisions include removing the “point of sale” requirement as there was much opposition from the realtors and developers. Also included is the banning of the construction of new cesspools and adding requirements for certification of qualified cesspools. Under Act 120, the proposal adds an income tax credit for those who are within 200 feet of the shoreline for the cost of upgrading or converting a qualified cesspool to a septic tank system, an aerobic treatment unit system, or connecting to a sewer system. The amendments include labeling the entire State a critical waste-water disposal area, meaning that no new cesspools will be allowed. It was noted that small businesses may receive up to \$10,000 in tax credits if the cesspools are considered qualified; a licensed surveyor would need to be

hired for the certification. The overall cost to upgrade a cesspool will cost \$10,000 to \$20,000. However, there is a \$5 million cap per year for these credits, which is under a first-come, first-served basis. Any taxpayer ineligible to claim the credit in a taxable year may be eligible to claim it in the subsequent taxable year.

Ms. Pruder explained that approximately 6,800 cesspools fall within 200 feet of the shoreline, there are no specific requirements for abandonment of cesspools, and the cesspool rules are mostly state-mandated, not federally-mandated (only the large-capacity cesspool rules are federally-mandated). She is unaware of any City and County expansion of sewer line infrastructure. In addition, she stated that there will be public informational meetings held at all the neighbor islands as well as with the state legislators prior to the formal public hearings; meetings for the Islands of Molokai and Oahu have not yet been held.

Chair Borge stated that the Wastewater Branch has done a great job in soliciting feedback from the stakeholders and modifying the rules from the last proposal. There is clearly a negative impact on small business, but the tax credit would help mitigate the impact. Going forward, he suggested that DOH involve the city & counties regarding a future timetable for sewer line installation in the high population/cesspool density areas. This would be an attempt to avoid paying for septic tank installations, and shortly thereafter sewer line hook-up, as well as for future budgeting by stakeholders.

Mr. Nakamoto made a motion to support the proposed amendments to proceed to public hearing and to include Chair Borge's suggestion that DOH involve the City and the Counties regarding a future timetable for sewer line installation in the high population/cesspool density areas. Mr. Ritchie seconded the motion, and the Board members unanimously agreed.

IV. ADMINISTRATIVE MATTERS

A. Discussion and Action on the following:

1. Upcoming Board Meeting Dates and Times

The members agreed to change the time of the monthly board meetings from 9:30 a.m. to 1:00 p.m., beginning with the September 16, 2015 meeting.

2. Proposed Correspondence to State Agencies introducing assigned Board members as "Discussion Leaders"

Chair Borge explained that letters will be sent out to the agencies from this Board introducing the discussion leaders, requesting a meeting to discuss the Board and to answer any questions the agencies may have. It was agreed that each member will contact the agencies and schedule his or her own meetings; Chair Borge asked the members to let him know when their meetings are scheduled as he is willing to attend.

Chair Borge stated that he will be meeting with DBEDT's director tomorrow (August 20th) about a budget for this Board. Ms. Kimura noted that because she is assigned as discussion leader for three State agencies, she will likely need to fly to Honolulu from Maui on a day or two other than the day of the scheduled board meeting; Chair Borge will bring this to the attention of the director to find out whether DBEDT will cover these extra travel expenses.

3. Board's On-going Outreach Efforts, including a possible Newsletter sent to Hawaii's Small Business Community, in accordance with Chapter 201M, HRS

Second Vice Chair Bennett urged this Board to send out a monthly electronic newsletter to various chambers and business organizations to show that this Board exists and what this Board does; (Chair Borge noted that Second Vice Chair Bennett is a good marketing person to spearhead the newsletter and the information in it.) Mr. Nakamoto added that the information in the e-newsletter should be current and informative. Ms. Palcovich will contact DBEDT's IT branch to find out if there are any internal policies restricting the use of an outside electronic mail service; if there are none, she will look into the "Mad Mimi" email service, suggested by Second Vic Chair Bennett. It was suggested that this Board create a task force to review specific information relating to the monthly electronic newsletter.

In regards to on-going outreach efforts, Mr. Ritchie stated that Board "sliders" can be linked to DBEDT's home page, and suggested that the SBRRB's website be connected to the Hawaii Chamber of Commerce's website. DBEDT staff will provide Board business cards to Mr. Cundiff and Mr. Yamanaka. Mr. Ritchie also discussed the recent small business fair that occurs twice a year, and where DBEDT is an exhibitor. Approximately 300 people attended the August fair where brochures of this Board were distributed. Three different tracts or training sessions were offered at the fair; going forward, Mr. Ritchie will look into whether this Board's regulatory mission may be incorporated into an existing tract/session.

- V. **NEXT MEETING** – The next meeting is scheduled for Wednesday, September 16, 2015, in Conference Room 436, 250 South Hotel Street, Honolulu, Hawaii, at 1:00 p.m.
- VI. **ADJOURNMENT** – Ms. Kimura made a motion to adjourn the meeting and Mr. Ritchie seconded the motion; the meeting adjourned at 11:45 a.m.