

Small Business Regulatory Review Board

MINUTES OF REGULAR MEETING

December 14, 2016

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

- I. **CALL TO ORDER:** Chair Borge called the meeting to order at 1:03 p.m., with a quorum present.

MEMBERS PRESENT:

- Anthony Borge
- Kyoko Kimura
- Robert Cundiff
- Garth Yamanaka
- Mark Ritchie

ABSENT MEMBERS:

- Harris Nakamoto
- Nancy Atmospera-Walch

STAFF: DBEDT
Dori Palcovich

Office of the Attorney General
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II. APPROVAL OF NOVEMBER 16, 2016 MINUTES

Mr. Cundiff made a motion to accept the November 16, 2016 minutes, as presented. Second Vice Chair Kimura seconded the motion, and the Board members unanimously agreed.

III. OLD BUSINESS

- A. Discussion and Action on the Small Business Statement After Public Hearing and Proposed Amendments to Rules of the Liquor Commission, City and County of Honolulu, Title 3, Subtitle 6, promulgated by the Liquor Commission, City and County of Honolulu:

1. Chapter 80, General Provisions
2. Chapter 82, Licenses and Permits, General Provisions
3. Chapter 83, Procedure for Obtaining License
4. Chapter 84, Duties of and Supervision over Licensee
5. Chapter 86, General Violations and Prosecutions

Second Vice Chair Kimura stated this Board heard from the Liquor Commission a few months ago, prior to the public hearing; five people attended the hearing and two provided testimony. She commended the Liquor Commission for making amendments to the rules after hearing recommendations from the small businesses attending the public hearing.

Ms. Hirai, Assistant Administrator for the City and County of Honolulu Liquor Commission, added that five people attending the public hearing is quite a small turn-out; however, because focus group meetings were held prior to the public hearing, many issues were ironed out beforehand. She explained that during the public hearing, testimonies from a beer manufacturer and brewpub licensees believed that the proposed description of “growler” was too restrictive and would either prevent the use of the related “crowler” or unduly inhibit traditional “growler” use.

Subsequently, compromise language acceptable to both types of licensees was agreed upon, and as a result, the rules currently describe “growlers” or containers used for “off-premises consumption.” Specifically, the rules show that a “growler” or other glass, ceramic, or metal container used by manufacturers, restaurants, retail dealers, brewpubs, wineries and small craft producer pubs for sale of product for off-premises consumption by patrons shall be a single-use container that is filled on premise or a container that is re-sealable once opened and intended for multiple fills and use. Ms. Hirai stated that the proposed rules will likely be adopted by the Mayor near the end of February 2017.

Chair Borge noted that to include the stakeholders early on in the rule-making process and to actually make changes is not done very often and is a good case example to other agencies. He further noted that once there is a buy-in with at least a majority of the stakeholders, then compliance and enforcement are much easier. Ms. Hirai added that many people are willing to attend the pre-hearing focus group meetings as the process is more comfortable than in a structured public hearing setting.

Second Vice Chair Kimura made a motion for the amendments to proceed to the Mayor for approval, and to include that the pre-hearing focus group meetings are very favorable and also a good case example to other agencies for encouraging small business owners to express his or her opinions prior to the public hearings. Mr. Cundiff seconded the motion, and the Board members unanimously agreed.

Ms. Hirai briefly explained some of the amendments that will be coming before this Board in 2017, such as the increase in license fees, which have not been increased in eleven years. These increases, which will be made across the board to every license fee, would take effect in 2018 and will assist in funding the Commission’s new database system.

IV. ADMINISTRATIVE MATTERS

A. Discussion and Action on the 2016 Draft Annual Report Summary for Submission to the Hawaii State Legislature pursuant to Section 201M-5(f), HRS

The members reviewed the draft annual report which entails the rules, both pre-and post-public hearing that were reviewed in 2016, legislation, and the Board’s advocacy efforts, which include social media.

Second Vice Chair Kimura made a motion to approve the draft 2016 annual report summary. Mr. Yamanaka seconded the motion and the members unanimously agreed.

B. Update on this Board's Upcoming Advocacy Activities and Programs in accordance with the Board's Powers, under Section 201M-5, HRS

Chair Borge commented on the material that was distributed from the Wisconsin Small Business Regulatory Review Board and noted that DBEDT's staff spoke with one of the Wisconsin executive directors about its day-to-day activities. He noted that the Wisconsin Board's mission is very close to this (Hawaii) Board's mission, but it is very heavy into advocacy and its mission is tied into other agencies in regards to business development.

Chair Borge asked that the members take a close look at the material as it is good to have a "success story" to use as a template for the legislature. Also, it was noted that a webinar was offered for this Board; he suggested members choose a time and day to listen to the webinar.

Chair Borge also explained that he recently met with the State Procurement Office (SPO) Administrator, Sarah Allen, who is charged with creating a set-aside program for small businesses, based on a Hawaii State Statute. The law essentially states that twenty percent of the State's purchasing/procurement must be made to small business, which equates to approximately \$30 to \$40 million annually.

Thus far, a "Hawaii Small Business Program" template was created that outlines the requirement to define small business, receive assistance for funding from the state legislators and the governor, and create a small business advisory group. Thus, a resulting "Small Business Office" would include SPO, UH, DCCA, DBEDT (i.e., SBRRB and the Business Development and Support Division), and the Holomua Incubator. An initial budget of \$250,000 would be needed for the head of the program, office staff, and outreach funds.

C. Update on the Board's Budget Proposal for Fiscal 2017 and 2018

It was announced that this Board's \$50,000 budget request was not approved by the Department of Budget & Finance. Chair Borge stated that there are other routes for this Board to take for requesting a budget. Mr. Cundiff suggested that a meeting be held, after a monthly Board meeting, with the Chamber of Commerce of Hawaii to see what the Chamber's priorities are and how they may be able to support and help this Board; Chair Borge, Second Vice Chair Kimura, and Mr. Cundiff volunteered to attend the meeting.

Chair Borge indicated that an article in the November 18, 2016 *Pacific Business News* announced that the proposed amended administrative rules for the State Building Code, after the public hearing, will be soon brought forth in front of this Board.

V. LEGISLATIVE MATTERS

A. Update on Proposed Amendments to Chapter 201M, HRS

Deferred until the next Board meeting.

VI. NEXT MEETING – The next meeting is scheduled for Wednesday, January 25, 2017, in Conference Room 436, 250 South Hotel Street, Honolulu, Hawaii, at 10:00 a.m.

VII. ADJOURNMENT – Mr. Ritchie made a motion to adjourn the meeting and Mr. Cundiff seconded the motion; the meeting adjourned at 1:55 p.m.