

## Small Business Regulatory Review Board

### MEETING MINUTES

August 21, 2025

- I. **CALL TO ORDER:** Chair Shick called the meeting to order at 10:00 a.m., with a quorum present.

**MEMBERS PRESENT:**

- Jonathan Shick, Chair
- Sanford Morioka, Vice Chair
- James (Kimo) Lee
- Nikki Ige
- Dr. Jennifer Salisbury
- Leelen Park
- David Sikkink

**ABSENT MEMBERS:**

- Mary Albitz, Second Vice Chair
- Tessa Gomes

**STAFF:** DBEDT

Dori Palcovich  
Jet'aime Ariola

Office of the Attorney General

Alison Kato

II. **APPROVAL of JULY 24, 2025 MINUTES**

Mr. Park motioned to approve the July 24, 2025 meeting minutes, as amended. Mr. Lee seconded the motion, and the Board members unanimously agreed.

III. **NEW BUSINESS**

- A. Discussion and Action on the Small Business Statement After Public Hearing and Proposed Amendments to Title 3, Chapter 3, Subchapter 1, Section 1-4, Use of Community Workforce Agreements in the City Construction Projects, promulgated by Department of Budget and Fiscal Services, City and County of Honolulu

Ms. Paula Youngling, Purchasing Administrator at the Division of Purchasing for the City and County of Honolulu, and representing the Department of Budget and Fiscal Services, explained that in 2020, the Community Workforce Agreement (CWA) was established by the City and County of Honolulu, Hawaii trade organizations and labor unions. The proposed rules set forth the internal process for the City to determine which solicitations for construction projects should require execution of the CWA.

If, pursuant to the rules, it is determined that the solicitation should require a CWA, a non-unionized contractor, large or small, and its subcontractors, would have to pay union fees and dues to the signatory unions of the CWA; this is intended to promote government efficiency and reduce overall costs. Thus, all qualified contractors may bid on City construction projects

that require a CWA. Overall, the inclusion of a CWA requirement in a solicitation for a City construction project affects all non-unionized contractors, regardless of size.

In response to Chair Shick's inquiry regarding a potential financial disadvantage for non-unionized companies to pay union dues and fees, Ms. Youngling stated that both union and non-union contractors would have to abide by the CWA; this requires that all applicable state and federal laws must be complied with. She wasn't aware of any non-unionized bidders that received past contracts through CWA.

Dr. Salisbury motioned to send the proposed amended rules to public hearing. Vice Chair Morioka seconded the motion, and the Board members unanimously agreed.

B. Discussion and Action on the Small Business Impact Statement and Proposed Amendments to HAR Title 18 Chapter 235 Income Tax Law (Subchapter 3 Individual Income Tax Law), promulgated by Department of Taxation (DoTax)

Discussion leader Ms. Ige reminded the board members that these tax rules were brought forth to the Board last year by Mr. Garrison Kurth, DoTax Administrative Rules Specialist, who will discuss the current rule proposal.

Mr. Kurth explained that Act 46, Session Laws of Hawaii 2024, proposed by Governor Green, reflects various tax cuts effective every other year. For 2026, tax brackets will be adjusted; for 2027, the standard tax will double from \$8,800 to \$16,000; and for 2028 tax brackets will again be adjusted. While last year, DoTax's proposed changes were only for 2025, this year DoTax is before this Board for changes of the remaining years. This will, in effect, avoid DoTax coming back to the Board every year, which will help with efficiency purposes.

Also noted, in lieu of coming back to the Board each year, DoTax will update the State's public Tax Guide with the proposed changes. Mr. Kurth mentioned that DoTax may be back before this Board in the near future anyway depending on potential tax changes during the upcoming legislative sessions.

Ms. Ige motioned to send the proposed amended rules to public hearing. Mr. Park seconded the motion, and the Board members unanimously agreed.

C. Discussion and Action on the Small Business Impact Statement and Repeal of HAR Title 11 Chapter 156 and Adoption of Chapter 11-156.1, Communicable Diseases, promulgated by Department of Health (DOH)

Dr. Sarah Kemble, MD, Chief at DOH's Disease Outbreak and Control Division, explained that the rules were last updated in 2008, explaining that many changes have been made over the last 17 years. Exhibits A and B, attached to the proposed rules, have been added due to new diseases that are now public health concerns, negative test reporting for laboratories, and many other changes. The exhibits have also been streamlined with additional operational procedures and guidance outlined in DOH's website.

Dr. Kemble added that Exhibit C was replaced with departmental authority to establish and update disease control measures based on evidence with currently accepted standards. In addition, other detailed changes related to data elements that are required to be provided by health care providers and laboratories when reporting diseases have been clarified.

Discussion leader Vice Chair Morioka stated that in terms of affecting small business, the proposed changes would likely make it easier for reporting purposes. There also doesn't appear to be any monetary impact aside from the existing system of fines.

Vice Chair Morioka motioned to send the proposed amended rules to public hearing. Ms. Ige seconded the motion, and the Board members unanimously agreed.

D. Discussion and Action on the Small Business Impact Statement and Proposed Amendments to HAR Title 4 Chapter 8, Agricultural Loan Division, promulgated by Department of Agriculture (DoAg)

Ms. Ige spoke with DoAg representatives earlier and found that many of the proposed changes will help small businesses. DoAg Loan Administrator, Mr. Richard (Buddy) Nichols, explained that the Legislature reduced the interest rate to existing farmers and new farmers to 4 percent and 3 percent, respectively. Historically, the interest rate was 1 percent over the Prime Rate. This proposal gives farmers the opportunity to produce more food locally, as currently 85 percent of Hawaii's food is imported.

The proposed rules also reflect an increase in the loan limit, which initially was \$800,000 and has been raised to \$1,500,000, for operational needs such as seeds, supplies chemicals, materials, farm equipment and working capital. The new rules will give farmers the opportunity to purchase land, not just lease it, which supports agricultural sustainability in the long term.

In addition, the rules introduce a revolving line of credit with limits up to \$100,000 to be used by farmers over time so they can continue to plant and harvest.

Ms. Ige stated that to ensure that these very favorable interest rates remain with the farmers, as opposed to other landowners, reviewing tax returns and other measures have been put into place by DoAg. Requirements include being a Hawaii resident for at least 3 years with a majority of income coming from the farm; thus, one must be a local farmer producing local food to qualify.

Ms. Ige motioned to send the proposed amended rules to public hearing. Dr. Salisbury seconded the motion, and the Board members unanimously agreed.

#### **IV. ADMINISTRATIVE MATTERS**

A. Update on the Board's Upcoming Advocacy Activities and Programs in accordance with the Board's Powers under Section 201M-5, Hawaii Revised Statutes (HRS)

1. Business Revitalization Taskforce's most recent meeting pursuant to Act 142 (Sessions Law Hawaii 2024, Senate Bill 2974 Relating to Economic Development,

and Tourism establish a task force in order to identify methods to improve Hawaii's general economic competitiveness and business climate, including the mitigations of regulatory tax burdens

Deferred until next month.

2. Simplifying Permitting for Enhanced Economic Development (SPEED) Task Force's to identify actions, challenges encountered, and legislative measures necessary to facilitate, expedite and coordinate state and intergovernmental development permit processes; and appropriates funds

Dr. Salisbury, the Board's representative for SPEED, stated that the task force has not yet met. However, she attended a recent Maui Chamber of Commerce event where House Representative Greggor Ilagan spoke about the SPEED task force. He offered to speak to this Board about the taskforce, which the members were very much in favor; the Board will reach out to Representative Ilagan to set a date and time.

The goals of the task force are: 1) to simplify permits statewide; and 2) to instill the tracking of permits. The first task force meeting is tentatively scheduled for September 11<sup>th</sup> from 9:30 am to 2:00 pm, which is open to the public. The intent is to have all four counties on the same system, as each county currently utilizes its own permitting system.

3. Review and Update of Board's "Discussion Leader Assignments" for the State and County Agencies' Hawaii Administrative Rules

The following discussion leader assignment changes were made:

- County of Hawaii – James (Kimo) Lee / Back-up – Leelen Park
- University of Hawaii – Back-up – Leelen Park
- Department of Taxation – Nikki Ige / Back-up – David Sikkink
- Department of Human Services – Sanford Morioka / Back-up – Tessa Gomes
- Department of Hawaiian Home Lands – Back-up – Leelen Park
- Department of Education – Jennifer Salisbury / Back-up – Jonathan Shick
- Department of Defense – Back-up – David Sikkink
- Department of Business, Economic Development & Tourism – David Sikkink
- Department of Budget & Finance – Jennifer Salisbury / Back-up Leelen Park
- Department of the Attorney General – Back-up – Sanford Morioka
- Department of Accounting & General Services – Mary Albitz / Back-up – David Sikkink
- Office of the Lieutenant Governor – Back-up – Sanford Morioka

4. Becker Communications, Inc., regarding the Board's Small Business Outreach

Becker's proposed social media posts for the whole month of September were reviewed and approved by DBEDT.

5. Presentation to Industry Associations

Nothing was reported.

6. Staff's Small Business Outreach

Ms. Ariola attended the Kapolei Chamber of Commerce's "Talk Story" with U.S. Representative, Ed Case. DBEDT's A.I. Summit is scheduled for September. A business panel, hosted by *Pacific Business News* in Maui is being held on October 10<sup>th</sup>, which Ms. Ariola is planning to attend. Ms. Ariola also registered as a member of Hawaii Economic Association (HEA), which will allow her to attend various economic meetings and webinars offered by HEA at a discount.

**V. NEXT MEETING** – Thursday, September 18, 2025 at 10:00 a.m., via Zoom and in Conference room 436 at No. 1 Capitol District Building, 250 S. Hotel Street, Honolulu, HI 96813.

**VI. ADJOURNMENT** – Dr. Salisbury motioned to adjourn the meeting and Mr. Lee seconded the motion; the meeting adjourned at 10:50 a.m.