

Small Business Regulatory Review Board

MEETING MINUTES

November 20, 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
- Mary Albitz, Second Vice Chair
- Nikki Ige
- Dr. Jennifer Salisbury
- James (Kimo) Lee
- Leelen Park
- Cynthia Hobson
- David Sikkink

ABSENT MEMBERS:

- Tessa Gomes

STAFF: DBEDT
Jet'aime Ariola

Office of the Attorney General
Alison Kato

II. **APPROVAL of OCTOBER 16, 2025 MINUTES**

Second Vice Chair Albitz motioned to approve the October 16, 2025 meeting minutes, as presented. Mr. Park 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 New HAR Title 12 Chapter 15, Hawaii Workers' Compensation Medical Fee Schedule (MFS) and Exhibit A Workers' Compensation Supplemental Fee Schedule, promulgated by Department of Agriculture and Biosecurity (DAB)

Discussion leader Ms. Albitz noted that these after public hearing rules do not have a huge impact to small businesses.

Ms. Joann Vidinhar from DLIR provided a summary of the Chapter 15 post-hearing process. The public hearing was publicly noticed and held with three attendees, and no oral or written testimony was received. All statutory requirements were met, and the post-hearing packet is ready for final approval.

Ms. Albitz motioned to send the proposed new rules to the Governor for adoption. Ms. Ige seconded the motion, and the Board members unanimously agreed.

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

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

Mr. Garrison Kirth stated that the proposed amendments update the State's income tax withholding tables pursuant to Act 46 (2024). The public hearing notice was published, the hearing was conducted on October 30, and no public testimony was submitted. The Attorney General has approved the final rule language. The rule changes reflect updated withholding formulas and will simplify annual updates for employers.

Ms. Albitz motioned to send the proposed new rules to the Governor for adoption. Ms. Jennifer Salisbury seconded the motion, and the Board members unanimously agreed.

C. Discussion and Action on the Small Business Statement After Public Hearing and Proposed New HAR Title 15 Chapter 217, Kakaako Mauka Rules, promulgated by Hawaii Community Development Authority (HCDA) / Department of Business, Economic Development and Tourism (DBEDT)

HCDA representatives Mr. Ryan Tam and Mr. Craig Nakamoto summarized the rule amendments intended to align HCDA's development standards with Honolulu Ordinance 16-21 regarding real property tax exemptions for qualified Central Kaka'ako industrial businesses. Approximately 77 parcels currently participate in the program.

Mr. Park motioned to send the proposed new rules to the Governor for adoption. Ms. Ige seconded the motion, and the Board members unanimously agreed.

IV. NEW BUSINESS

A. Discussion and Action on the Small Business Impact Statement and Proposed Amendments to the following, promulgated by Department of Land and Natural Resources (DLNR)

Chair Jonathan Shick announced that multiple testimonies had been received and invited DLNR to present an overview of the proposed rule package before public testimony.

Mr. Keali'i Sagum, Regulatory Compliance Program Specialist for the Division of Aquatic Resources (DAR), presented the rulemaking proposal, accompanied by David Sakoda, DAR Fisheries Program Manager. Mr. Sagum explained that the amendments consolidate aquarium-related rules from Chapters 60.4 and 75 into a new chapter, HAR 13-77.1, which establishes a statewide commercial aquarium permit framework and updates West Hawai'i aquarium management rules. Mr. Sagum reviewed the restructuring of the existing West Hawaii Regional Fishery Management Area (WHRFMA) rules, changes to gear references, and the creation of a two-component permit system consisting of a State of Hawai'i Aquarium Permit and a Geographical Endorsement. Mr. Sagum discussed the eligibility

criteria—no aquatic resource violations within five years, HEPA compliance, and a valid commercial marine license—and explained the general permit terms including a \$100 annual permit fee, non-transferability, required catch-to-dealer transfers, container labeling, and new reporting requirements such as an at-sea report prior to landing and a final report within one day.

Mr. Sagum further reviewed the proposed West Hawai'i geographical endorsement, explaining that only the West Hawai'i region is addressed in this rule package and that collection in any other region would require future rulemaking. Mr. Sagum outlined carry-over provisions from existing rules (e.g., nighttime restrictions) and the newly proposed annual catch limits for five whitelist species: Lau'ipala (100,000 per year), Potter's Angelfish (1,068), Mā'i'i (800), 'Ula'e (344), and Thompson Surgeonfish (182). He summarized vessel registration requirements, statewide expansion of identification and safety rules, commercial aquarium dealer registration, export reporting requirements, and compliance expectations for both permitted collectors and dealers. Mr. Sagum then compared pre-closure regulations to the proposed framework, highlighting HEPA compliance requirements, expanded reporting, new criminal history restrictions, and significantly reduced species lists and catch limits. Mr. Sagum concluded by summarizing small business impacts, noting that while new administrative and HEPA-related burdens will exist, aquarium fishers engaged in the rule development process have expressed support for the increased structure and annual catch limits.

Following the presentation, public testimony was taken. Former DAR biologist Alton Miyasaka testified first, emphasizing his long tenure with the aquarium fishery program and expressing concerns about the feasibility of daily reporting requirements and the proposed 5% variance limit. He stated that dealer timing, transport conditions, and existing industry practices could create discrepancies beyond the control of fishers. He also expressed concerns about the practical impacts of annual catch limits on West Hawai'i's relatively young reef system and asked the board to consider those operational realities.

Mike Nakauchi, a small business owner, dive instructor, and cultural practitioner. Mr. Nakauchi strongly opposed reopening aquarium collecting, stating that West Hawai'i reefs have declined significantly over the past 40 years due to bleaching events and cumulative extraction impacts. He argued that the proposal contradicts cultural stewardship values, would burden taxpayers with enforcement costs, and benefits only a small number of collectors while threatening thousands of tourism-reliant businesses. Mr. Nakauchi stated that the West Hawai'i Fisheries Council was not consulted and that the majority of community and scientific testimony submitted to BLNR opposed reopening the fishery.

On the call, Ron Robinson testified briefly in opposition, stating that seven small businesses should not outweigh the interests of the broader community and that sustainable decision-making requires denying aquarium collection.

Rene Umberger, representing For the Fishes, submitted testimony asserting that the Small Business Impact Statement (SBIS) was incomplete and materially misleading. She cited cost estimates from a peer-reviewed analysis indicating that aquarium fishery administration costs \$300,000–\$500,000 annually, excluding enforcement, and argued that DLNR did not provide accurate cost figures. She noted that DOCARE enforcement costs were omitted entirely,

despite the agency's direct involvement in prior aquarium poaching cases. She requested that the Board require DAR to prepare a corrected SBIS before allowing the rule package to advance.

Additional testimony from Kawika Rotol, a West Hawai'i marine tourism operator, emphasized observed long-term declines in reef fish abundance and size, and argued that the SBIS ignored impacts on ocean tourism businesses and failed to account for significant state enforcement and administrative costs. He stated that reopening the fishery would harm already-fragile reefs and place disproportionate costs on the public while benefiting out-of-state markets.

Further testimony came from Raina Ni'ihau, who reiterated opposition to the proposed rules and noted the lack of demonstrated local demand for aquarium fish. She stated that the trade primarily serves out-of-state markets and that Hawai'i should not authorize extraction that provides limited public benefit while posing significant ecological risks.

Testimony continued from participants expressing similar concerns, including cumulative impacts to West Hawai'i's reef system, strain on DOCARE enforcement capacity, gaps in the SBIS, and the limited number of businesses benefitting from the proposed rules. Testifiers urged the Board to find the SBIS incomplete and require revisions.

Board members expressed that significant information was missing from the SBIS, including enforcement cost estimates, cross-industry economic analysis, and biological impact clarity. Members stated they did not have sufficient information to determine small business impacts.

Chair Shick motioned to recommend deferring the proposal until additional studies and reports are resubmitted to this Board. These studies and reports include, but are not limited to, the following: 1) Environmental Impact Statement; 2) Biological Impact Report, 3) Cultural Impact Report, 4) Studies on how much fish come out of the farm-raised industry versus wild collection; 5) Economic costs for enforcement; and 6) Five-year study from the Legislature. Additionally, Chair Shick recommended that DLNR conduct further stakeholder consultation to better address the concerns of the small businesses, along with a stakeholder summary of the feedback. Mr. Park 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 3, Chapter 80-86, Rules of the Liquor Commission, and Proposed Adoption of Chapter 80.1-86.1, Rules of the Liquor Commission, promulgated by Liquor Commission, City and County of Honolulu

Ms. Anne Hirai from the Liquor Commission presented a comprehensive overhaul of the rules, including renumbering, technical revisions, updated delivery rules, and modernization aligned with the Commission's online permitting system. Two stakeholder meetings were held with feedback incorporated. Second Vice Chair Albitz noted that based on prior discussions, the proposed rules appear straightforward and do not negatively impact small businesses. Ms. Hirai explained that the Commission's last full restructuring of its rules occurred in 1993, with major amendments in several subsequent years, making this current overhaul significant. The effort aligns with the rollout of the Commission's new online licensing and database

system, known as L2, and is intended to improve clarity, update numbering, reflect statutory changes, and support operational needs. She also shared that she is retiring at the end of the year and that Mr. Chan will handle the process moving forward.

Ms. Anna outlined the scope of the amendments, noting that the package includes 206 action items involving repeals, numbering changes, technical edits, new rules, and substantive revisions. The Commission held two stakeholder meetings, gathering feedback from industry participants. Most suggestions were incorporated, especially where they improved clarity or practical application. She highlighted the revisions to the deliveries rule related to third-party alcohol delivery services, describing it as a major success due to extensive stakeholder collaboration. The revised rule simplifies requirements, clarifies responsibilities, and maintains sufficient regulatory oversight while supporting business flexibility.

Additional amendments address clarifications to rule intent, restoring specific fee amounts instead of open-ended administrative language, and allowing operational accommodations such as satellite locations and temporary licenses. Seven amendments involve tightening application and submission procedures, and the Commission looks forward to further feedback during the public hearing phase. The public hearing is scheduled for January 15, with notice to be published on December 8 and materials made available to all licensees. During Board discussion, members expressed appreciation for the extensive work and reiterated that the proposed changes do not appear to harm small businesses. Questions were raised about the new online licensing system and its integration with Hawaii Compliance Express, to which the Commission confirmed compatibility and ongoing improvements. Additional inquiries regarding warehousing rules were briefly addressed, with the Commission noting that updates have been made and further concerns may surface during the public hearing. Overall, the Board recognized the significant effort invested in the rule overhaul and the benefits it may provide to both the Commission and the business community.

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

V. 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. Introduction and Review of Grassroot Institute of Hawaii

The board received a presentation from Jonathan Helton of the Grassroot Institute of Hawaii, who provided an overview of the organization's mission, policy focus areas, and available research resources. He highlighted their work on housing affordability, tax and budget analysis, transparency, healthcare access, and federal Jones Act reform, and offered ongoing support to the board in any related policy inquiries. The board expressed appreciation and discussed potential future collaboration.

2. Administrative Directive No. 25-04 Policy and Procedure for the Adoption, Amendment, and Repeal of Hawaii Administrative Rules (HAR)

Ms. Ariola reported that updates to Administrative Directive 25-04 are still pending review by the Governor's Office. Concerns were raised that the current language inaccurately characterizes SBRRB's role by suggesting that agencies must rely on SBRRB to determine small business impacts, rather than determining preliminary impact themselves before submitting rules to the Board. Ms. Ariola will follow up with the Governor's Office regarding the status on the AD No. 25-04.

3. Discussion and Action on the Board's Draft 2025 Annual Report Summary for submission to the Hawaii State Legislature under Section 201M-5(f), HRS

Ms. Ariola noted that certain data—such as social media statistics and total rules reviewed—will be finalized after the December meeting. Updates to board member listings were requested, including the addition of new members and updated ex-officio designation.

Ms. Albitz motioned to approve the Draft 2025 Annual Report Summary submission to the Hawaii State Legislature pending any changes from the December 2025 board meeting. Ms. Ige seconded the motion, and the Board members unanimously agreed.

4. Business Revitalization Taskforce's most recent meeting pursuant to Act 142 (Sessions Law Hawaii 2024, Senate Bill 2974 Relating to Economic Development) – Mandates that the Department of Business, 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 and tax burdens

Deferred until next meeting.

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

The next meeting with Becker Communications Inc. is December 10, 2025.

6. Presentation to Industry Associations

Dr. Salisbury provided a detailed update on SPEED Task Force activities. All permitted interaction groups (PIGs) are finalizing recommendations. A working session is scheduled for December 15, with the next public Sunshine Law meeting on January 6. She reported significant developments, including Department of Health internal guidance on bedroom classifications and SHPD's proposed legislative amendments.

Dr. Salisbury encouraged members to submit feedback, particularly on challenges faced by small businesses on Neighbor Islands. She also updated the Board on efforts to secure a Maui meeting in March, pending venue confirmation.

Dr. Salisbury was thanked for her hard work on this taskforce. If any of the Board members are able to provide questions, concerns, or issues regarding SPEED's purview, please let her know.

7. Staff's Small Business Outreach

Ms. Ariola noted multiple upcoming holiday chamber events, though many occur after hours. Ms. Ige discussed opportunities to participate in outreach during the Kaua'i Chamber's annual meeting on December 11th. Additional coordination will take place depending on the December 11th board meeting schedule.

- VI. NEXT MEETING** – Thursday, December 11, 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.
- VII. ADJOURNMENT** – Ms. Albitz motioned to adjourn the meeting and Mr. Park seconded the motion; the meeting adjourned at 12:44 p.m.