

## Small Business Regulatory Review Board

### MEETING MINUTES September 19, 2024

#### ZOOM Meeting Recording

- I. **CALL TO ORDER:** Chair Shick called the meeting to order at 10:03 a.m., with a quorum present.

**MEMBERS PRESENT:**

- Jonathan Shick, Chair
- Mary Albitz, Vice Chair
- Sanford Morioka, 2<sup>nd</sup> Vice Chair
- James (Kimo) Lee
- Tessa Gomes
- Nikki Ige

**ABSENT MEMBERS:**

- Robert Cundiff
- Garth Yamanaka
- Mark Ritchie

**STAFF:** DBEDT

Jet'aime Ariola  
Dori Palcovich

Office of the Attorney General

Alison Kato

II. **APPROVAL OF August 15, 2024 MINUTES**

Vice Chair Albitz motioned to approve the August 15, 2024 meeting minutes, as presented. Ms. Ige 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 HAR Title 13 Chapter 3, Rules Relating to Industrial Wastewater Discharge Local Limits, promulgated by Department of Environmental Services-City and County of Honolulu (CCH)

Discussion leader Chair Shick briefed the members on the proposed rules after the public hearing, and introduced Mr. Drew Nishigata, Civil Engineer, to discuss what occurred at the hearing.

Mr. Nishigata provided an overview of the two testimonies from the public hearing. One of the testifiers requested that the daily maximum concentration limits be removed as the testifier's facility would be unable to meet the biochemical oxygen demand concentration limit on a regular basis. CCH responded that the daily maximum concentration limits would not be removed from the proposed rules because the concentration limits will only be implemented for any new SIU's until sufficient flow and concentration data is available.

The second testifier provided oral testimony regarding the total petroleum hydrocarbon limits specified in the proposed rules as compared to the current IWDP which specifies total oil and grease. The testifier wanted to have his company tested for TPH in the future since their business will not have any issues meeting the TPH limits of the proposed rule. In response, CCH confirmed that the proposed rules will be implementing limits for TPH, not total oil and grease. Thus, no changes to the rules based on testimonies at the public hearing were required.

Mr. Morioka motioned to pass the rules on to the Mayor for adoption. Chair Shick 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 HAR Chapter 82 Licenses and Permits, General Provisions, Rule Section 3-82-38.15, Unlawful Discrimination, promulgated by City and County of Honolulu – Liquor Commission

Ms. Anna Hirai, Assistant Administrator from the City and County of Honolulu Liquor Commission noted that prior to discussing the current proposed rules, the comprehensive rule amendments that came before this Board in 2022, which went to public hearing, were never completed. The Liquor Commission has subsequently decided not to complete the rules process without completely abandoning the effort. Thus, the Commission is planning to come back in front of this Board in the next few months with a new effort of the comprehensive rules.

The current proposed amendment will clarify the types of unlawful discrimination that licensees are prohibited from using to refuse, withhold from, or deny the full and equal enjoyment of a licensee's accommodations, facilities, goods, and services. Although this language is duplicative of the language in the statute, it is being put into the rules because licensees have been subject to unlawful discrimination for decades. In addition, the Liquor Commission Chair suggested that the existing anti-discrimination rule be updated and amended to reflect current law which is aligned with the Commission's commitment to diversity and inclusiveness.

Chair Shick noted that in regard to small business impact, there appears to be only operational issues, no financial impact. He expressed the need for when the rule moves forward that it is expressed in a cooperative manner as opposed to a forceful one, which would make it more digestible; he added that there may likely not be a lot of pushback on the change. In response, Ms. Hirai stated that an informal meeting was held regarding this proposal. While no one showed up, the Liquor Commission received 16 pieces of testimony from various organizations; none of the testimonies were from licensees.

Vice Chair Albitz motioned to pass the rules on to public hearing. Ms. Ige 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 Mr. Yamanaka explained that the proposed rule changes have to do with the new tax law that was passed this past legislative session. DoTax is before this Board today to bring the rules in line with the State's new law to reflect more income flowing into workers' paychecks. Thus, it is anticipated that workers will break-even on their taxes rather than having to pay taxes each year or receiving a refund. He added that the rule changes don't necessarily have a financial impact on small businesses but more of an operational impact.

Mr. Winston Wong, Administrative Rules Specialist, stated that the rules address Act 46 which was signed into law this year and adjusts the standard deductions of the income tax brackets for the next six years. For 2024, the standard deduction is going up but for 2025 the state income tax deductions are being greatly adjusted.

DoTax foresees that, incrementally, taxpayers will have a lesser tax burden over the next six years. The goal is for taxpayers to have more funds to utilize throughout the year rather than waiting until the following year for a tax refund. In response to a question regarding the need to come before this Board every year for approval of the changes, Mr. Wong stated that because that requirement is currently in the law, any modifications will need a legislative change.

Information on the proposed tax changes will be publicized to the general public; payroll companies and employers will be subject to the proposed amended rules. Penalties will exist when there are not enough funds withheld; DoTax does not anticipate that this will become a problem. In terms of small business impact, Mr. Wong explained that because withholding forms are being updated and distributed to employers, small business impact is not anticipated as long as the forms are completed fairly and properly.

Chair Shick motioned to pass the rules on to public hearing. Mr. Morioka seconded the motion, and the Board members unanimously agreed.

C. Discussion and Action on the Small Business Impact Statement and Proposed Amendments to Rules and Regulations of the Liquor Commission of the Department of Liquor Control, promulgated by the County of Hawaii Liquor Commission

Discussion leader Mr. Yamanaka explained that although the Liquor Commission of the Department of Liquor Control did not believe there was any specific small business impact, to stay on the safe side, they wanted to bring the proposed rules in front of this Board.

Mr. Brandon Gonzalez, Administrative Officer at the Department of Liquor Control, stated that the department's administrative rules are being updated as the last updates occurred in 2010 and 2015, respectively. The changes in the rules will reflect changes in the Hawaii Revised Statutes with no foreseen impact on the licensees.

The department created business groups consisting of the liquor licensees to receive and collect feedback on the proposed rules. These groups included large chain stores, local and convenient stores, restaurants and bars. The licensees make the liquor, and distribute the liquor to stores and restaurants as well as directly to the consumer. Although some of the feedback included suggestions outside the scope of Hawaii law, many of the proposed changes are included the rule proposals.

Subsequent to coming before this Board, the Liquor Department will schedule two separate public hearings on the Island of Hawaii in November and December. This is so the new rule changes will be effective in 2025. Mr. Yamanaka thanked Brandon for the extensive outreach performed which was greatly beneficial in order to straighten out any pending issues.

Ms. Ige motioned to pass the proposed rules on to public hearing. Mr. Morioka 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. Re-review and Update of Board's "Discussion Leader Assignments" for the State and County Agencies' Hawaii Administrative Rules**

Vice Chair Albitz motioned to adjust the discussion leader assignments to reflect herself, Ms. Albitz, as the back-up discussion leader for Department of Commerce and Consumer Affairs. Mr. Morioka seconded the motion and the Board members unanimously agreed.

#### **2. Update and Discussion on Becker Communications, Inc., regarding the Board's Small Business Outreach**

DBEDT staff has a one-hour meeting scheduled next week with Becker Communications to review and align the Board's goals and efforts with DBEDT's goals and mission for the upcoming year.

#### **3. Presentations to Industry Associations**

Ms. Ige will be attending the Kauai Chamber of Commerce's first annual meeting/ small business expo tomorrow and will perform Board outreach. Chair Shick will be attending a Hawaii Chamber of Commerce event and will distribute the Board's brochures.

#### 4. Staff's Small Business Outreach

Ms. Ariola is scheduled to partake in DBEDT's Small Business Fair at Leeward Community College on Saturday, September 28<sup>th</sup>. She is also scheduled to attend the Hawaii Chamber of Commerce annual meeting on October 15<sup>th</sup>, and the PBN's Women Winning in Business event on October 22<sup>nd</sup> where she will conduct outreach efforts.

- VI. **NEXT MEETING** – Thursday, October 17, 2024 at 10:00 a.m., via Zoom and in conference room 405 at Leiopapa A Kamehameha Building – State Office Tower – 235 S. Beretania Street, Honolulu, HI 96813.
- VII. **ADJOURNMENT** – Mr. Morioka motioned to adjourn the meeting and Ms. Ige seconded the motion; the meeting adjourned at 10:50 a.m.