

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 3033

S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor, to which was referred S.B. No. 3033
entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY,"

begs leave to report as follows:

The purpose of this measure is to require a successor
employer or entity of a covered establishment to retain one
hundred percent of the incumbent, nonsupervisory, and
nonconfidential employees in the event of divestiture.

This measure also:

- (1) Establishes procedures for the retention of incumbent
employees;
- (2) Provides for the retention of less than one hundred
percent of incumbent employees when the new business is
substantially dissimilar from the former business;
- (3) Establishes penalties for the failure of a successor
employer or entity to comply with the retention
requirements of the law; and
- (4) Requires an employer of a covered establishment to
provide the employees and the director of labor and
industrial relations written notification of divestiture
at least sixty days prior to divestiture.



Testimony in support of this measure was submitted by the ILWU Local 142, the Hawaii State AFL-CIO, the IBEW Local 1186, the IBEW Local 1260, the IBEW Local 1357, the Hawaii State Teachers Association, and two individuals. Testimony in opposition to this measure was submitted by the Department of Labor and Industrial Relations, the Chamber of Commerce of Hawaii, the Retail Merchants of Hawaii, and the Society for Human Resources Management - Hawaii Chapter.

Your Committee finds that over the past several years, the state of the economy has resulted in the closure or transfer of ownership of many businesses in Hawaii. This phenomenon has left displaced workers throughout the State, forcing many to rely on state services for their survival and welfare. Your Committee further finds that these displaced workers are often dedicated employees who have served in their positions for extended periods of time. These employees are the backbone of the operations and their displacement upon the transfer of business ownership is burdensome and often unnecessary, particularly when no change in the type of business conducted occurs. On the other hand, when the type of business conducted changes with the new ownership, the retention of all incumbent employees is not always necessary or prudent, although a reasonable number of incumbent employees should still be retained.

Your Committee determines that the retention of incumbent workers is healthy for the State's economy because it provides stable employment for Hawaii workers and efficient, uninterrupted service to consumers.

Accordingly, your Committee has amended this measure by making technical, nonsubstantive changes to accurately reflect the language of the Hawaii Revised Statutes, to reflect proper and preferred drafting style, and to provide further clarity.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3033, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3033, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.



Respectfully submitted on
behalf of the members of the
Committee on Labor,

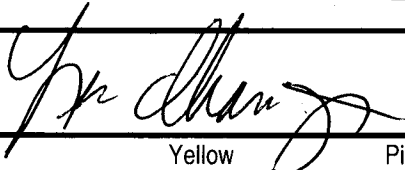
for [Signature]

BRIAN KANNO, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Labor
(Bills and Resolutions)

| | | | | |
|---|--|------------------------|------|---------|
| Measure:* SB 3033 | Committee Referral: LBR, JHW | Date: 2-6-06 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313) | | | | |
| Members | Ayes | Ayes(WR) | Nays | Excused |
| KANNO, Brian (C) | ✓ | | | |
| IHARA, Jr., Les (VC) | | ✓ | | |
| TANIGUCHI, Brian T. | | | | ✓ |
| SLOM, Sam | | | ✓ | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL | / | / | / | / |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature:  | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Do not list more than one measure per Record of Votes.