

STAND. COM. REP. NO.

688

Honolulu, Hawaii

Feb 16, 2007

RE: H.B. No. 1745
H.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 1745, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT,"

begs leave to report as follows:

The purpose of this bill is to provide job security to
employees in the event that their employing business is subject to
a sale, merger, or other transfer, by:

- (1) Requiring the successor employer to hire all incumbent employees;
- (2) Providing a partial exception to the employee retention requirement when the successor business is substantially dissimilar to the former business;
- (3) Establishing penalties for violation of the retention requirements to be paid into a newly established Worker Retention Trust Fund (Trust Fund) and expended to compensate dislocated workers; and
- (4) Allowing employers who acquire or succeed to a business and who retain all or nearly all of the employees of the business acquired, to also acquire their predecessor employer's unemployment insurance contribution assessment rate.



The Hawaii State AFL-CIO and an individual supported this bill. ILWU Local 142, and UNITE HERE! Local 5 supported the intent of this measure. The Department of Labor and Industrial Relations, Chamber of Commerce of Hawaii, Retail Merchants of Hawaii, National Federation of Independent Businesses in Hawaii, Hawaii Automobile Dealers' Association, and Hawaii Business League opposed this measure.

Your Committee has amended this bill by:

- (1) Restricting its divestiture requirements to businesses of 100 employees or more;
- (2) Providing that a successor employer may require incumbent employees to file employment applications to be considered for hire if existing employee files are incomplete;
- (3) Requiring penalties for violation of the divestiture law to be paid into the Employee Training Fund established under the unemployment compensation law to provide worker training and education, and removing the new Worker Retention Trust Fund;
- (4) Changing the effective date to July 1, 2034, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1745, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1745, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



KYLE T. YAMASHITA, Chair



