

Honolulu, Hawaii

Ajly , 2008

RE: H.C.R. No. 254

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Sir:

Your Committees on Consumer Protection & Commerce and Labor & Public Employment, to which was referred H.C.R. No. 254 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING A STUDY RELATING TO PROFESSIONAL EMPLOYER ORGANIZATIONS,"

beg leave to report as follows:

The purpose of this resolution is to request that the Chairperson of the Consumer Protection and Commerce Committee of the House of Representatives chair a working group to study the possible creation of a statutory and regulatory framework for professional employer organizations operating in Hawaii. The work group is requested to consider the following principles:

- (1) The creation of a comprehensive statutory framework for professional employer organizations based on, as appropriate, the statutory and regulatory requirements, including registration of professional employer organizations, of other states;
- (2) The preservation of ensuring the integrity of the workers' compensation system;
- (3) Recognition that workers' compensation coverage in professional employer organization arrangements should be subject to exclusive remedy protection for both the client and the professional employer organization; and



- (4) Recognition that workers' compensation coverage in professional employer organization arrangements should be addressed by state law that ensures maximum flexibility in the voluntary market as to the types of coverage permitted.

The Chairperson of the Consumer Protection and Commerce Committee of the House of Representatives is also requested to form the working group to include a minimum of nine members, besides the Chairperson, as follows:

- (1) One representative from Department of Commerce and Consumer Affairs, Insurance Division;
- (2) One representative from the Hawaii workers' compensation insurance community;
- (3) Two representatives from the Hawaii professional employer organization community with at least ten years of individual operating history;
- (4) One representative from a national trade association representing the professional employer organization industry; and
- (5) Four members of the legislature.

Altres, Inc., Zero Emissions Leasing LLC, and National Association of Professional Employer Organizations (NAPEO) submitted testimony in support of the measure. The Department of Commerce and Consumer Affairs submitted comments.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Labor & Public Employment that are attached to this report, your Committees concur with the intent and purpose of H.C.R. No. 254 and recommend its adoption.



Respectfully submitted on  
behalf of the members of the  
Committees on Consumer  
Protection & Commerce and Labor  
& Public Employment,



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ALEX M. SONSON, Chair



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ROBERT N. HERKES, Chair





