

Support HB 509 Proposed SD2 with conditions

Thank you for giving me the opportunity to testify on HB 509 Proposed SD2. I would like to ask for your support with the condition (amendments) that any loan guarantee would be conditioned on protecting the airlines employees.

Whenever companies like Aloha Airlines or Molokai Ranch go out of business, the employees and their families bear much of the burden. They quickly face a very uncertain future, at same time losing their medical coverage (COBRA does not cover companies that go out of business), pensions/401Ks, source of income, and way of life.

In many company closures on the mainland and in Hawaii over the past decade or more, the top management often leave with their bonuses and “golden parachutes” intact, while line employee are laid-off with nothing at all.

If this proposal moves forward, CEOs, officers, and shareholders of the company should not be the primary beneficiaries. In order for a loan to receive the state’s loan guarantee, it must to benefit and protect all employees.

Below are some examples of possible conditions that could be adopted:

1. Company must agree to the state’s company 60-day closing notification requirement as part of the bankruptcy proceedings.
2. Company must first scale back operations before any abrupt closing and provide at least some notice to the employees and passengers.
3. Rescind any top management “golden parachutes” and bonuses.
4. Limit top management salaries.
5. Extend medical benefits.

In addition, the reporting requirement should include legislative notification in order to ensure adequate checks and balance.

Thank you for considering my testimony.

Sincerely,

Carl Miura  
Private Citizen