

FEB 17 2009

SENATE CONCURRENT RESOLUTION

REQUESTING A SUNRISE REVIEW OF PROFESSIONAL EMPLOYER
ORGANIZATIONS.

1 WHEREAS, a professional employer organization is a business
2 entity that offers to co-employ employees that are assigned to
3 the work site of a client company; and
4

5 WHEREAS, the employee is assigned to the client company on
6 a long-term basis and is deemed to be a co-employee of both the
7 professional employer organization and the client company
8 nature; and
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10 WHEREAS, a professional employer organization typically
11 provides outsourcing of payroll, workers' compensation, human
12 resources, and employee benefits administration to a client
13 company by hiring the client company's employees, thereby
14 becoming their employer of record, and then leases them back
15 under contract to the client company; and
16

17 WHEREAS, professional employer organizations have been
18 associated with various types of fraud and evasion of laws
19 designed to protect workers, such as labor law evasion, workers'
20 compensation fraud, evasion of minimum participation rules for
21 pension and health care plans, and unemployment insurance tax
22 evasion; and
23

24 WHEREAS, any new regulatory measure that proposes to
25 regulate an unregulated profession or occupation must first be
26 referred to the Auditor for analysis pursuant to section 26H-6,
27 Hawaii Revised Statutes; now, therefore,
28

29 BE IT RESOLVED by the Senate of the Twenty-fifth
30 Legislature of the State of Hawaii, Regular Session of 2009, the
31 House of Representatives concurring, that the Auditor is
32 requested to conduct an analysis of the probable effects of the
33 registration of professional employer organizations as proposed



S.C.R. NO. 45

1 under S.B. No. , as introduced in the Regular Session of
2 2009; and
3

4 BE IT FURTHER RESOLVED that the Auditor is requested to
5 submit findings and recommendations, including any proposed
6 legislation, to the Legislature not later than twenty days prior
7 to the convening of the Regular Session of 2010; and
8

9 BE IT FURTHER RESOLVED that certified copies of this
10 Concurrent Resolution be transmitted to the Auditor and the
11 Director of Commerce and Consumer Affairs.
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13
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OFFERED BY:

Carol Furumasa

Ronald H Baker

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LINDA LINGLE
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**PRESENTATION OF THE
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION**

TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION of 2009

Wednesday, April 1, 2009
9:00 a.m.

**TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 45, REQUESTING A
SUNRISE REVIEW OF PROFESSIONAL EMPLOYER ORGANIZATIONS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Celia Suzuki, Program Specialist of the Professional and Vocational
Licensing Division, Department of Commerce and Consumer Affairs (“Department”).

The Department appreciates the opportunity to testify in support of S.C.R. No. 45,
requesting a sunrise review of professional employer organizations.

S.C.R. No. 45 requests that the Auditor perform a sunrise review regarding the
licensure of professional employer organizations. While the bill number is yet to be
defined in the resolution, the Auditor would perform an analysis of the regulation

proposed in such measure. To our knowledge, Senate Bill No. 1062 was the proposal on professional employer organizations.

As section 26-H, HRS requires that the Auditor conduct a sunrise review before enactment of a measure that would subject an unregulated profession or vocation to regulation, we strongly support this measure. The Auditor's analysis would set forth the probable effects of the proposed regulatory measure, assess whether its enactment is consistent with the purposes of section 26H-2, HRS, and assess alternate forms of regulation.

Thank you for the opportunity to testify in support of S.C.R. No. 45.