

MAR 16 2009

SENATE CONCURRENT RESOLUTION

REQUESTING THAT THE AUDITOR PERFORM A SUNRISE ANALYSIS OF THE
REGULATION OF PROFESSIONAL EMPLOYMENT ORGANIZATIONS.

1 WHEREAS, professional employer organizations act as
2 outsourced human resource, personnel, and administrative
3 compliance departments for many businesses in Hawaii; and
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5 WHEREAS, in a complex employment and regulatory economy,
6 the use of professional employer organizations is becoming
7 increasingly common among businesses of all sizes; and
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9 WHEREAS, a professional employer organization acts on
10 behalf of an employer and is responsible for compliance with
11 state labor and wage laws, including those regulating employee
12 benefits and workers' compensation; and
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14 WHEREAS, Hawaii is one of only fourteen states that do not
15 regulate professional employer organizations through licensing,
16 certification, or registration; and
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18 WHEREAS, Hawaii currently has no means to exercise
19 oversight of professional employer organizations or to ensure
20 compliance with state laws; and
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22 WHEREAS, there exists great potential for abuse by
23 professional employer organizations through failure to comply
24 with state labor, wage, and tax laws; and
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26 WHEREAS, regulation of professional employer organizations
27 will protect Hawaii's employers as well as its workers by
28 helping to ensure compliance with state and federal laws; and
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30 WHEREAS, the professional employer organization industry
31 supports industry-wide regulation as a means of ensuring
32 transparency and high standards across the industry; and
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1 WHEREAS, Senate Bill No. 1062 (2009) proposes the adoption
2 of a regulatory framework that creates minimum standards and
3 operational requirements for professional employment
4 organizations and provides the State with a means of regulating
5 the industry to ensure compliance with state and federal laws;
6 and
7

8 WHEREAS, pursuant to section 26H-6, Hawaii Revised
9 Statutes, new regulatory measures that, if enacted, would
10 subject unregulated professions and vocations to licensing or
11 other regulatory controls shall be referred to the Auditor for
12 analysis; now, therefore,
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14 BE IT RESOLVED by the Senate of the Twenty-fifth
15 Legislature of the State of Hawaii, Regular Session of 2009, the
16 House of Representatives concurring, that the Auditor is
17 requested to perform an analysis of Senate Bill No. 1062,
18 setting forth the probable effects of the proposed regulatory
19 measure, assessing whether its enactment is consistent with the
20 purposes of section 26H-2, Hawaii Revised Statutes, and
21 assessing alternate forms of regulation; and
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23 BE IT FURTHER RESOLVED that the Auditor is requested to
24 provide copies of the completed analysis to the Legislature and
25 the Department of Commerce and Consumer Affairs by the twentieth
26 day before the commencement of the 2010 Regular Session; and
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28 BE IT FURTHER RESOLVED that certified copies of this
29 Concurrent Resolution be transmitted to the State Auditor and to
30 the Director of Commerce and Consumer Affairs.
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OFFERED BY:

Rosalyn H Baker
David Y Lee





LINDA LINGLE
GOVERNOR
JAMES R. AIONA, JR.
LT. GOVERNOR

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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. 70, REQUESTING
THAT THE AUDITOR PERFORM A SUNRISE ANALYSIS OF THE REGULATION OF
PROFESSIONAL EMPLOYMENT 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 on S.C.R. No. 70.

This concurrent resolution requests that the Auditor perform a sunrise review
regarding the licensure of professional employment organizations, and that the Auditor
is requested to perform an analysis of Senate Bill No. 1062. 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 a

sunrise study. 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.

However, we do note for the Committee that Senate Bill No. 1062 references professional **employer** organizations whereas this resolution references professional **employment** organizations. S.C.R. No. 45, which follows on this hearing agenda, asks for the same sunrise study and references professional employer organizations. In light of this, we are inclined to support S.C.R. No. 45 (as we will separately testify) over S.C.R. No. 70.

Thank you for the opportunity to testify on S.C.R. No. 70.