

STAND. COM. REP. NO. 358

Honolulu, Hawaii

Feb 18, 2009

RE: H.B. No. 1125

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1125 entitled:

"A BILL FOR AN ACT RELATING TO CERTAIN FUNDS UNDER THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS,"

begs leave to report as follows:

The purpose of this bill is to implement the Legislative Auditor's (Auditor) recommendations regarding certain special funds under the jurisdiction of the Department of Labor and Industrial Relations (DLIR) and to improve the efficiency of the Disability Compensation Division (DCD) of DLIR by:

- (1) Reclassifying various funds under the jurisdiction of DLIR from special funds to trust funds; and
- (2) Allowing the use of \$5 million from the Temporary Disability Insurance Special Fund for the automation of the Workers' Compensation, Prepaid Health, and Temporary Disability Insurance programs of DCD.

DLIR testified in support of this bill.

Currently, DLIR has jurisdiction over various special funds including the Unemployment Compensation Fund, the Special Compensation Fund, Temporary Disability Insurance Special Fund, and the Premium Supplementation Special Fund. The Auditor reported and recommended that these special funds be reclassified

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as trust funds based upon certain criteria. This measure implements these recommendations.

In addition, the efficiency of the operations of DCD is hindered because the division is facing storage problems and is equipped with antiquated equipment, including outdated computer programs. By using moneys from the Temporary Disability Insurance Special Fund for the automation of DCD's Workers' Compensation, Prepaid Health, and Temporary Disability Insurance programs for automation purposes, the long term administrative costs of DLIR can be lessened while the efficiency of DCD will be greatly improved.

Your Committee has amended this bill by making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1125, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



