

STAND. COM. REP. NO. 110

Honolulu, Hawaii

Feb 10, 2009

RE: H.B. No. 1427
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 Economic Revitalization, Business, &
Military Affairs, to which was referred H.B. No. 1427 entitled:

"A BILL FOR AN ACT RELATING TO PROFESSIONAL EMPLOYER
ORGANIZATIONS,"

begs leave to report as follows:

The purpose of this bill is to protect employers who use
professional employer organization (PEO) services and the
employees of those employers, by establishing a new chapter
regulating PEOs by among other things:

- (1) Requiring PEOs to register with the Department of
Commerce and Consumer Affairs (DCCA);
- (2) Requiring PEOs to make annual financial disclosures;
- (3) Defining the responsibilities of both the PEO and
client; and
- (4) Providing tools for enforcement of the law.

The National Association of Professional employer
Organizations, and ALTRES, Inc., testified in support of this
measure. The DCCA Professional and Vocational Licensing Division
commented on this bill.

HB1427 HD1 HSCR EBM HMS 2009-1854



PEOs are businesses that enable their clients to outsource the management of human resources, employee benefits, payroll, and workers' compensation. Currently, there is no comprehensive regulatory scheme applicable to PEOs under Hawaii law. Thus, this bill may trigger the requirement under section 26H-6, Hawaii Revised Statutes, that the Auditor conduct a sunrise review.

Your Committee respectfully requests the Committee on Consumer Protection and Commerce to which this bill is next referred, to examine the sunrise review issue, as well as whether this bill would include certified public accountants. To encourage further discussion of these and other issues, the bill's effective date has been changed to July 1, 2112. Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1427, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1427, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR110

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 1427	Committee Referral: EBM	Date: 02/05/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. BERG, Lyla B.				✓
4. EVANS, Cindy	✓			
5. MANAHAN, Joey	✓			
6. TAKAI, K. Mark				
7. TOKIOKA, James Kunane	✓			
8. TSUJI, Clift				✓
9. WAKAI, Glenn				✓
10. WOOLEY, Jessica	✓			
11. WARD, Gene	✓			
TOTAL (11)	7			3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				