

STAND. COM. REP. NO. 596

Honolulu, Hawaii

Feb 20, 2009

RE: H.B. No. 602

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. 602 entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose of this bill is to extend the exemption from workers' compensation insurance to services performed by:

- (1) A partner of a partnership, if the partner is an individual;
- (2) A sole proprietor for the sole proprietorship; and
- (3) Members of a Limited Liability Company (LLC) or Limited Liability Partnership (LLP) who own 50 percent or more of the LLC or LLP.

The Department of Labor and Industrial Relations, Chamber of Commerce of Hawaii, Hawaii Independent Insurance Agents Association, Retail Merchants of Hawaii, Hawaii Business League, and National Federation of Independent Business testified in support of this bill.

Current Hawaii law requires employers to maintain workers' compensation insurance for the benefit of their employees, even in cases of a partner of a partnership, or an LLC or LLP, where the only employees are the owners of or partners in the company. Since an owner or partner would have nothing to gain from suing

HB602 HSCR EBM HMS 2009-2354



themselves for workers' compensation, your Committee finds that it would be fair and prudent to exempt this type of "employment" from the workers' compensation insurance requirement.

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. 602 and recommends that it be referred to the Committee on Finance.

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

HSCR 516

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

Bill/Resolution No.: HB 602	HSCR 206	Committee Referral: LAB, EBM, FIN	Date: 2/19/09	
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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)	8			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				