

Honolulu, Hawaii

April 1, 2010

RE: S.B. No. 1062
S.D. 1
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Finance, to which was referred S.B. No. 1062, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to regulate professional employer organizations (PEOs) in Hawaii as business organizations by requiring PEOs, before entering into any agreement with a client company in Hawaii to:

- (1) Register with the Insurance Commissioner and provide information including proof of compliance with Hawaii's employment insurance laws; and
- (2) Post a \$1,000,000 bond to indemnify a PEO's client companies.

ALTRES, Inc., testified in support of this bill. JS Services, Inc., and the Department of Commerce and Consumer Affairs opposed this measure. The Department of Labor and Industrial Relations, National Association of Professional Employer Organizations, and ProService Hawaii offered comments.




Your Committee has amended this bill by:

- (1) Replacing, with an unspecified amount, the bond amount of \$1,000,000 that a professional employer organization must post before entering into a professional employment agreement with a client company in the state;
- (2) Changing the effective date to July 1, 2020; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1062, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1062, S.D. 1, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 1062 SD1	Committee Referral: LAB/EBM, FIN	Date: 3/29/10		
<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)				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. OSHIRO, Marcus R. (C)	✓			
2. LEE, Marilyn B. (VC)	✓			
3. AQUINO, Henry J.C.				✓
4. AWANA, Karen Leinani				✓
5. BROWER, Tom	✓			
6. CHOY, Isaac W.	✓			
7. COFFMAN, Denny	✓			
8. HAR, Sharon E.	✓			
9. KEITH-AGARAN, Gilbert S.C.	✓			
10. LEE, Chris	✓			
11. NISHIMOTO, Scott Y.	✓			
12. SAGUM, Roland D., III				✓
13. TOKIOKA, James Kunane	✓			
14. WOOLEY, Jessica	✓			
15. YAMASHITA, Kyle T.	✓			
16. FINNEGAN, Lynn	✓			
17. WARD, Gene	✓			
TOTAL (17)	14	0	0	3
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: <u>Marilyn B. Lee</u>				
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