



The Hawaii Business League

820 Mililani St., Ste. 810 Honolulu, Hawaii 96813-2938

Phone: (808) 533-6819 ♦ Facsimile: (808) 533-2739

February 19, 20098

Testimony To: House Committee on Economic Revitalization, Business, & Military Affairs
Representative Angus McKelvey, Chair

Presented By: Tim Lyons
Executive Vice President

Subject: H.B. 602 - RELATING TO WORKERS' COMPENSATION

Chair McKelvey and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization.

We support this bill.

A few years ago the legislature provided for owner's of corporations who own 50% or more of their company to exempt out of worker's compensation. This was based on the fact that owners may have other income or they may be able to get some type of alternate disability insurance plan at a cheaper rate than they could for worker's compensation insurance coverage. Then, the concept of Limited Liability Corporation was born and there was some confusion as to whether these owners of 50% or more should be exempt since the LLC law refers to them as "members". Under corporate law the president of a corporation is considered an employee even though he may own 100% of the corporation. Based on fairness and in an effort for our

laws to stay up to date with current legal practices (the utilization of LLP's and LLC's) we support this bill.

Thank you for this opportunity to testify.



LATE TESTIMONY

**Before the House Committee on Economic Revitalization, Business Development
& Military Affairs**

DATE: February 19, 2009
TIME: 9:30 a.m.
PLACE: Conference Room 312

Re: HB 602
Relating to Workers' Compensation
Testimony of Melissa Pavlicek for NFIB Hawaii

Thank you for the opportunity to testify in support of HB 602. NFIB supports this measure.

NFIB has long supported making the workers compensation law with respect to limited liability company owners equitable as compared to the owners of corporations and recommends that this measure for approval. This measure has the potential to save small business owners in Hawaii a sizeable amount each year that was unfairly and unnecessarily charged to them. We recognize and appreciate the efforts of legislators to address small business concerns.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.