

STAND. COM. REP. NO.

473

Honolulu, Hawaii

Feb 18, 2011

RE: H.B. No. 1166

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committees on Labor & Public Employment and Economic Revitalization & Business, to which was referred H.B. No. 1166 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT,"

beg leave to report as follows:

The purpose of this bill is to sustain worker retention in the event of a divestiture of a covered establishment if the covered establishment employs 50 or more people by requiring the successor employer to hire all incumbent nonsupervisory and nonconfidential employees, unless:

- (1) The business of the successor employer is substantially dissimilar to the former employer's business; or
- (2) The human resource needs of the successor employer are reduced, resulting in the reduction of employees needed; provided that the number of employees to be dislocated is in direct proportion to the reduction in the total human resource needs of the successor employer.

The Hawaii State AFL-CIO, ILWU Local 142, and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO testified in support of this bill. The Department of Labor and Industrial Relations supported the intent of this bill. The

HB1166 HD1 HSCR LAB-ERB HMS 2011-1891



Chamber of Commerce of Hawaii, Retail Merchants of Hawaii, and National Federation of Independent Business opposed this measure.

In today's unstable economy, potentially increasing unemployment through the divestiture of business entities with no assurance of continued employment for its workers, could result in less money in the economy and diminished employee loyalty. Moreover, by minimizing disruption when a divestiture occurs, the employer is better suited to continue operations with employees who already have the skills to perform the job and thus, less time is spent retraining new employees.

However, requiring employers to retain employees in the event of a divestiture has the potential to negatively impact the ability of struggling companies, especially small businesses, to survive through the sale of an ongoing operation. Therefore, your Committees find that providing employers incentives to retain employees may help with extending business longevity.

Your Committees have amended this bill by:

- (1) Providing the successor employer, in the event of a divestiture of a covered establishment, a tax credit for retaining all incumbent nonsupervisory and nonconfidential employees for at least a year;
- (2) Increasing the amount of employees employed by a covered establishment from 50 to 100; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Labor & Public Employment and Economic Revitalization & Business that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1166, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1166, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committees on Labor & Public
Employment and Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1166	Committee Referral: LAB/ERB, FIN	Date: 2-4-11		
<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)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. SAIKI, Scott K.	/			
9. SOUKI, Joseph M.	/			
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.		/		
12. JOHANSON, Aaron Ling		/		
TOTAL (12)	10	2	—	—
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				

State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Economic Revitalization & Business

Bill/Resolution No.: HB 1164	Committee Referral: LAB/ERB, FIN	Date: 2/4/11		
<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)				
ERB Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. CHOY, Isaac W. (VC)	/			
3. AWANA, Karen L.	/			
4. BROWER, Tom	/			
5. EVANS, Cindy	/			
6. HASHEM, Mark J.	/			
7. NISHIMOTO, Scott Y.	/			
8. TOKIOKA, James Kunane				/
9. TSUJI, Clift	/			
10. MARUMOTO, Barbara C.			/	
11. PINE, Kymberly Marcos		/		
TOTAL (11)	8	1	1	1
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:				
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