

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
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STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS
ON
HOUSE BILL NO. 2346

February 9, 2012

RELATING TO PROFESSIONAL EMPLOYER ORGANIZATIONS

House Bill No. 2346 establishes a Professional Employer Organization Special Fund into which shall be deposited the funds from registration fees from professional employer organizations which will be used by the Department of Labor and Industrial Relations to administer and enforce the provisions of Chapter 373L, Hawaii Revised Statutes.

While the Department of Budget and Finance does not take any position on the policy of the professional employer organization program, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2346, it is difficult to determine whether the special fund will be self-sustaining. In addition, the bill does not make an appropriation to allow the Department of Labor and Industrial Relations to expend the funds to support the professional employer organization program.

I encourage the Legislature to scrutinize the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, Hawaii Revised Statutes.