

STAND. COM. REP. NO.

977

Honolulu, Hawaii

March 15, 2013

RE: S.B. No. 510
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 510, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this measure is to clarify the responsibilities of professional employer organizations (PEOs) and resolve conflicts with existing laws regarding PEOs.

The Department of Labor and Industrial Relations and the Department of Taxation supported this measure. The Hawaii Association of Professional Employer Organizations; Hawaii Human Resources, Inc.; Exceptional, Inc., dba Employers Options; and Talent HR Solutions LLC supported the intent of this measure. The Tax Foundation of Hawaii and ProService Hawaii provided comments.

Your Committee has amended this measure as received by deleting its contents and replacing it with the language contained in H.B. No. 144, H.D. 2. As amended, this bill, among other things:

- (1) Renames the title of chapter 373K, Hawaii Revised Statutes, to "Professional Employer Organizations";

SB510 HD1 HSCR LAB HMS 2013-2639



- (2) Adds sections to chapter 373K, Hawaii Revised Statutes, to clarify PEO requirements, including requiring PEO registration, establishing registration and renewal fees, setting forth the responsibilities and duties of the Director of Labor and Industrial Relations with respect to PEOs, requiring notification to the Department of Labor and Industrial Relations regarding relationships between a PEO and its client companies, clarifying the applicable hearings process and provides for judicial review, and adding certain definitions;
- (3) Authorizes the Director of Labor and Industrial Relations to establish sliding scale fees based on PEO annual payroll;
- (4) Establishes sliding scale bond requirements for PEOs based on PEO annual payroll; and
- (5) Repeals Chapter 373L, Hawaii Revised Statutes, which relates to PEOs.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 510, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 510, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

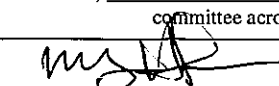


MARK M. NAKASHIMA, Chair



HSCR 977

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 510, SD 2		Committee Referral: LAB, CPC, FIN		Date: 3/12/13	
<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. NAKASHIMA, Mark M. (C)	✓				
2. HASHEM, Mark J. (VC)	✓				
3. AQUINO, Henry J.C.	✓				
4. ICHiyAMA, Linda	✓				
5. ING, Kaniela	✓				
6. TAKUMI, Roy M.	✓				
7. YAMANE, Ryan I.	✓				
8. YAMASHITA, Kyle T.	✓				
9. JOHANSON, Aaron Ling	✓				
TOTAL (9)	9	0	0	0	
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					