

STAND. COM. REP. NO.

1208

Honolulu, Hawaii

Mardi 22, 2013

RE: S.B. No. 510

S.D. 2

H.D. 2

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

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 510, S.D. 2, H.D. 1, 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.

Hawaii Association of Professional Employer Organizations, Talent HR Solutions, and Hawaii Human Resources, Inc. testified in support of this measure. The Department of Taxation, Department of Labor and Industrial Relations, and ILWU Local 142 testified in support of the intent of this measure. The Tax Foundation of Hawaii and ALTRES, Inc. provided comments on this measure.

Your Committee has amended this measure by:

- (1) Allowing a PEO to post a letter of credit from an accredited financial institution in lieu of the required bond;
- (2) Specifying that a PEO in compliance with Chapter 373K, Hawaii Revised Statutes, shall not be responsible for administrative or other violations of law arising out of

SB510 HD2 HSCR CPC HMS 2013-2921

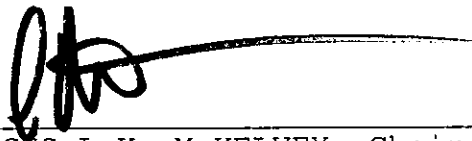


the duties and responsibilities of worksite employers to worksite employees;

- (3) Reclassifying the defined terms "covered employee", "offsite employer of record", and "work site employer" as "worksite employee", "administrative employer", and "worksite employer", respectively; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



