STAND. COM. REP. NO. 199

Honolulu, Hawaii

FC 48, 2007

RE: H.B. No. 1745 H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Fourth State Legislature Regular Session of 2007 State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1745 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT,"

begs leave to report as follows:

The purpose of this bill is to protect employees by:

- (1) Requiring successor employers to retain incumbent employees upon the divestiture of a business;
- (2) Assessing penalties for noncompliance with worker retention requirements; and
- (3) Creating a Worker Retention Trust Fund to compensate dislocated workers.

ILWU Local 142, Hawaii State Teachers Association, and International Brotherhood of Electrical Workers testified in support of this bill. The Department of Labor and Industrial Relations, Chamber of Commerce of Hawaii, National Federation of Independent Business-Hawaii, Hawaii Hotel & Lodging Association, and Retail Merchants of Hawaii testified in opposition to this measure.

Many employees fear losing their jobs because of business takeovers. A mass layoff caused by a divestiture poses problems, not only to the employees directly affected, but to the community

HB1745 HD1 HSCR LAB HMS 2007-1920



at large because of increased unemployment and decreased state tax revenues.

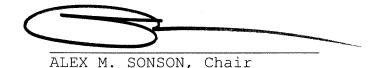
At the same time, your Committee understands concerns that this measure may also cause undue hardship for employers. Nevertheless, your Committee feels that a compromise solution can be worked out and that this issue warrants further discussion.

Accordingly, your Committee has amended this measure by:

- (1) Removing the requirement that the priority for retention of employees by the successor employer be based on an employee's seniority accrued under the former employer;
- (2) Inserting language that enables successor employers that acquire a clearly identifiable and segregable portion of the predecessor's organization, trade, or business to also acquire a predecessor's unemployment insurance contribution rate until December 31, 2007; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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 H.B. No. 1745, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1745, H.D. 1, and be referred to the Committee on Economic Development & Business Concerns.

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





State of Hawaii House of Representatives The Twenty-fourth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1745	Date:	6-07			
Committee Referral:	☐ The committee is reconsidering its				
LAB, EDB, FIN	previous decision on the measure.				
The recommendation is to: Pass, unamended	💢 Pa	Pass, with amendments			
☐ Hold		Pass, with amendments, for recommittal for further consideration			
LAB Members	Ayes	Ayes (WR)	Nays	Excused	
1. SONSON, Alex M. (C)	<u> </u>				
2. NAKASONE, Bob (VC)	<i>'</i>				
3. EVANS, Cindy		P			
4. HAR, Sharon E.		~			
5. LEE, Marilyn B.					
6. LUKE, Sylvia					
7. McKELVEY, Angus L.K.	1				
8. NISHIMOTO, Scott Y.					
9. SOUKI, Joseph M.	<i></i>				
10. TAKAMINE, Dwight Y.		<u> </u>			
11. TAKUMI, Roy M.	<i>-</i>				
12. MEYER, Colleen Rose					
13. PINE, Kymberly Marcos					
TOTAL	8	3		2	
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s) Vice Chair's or designee's signature:					
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