

JAN 22 2016

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# A BILL FOR AN ACT

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RELATING TO PROFESSIONAL EMPLOYER ORGANIZATIONS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to address  
2 professional employer organizations.

3           More specifically, this Act statutorily increases the fees  
4 imposed upon professional employer organizations. The fees are  
5 set at amounts intended to generate sufficient revenues to  
6 entirely fund the cost to regulate professional employer  
7 organizations.

8           The legislature finds that a sliding scale, based upon the  
9 number of covered employees of a professional employer  
10 organization, is a fair and reasonable way to establish the fee  
11 amounts. The sliding scale is intended to prevent smaller  
12 professional employer organizations from having to pay the same  
13 fee amount as larger organizations.

14          The legislature emphasizes that the cost of regulating  
15 professional employer organizations should be borne entirely by  
16 the organizations through the fees. The costs should include  
17 all direct costs as well as fringe benefit costs paid through



1 appropriations to the department of budget and finance. Other  
 2 regulated businesses are subject to the same financial self-  
 3 sufficiency policy. The legislature opposes subsidizing the  
 4 regulation of professional employer organizations from the  
 5 general fund.

6 SECTION 2. Section 373L-8, Hawaii Revised Statutes, is  
 7 amended by amending subsection (b) to read as follows:

8 "(b) Effective [~~July 1, 2013,~~] January 1, 2017, the  
 9 director shall collect fees in the following amounts:

10 (1) Registration fee \$ 500

11 (2) Biennial renewal fee [~~\$—750~~] based upon the average  
 12 annual count of covered employees as follows:

-	covered employees	\$
-	covered employees	\$
-	covered employees	\$
-	covered employees	\$
	or more covered employees	\$

18 (3) Restoration fee \$1,500

19 until such time as the director amends the fees by rulemaking  
 20 pursuant to chapter 91."




1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act shall take effect on January 1, 2017.

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# S.B. NO. 2544

**Report Title:**

Professional Employer Organizations; Fees

**Description:**

Establishes a sliding scale based upon the average annual count of covered employees for the biennial renewal fees for professional employer organizations. Takes effect on 01/01/17.

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