

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2544

S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B.
No. 2544, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to ensure
sufficient revenues to fund the costs to regulate professional
employer organizations.

More specifically, this measure statutorily increases the
fees imposed upon professional employer organizations.

Your Committee received written comments in support of this
measure from the Department of Labor and Industrial Relations.

Your Committee received written comments in opposition to
this measure from ALTRES, Inc.; Hawaii Human Resources, Inc.; and
National Association of Professional Employer Organizations.

Your Committee received written comments on this measure from
ProService Hawaii.

Your Committee finds that the fees imposed upon professional
employer organizations are intended to generate sufficient
revenues to entirely fund the cost to regulate professional
employer organizations.



Your Committee finds that a flat fee, rather than a fee per employee, may provide administrative efficiency and fairness. Your Committee intends that the flat fee amounts specified in the bill by your Committee should be sufficient to raise approximately \$140,000 for annual costs to regulate professional employer organizations, including fringe benefit costs.


Your Committee has deliberately included the flat fee amounts in this bill, rather than leave them unspecified, in order to elicit knowledgeable discussion as this bill moves forward. If the flat fee amounts in this bill are inadequate or excessive in relation to the intended \$140,000 cost for the program, your Committee is willing to consider alternatives. Finally, your Committee expressly states its intent regarding the funding of the professional employer regulatory program. Your Committee is adamant that the program be funded by the professional employer organizations, not the general taxpayers.

Accordingly, your Committee has amended this measure by changing the:

- (1) Biennial renewal fees for professional employer organizations, which are in categories based upon the number of employees a professional employer organization reports to the Department of Labor and Industrial Relations, from a fee per employee in each category to a flat fee in each category; and
- (2) The effective date to July 1, 2050, to facilitate further discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2544, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2544, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair

The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

| | | | | |
|---|--|------------------------|-----|----------|
| Bill / Resolution No.:* SB 2544, SD1 | Committee Referral: CPH, WAM | Date: 3/1/10 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div> | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| TOKUDA, Jill N. (C) | / | | | |
| DELA CRUZ, Donovan M. (VC) | / | | | |
| CHUN OAKLAND, Suzanne | / | | | |
| ENGLISH, J. Kalani | / | | | |
| GALUTERIA, Brickwood | | | | / |
| HARIMOTO, Breene | / | | | |
| INOUE, Lorraine R. | / | | | |
| RIVIERE, Gil | / | | | |
| TANIGUCHI, Brian T. | / | | | |
| WAKAI, Glenn | / | | | |
| SLOM, Sam | | | | / |
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| TOTAL | 9 | | | 2 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| <div style="display: flex; justify-content: space-between; font-size: small;"> <div>Distribution:</div> <div>Original</div> <div>Yellow</div> <div>Pink</div> <div>Goldenrod</div> </div> <div style="display: flex; justify-content: space-between; font-size: x-small;"> <div>File with Committee Report</div> <div>Clerk's Office</div> <div>Drafting Agency</div> <div>Committee File Copy</div> </div> | | | | |

*Only one measure per Record of Votes