

Honolulu, Hawaii

Feb 8, 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



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,



ALEX M. SONSON, Chair



