

Honolulu, Hawaii

Feb 6, 2008

RE: H.B. No. 3163
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 3163 entitled:

"A BILL FOR AN ACT RELATING TO THE SPECIAL FUND FOR
DISABILITY BENEFITS,"

begs leave to report as follows:

The purpose of this bill is to increase the efficiency of the Department of Labor and Industrial Relation's Disability Compensation Division (DCD) by:

- (1) Allowing currently available funds in the Special Fund for Disability Benefits (Special Fund) to be used for the automation of the workers' compensation, temporary disability insurance, and prepaid health care programs; and
- (2) Appropriating \$5,000,000 from the Special Fund for this purpose.

The Department of Labor and Industrial Relations testified in support of this bill.

The Special Fund was created in 1969 and consisted of funds collected from businesses to pay for disability benefits for employees. Over the years, the Special Fund has grown to its current estimated balance of \$8,600,000 and continues to grow with interest payments of an estimated \$156,000 annually. The current

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amount in this account far exceeds the Special Fund's annual payout.

Your Committee finds that DCD is responsible for the workers' compensation program, the prepaid health care program, and the temporary disability insurance program and that the current method of handling these programs, including the antiquated computer system DCD is currently using, decreases DCD's efficiency. Allowing DCD to modernize its processes and computer systems will allow for increased efficiency, easier access to information, and reduced costs to the State.

However, your Committee is unsure as to whether \$5,000,000 is necessary to accomplish this goal. Accordingly, your Committee has amended this measure by changing:

- (1) The appropriation from the Special Fund for the purposes of this Act from \$5,000,000 to an unspecified amount; and
- (2) The effective date to July 1, 2059, to encourage further discussion.

Other technical, nonsubstantive amendments were made 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. 3163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3163, H.D. 1, and be referred to the Committee on Economic Development & Business Concerns.

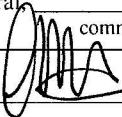
Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 3163	Committee Referral: LAB, EDB, FIN	Date: 01/25/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	X			
2. NAKASONE, Bob (VC)				X
3. EVANS, Cindy	X			
4. HAR, Sharon E.	X			
5. LEE, Marilyn B.	X			
6. LUKE, Sylvia	X			
7. McKELVEY, Angus L.K.	X			
8. NISHIMOTO, Scott Y.	X			
9. SOUKI, Joseph M.				X
10. TAKAMINE, Dwight Y.	X			
11. TAKUMI, Roy M.	X			
12. MEYER, Colleen Rose	X			
13. PINE, Kymberly Marcos	X			
TOTAL (13)	11	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral _____ did not support recommendation. _____ committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				