



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Economic Development & Business
and Committee on Tourism
Tuesday, March 31, 2015 at 9:35 A.M.
Conference Room 016, State Capitol**

RE: HOUSE BILL 1090 HD 2 SD 1 RELATING TO EMPLOYMENT AGREEMENTS

Chair Keith-Agaran, Vice Chair Shimabukuro, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **expresses concerns on** HB 1090 HD 2 SD 1, which prohibits non-compete agreements and restrictive covenants that forbid post-employment competition of employees of a technology business.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber has concerns that HB 1090 HD 2 SD 1 may be overreaching into employer/employee matters. We believe that employers should have this ability. Some companies invest relatively large sums to recruit an employee, and they should be able to protect that investment. Non-compete agreements are helpful for some technology companies to build and develop a business to compete globally.

We do understand the need to address the shortage of IT employees in this state and hope there are other means to address this issue.

Thank you for the opportunity to testify.



March 30, 2015

SENATE COMMITTEE ON JUDICIARY AND LABOR

Chair Keith-Agaran, Vice Chair Shimabukuro, and Members of the Committee on Judiciary and Labor

I am contacting you on behalf of the 500+ individual members of the IEEE in Hawaii to express our support for provisions in HB1090, HD2 SD1, that prohibit the use of non-compete agreements for employees of technology businesses. This simple change to Hawaii's employment law would dramatically improve the flexibility and innovativeness of our state's economy, particularly in our most critical and high growth fields.

The IEEE (Institute of Electrical and Electronics Engineers) is the world's largest technical professional society. Founded by Alexander Graham Bell and Thomas Edison, we represent individual computer programmers, hardware designers, aerospace engineers and other technical professionals involved with the creation and development of advanced technologies. Hawaii's 400 IEEE members, part of the 430,000 IEEE members around the globe, are the very heart of our modern high-tech economy.

As such, we are acutely aware of how fast our dynamic high-tech economy advances. Technology is always changing, evolving, dying – and companies have to move fast just to keep up. Nobody would argue that restricting any company's ability to change product lines, business models or strategies is in anyone's best interest.

Yet that is exactly what employees are required to do when they sign a non-compete agreement. Such agreements are designed to prevent employees from being flexible and deny them the ability to respond to changing market conditions. In doing so, non-compete agreements reduce the overall flexibility of the Hawaii's economy – and thereby reduce our state's overall competitiveness.

Companies already have the means to keep talented employees -- provide appropriate, competitive compensation and a desirable work environment. Companies that are unable or unwilling to do that should have difficulty holding on to their employees. Employers have the right to choose whom to employ, but workers also ought to have the right to work for whichever companies they want. That is how the free market works.

We thank you for the opportunity to testify.

Sincerely,

John Borland
Chair, IEEE Hawaii Section