

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 519  
H.D. 1  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred  
H.B. No. 519, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the  
workers' compensation law by excluding from the definition of  
"employment" certain services performed by:

- (1) A member of a limited liability company who is an individual with a distributional interest of at least fifty percent in the company;
- (2) A partner of a partnership who is an individual;
- (3) A partner of a limited liability partnership who is an individual and has a transferable interest in the partnership of at least fifty percent; and
- (4) A sole proprietorship.

Your Committee received testimony in support of this measure from The Chamber of Commerce of Hawaii; The Hawaii Business League; Integrated Economic Solutions, LLC; National Federation of Independent Business; Retail Merchants of Hawaii; and Hawaii Independent Insurance Agents Association.



Your Committee finds that this measure will allow limited liability companies, limited liability partnerships, partnerships, and sole proprietors the option to purchase workers' compensation insurance for individual members, partners, and sole proprietors rather than mandating coverage for these individuals under chapter 386, Hawaii Revised Statutes.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to allow for further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 519, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Judiciary and  
Labor,



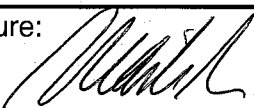
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CLAYTON HEE, Chair



The Senate  
Twenty-Sixth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Judiciary and Labor**  
**JDL**

| Bill / Resolution No.:*   | Committee Referral:   | Date:                                 |                                  |         |
|---|---|---------------------------------------|----------------------------------|---------|
| HB519 HD1   | JDL, WAM  | 3/21/11                               |                                  |         |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____ |   |                                       |                                  |         |
| The Recommendation is:  |   |                                       |                                  |         |
| <input type="checkbox"/> Pass, unamended<br>2312  | <input checked="" type="checkbox"/> Pass, with amendments<br>2311 | <input type="checkbox"/> Hold<br>2310 |                                  |         |
| <input type="checkbox"/> Recommit<br>2313   |   |                                       |                                  |         |
| Members   | Aye   | Aye (WR)                              | Nay                              | Excused |
| HEE, Clayton (C)  | ✓   |                                       |                                  |         |
| SHIMABUKURO, Maile (VC)   | ✓   |                                       |                                  |         |
| GABBARD, Mike   | ✓   |                                       |                                  |         |
| IHARA, Jr., Les   |   |                                       |                                  | ✓       |
| SLOM, Sam   | ✓   |                                       |                                  |         |
|   |   |                                       |                                  |         |
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| <b>TOTAL</b>  | 4   | 0                                     | 0                                | 1       |
| Recommendation:   |   |                                       |                                  |         |
| <input checked="" type="checkbox"/> Adopted   |   |                                       |                                  |         |
| <input type="checkbox"/> Not Adopted  |   |                                       |                                  |         |
| Chair's or Designee's Signature:                               |   |                                       |                                  |         |
| <b>Distribution:</b>  |   |                                       |                                  |         |
| Original<br>File with Committee Report  | Yellow<br>Clerk's Office  | Pink<br>Drafting Agency               | Goldenrod<br>Committee File Copy |         |

\*Only one measure per Record of Votes