The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

Re: HB1977 HD2 SD1

HB1977 HD2 SD1, entitled “A BILL FOR AN ACT RELATING TO COLLECTIVE BARGAINING” will become law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The purpose of this bill is to amend statutory provisions pertaining to interest arbitration to provide that the “final positions” submitted to arbitration panels by public employers and exclusive representatives may only include proposals that were previously exchanged by the parties and fully “bargained” to impasse.

As this bill went through the legislative process, several departments and agencies expressed serious concerns regarding this measure. I encourage the Legislature to further review this issue next session.

Because of this, HB1977 HD2 SD1 will become law as ACT 075 (14), Session Laws of Hawaii 2014, effective April 30, 2014, without my signature.
NEIL ABERCROMBIE
Governor, State of Hawaii
A BILL FOR AN ACT

RELATING TO COLLECTIVE BARGAINING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 89-11, Hawaii Revised Statutes, is amended by amending subsection (e) to read as follows:

"(e) If an impasse exists between a public employer and the exclusive representative of bargaining unit (2), supervisory employees in blue collar positions; bargaining unit (3), nonsupervisory employees in white collar positions; bargaining unit (4), supervisory employees in white collar positions; bargaining unit (6), educational officers and other personnel of the department of education under the same salary schedule; bargaining unit (8), personnel of the University of Hawaii and the community college system, other than faculty; bargaining unit (9), registered professional nurses; bargaining unit (10), institutional, health, and correctional workers; bargaining unit (11), firefighters; bargaining unit (12), police officers; bargaining unit (13), professional and scientific employees; or bargaining unit (14), state law enforcement officers and state and county ocean safety and water safety officers, the board shall assist in the resolution of the impasse as follows:
(1) Mediation. During the first twenty days after the date of impasse, the board shall immediately appoint a mediator, representative of the public from a list of qualified persons maintained by the board, to assist the parties in a voluntary resolution of the impasse.

(2) Arbitration. If the impasse continues twenty days after the date of impasse, the board shall immediately notify the employer and the exclusive representative that the impasse shall be submitted to a three-member arbitration panel who shall follow the arbitration procedure provided herein.

(A) Arbitration panel. Two members of the arbitration panel shall be selected by the parties; one shall be selected by the employer and one shall be selected by the exclusive representative. The neutral third member of the arbitration panel, who shall chair the arbitration panel, shall be selected by mutual agreement of the parties. In the event that the parties fail to select the neutral third member of the arbitration panel within thirty days from the date of impasse, the board shall request the
American Arbitration Association, or its successor in function, to furnish a list of five qualified arbitrators from which the neutral arbitrator shall be selected. Within five days after receipt of the list, the parties shall alternately strike names from the list until a single name is left, who shall be immediately appointed by the board as the neutral arbitrator and chairperson of the arbitration panel.

(B) Final positions. Upon the selection and appointment of the arbitration panel, each party shall submit to the panel, in writing, with copy to the other party, a final position that shall include all provisions in any existing collective bargaining agreement not being modified, all provisions already agreed to in negotiations, and all further provisions which each party is proposing for inclusion in the final agreement[.] provided that such further provisions shall be limited to those specific proposals that were submitted in writing to the other party and were the subject of collective
bargaining between the parties up to the time of
the impasse, including those specific proposals
that the parties have decided to include through
a written mutual agreement. The arbitration
panel shall decide whether final positions are
compliant with this provision and which proposals
may be considered for inclusion in the final
agreement.

(C) Arbitration hearing. Within one hundred twenty
days of its appointment, the arbitration panel
shall commence a hearing at which time the
parties may submit either in writing or through
oral testimony, all information or data
supporting their respective final positions. The
arbitrator, or the chairperson of the arbitration
panel together with the other two members, are
encouraged to assist the parties in a voluntary
resolution of the impasse through mediation, to
the extent practicable throughout the entire
arbitration period until the date the panel is
required to issue its arbitration decision.
Arbitration decision. Within thirty days after
the conclusion of the hearing, a majority of the
arbitration panel shall reach a decision pursuant
to subsection (f) on all provisions that each
party proposed in its respective final position
for inclusion in the final agreement and transmit
a preliminary draft of its decision to the
parties. The parties shall review the
preliminary draft for completeness, technical
correctness, and clarity and may mutually submit
to the panel any desired changes or adjustments
that shall be incorporated in the final draft of
its decision. Within fifteen days after the
transmittal of the preliminary draft, a majority
of the arbitration panel shall issue the
arbitration decision."

SECTION 2. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect on July 1, 2014.
H.B. NO. 1977
H.D. 2
S.D. 1

APPROVED this day of , 2014

GOVERNOR OF THE STATE OF HAWAII