

STAND. COM. REP. NO.

758

Honolulu, Hawaii

March 6, 2015

RE: H.B. No. 1090
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1090, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT AGREEMENTS,"

begs leave to report as follows:

The purpose of this measure is to stimulate economic development in Hawaii's technology business sector by prohibiting the use of non-compete agreements or restrictive covenants that forbid post-employment competition for employees of a technology business.

The Department of Education; Architecting Innovation, LLC; Lunasoft LLC; TechMana LLC; and several individuals testified in support of this measure. The Hawaii Association of Broadcasters and New West Broadcasting Corp. testified in opposition to this measure. Hawaiian Telcom and High Technology Development Corporation provided comments on this measure.

Your Committee has amended this measure by:

- (1) Modifying the definition of "information technology" to "information technology development," which means the design, integration, deployment, or support services for software;
- (2) Amending the definition of "technology business" to:

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- (A) Mean a trade or business that derives the majority of its revenue from the sale or license of products or services resulting from its software development or information technology development, or both; and
 - (B) Exclude any trade or business that is considered by standard practice as part of the broadcast industry or any telecommunications carrier as defined in section 269-1, Hawaii Revised Statutes, which holds a franchise or charter enacted or granted by the legislative or executive authority of the State or its predecessor governments; and
- (3) Changing its effective date to July 1, 2112, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1090, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1090, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



