

STAND. COM. REP. NO. 506

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1279
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Economic Development and Technology and
Commerce and Consumer Protection, to which was referred S.B.
No. 1279 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to prohibit
noncompete agreements and restrictive covenants that forbid post-
employment competition of employees of a technology business.

Your Committees received testimony in support of this measure
from the Department of Education; Hawaiian Telcom; Techmana LLC;
and four individuals. Your Committees received testimony in
opposition to this measure from the Chamber of Commerce Hawaii.
Your Committees received comments on this measure from the High
Technology Development Corporation.

Your Committees find that noncompete clauses are designed to
protect employers by prohibiting former employees from freely
sharing with competitors the confidential information of a former
employer's operations, customer or client lists, business
practices, upcoming products, and market plans. Inclusion of
these clauses encourages companies to hire more employees because
employers are provided protection to hire, contract, and otherwise
operate a business without the fear that confidential business
information and knowledge will be passed on to a competitor
without any limits or consequences. Protecting intellectual



property is vital to the continued growth of Hawaii's innovation economy.

Your Committees have amended this measure by:

- (1) Restricting the duration of noncompete agreements and restrictive covenants that forbid post-employment competition of employees of a technology business to no longer than one year;
- (2) Amending the definition of "technology business" to exclude broadcast industry businesses; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Economic Development and Technology and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1279, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1279, S.D. 1, and be referred to the Committee on Judiciary and Labor.

Respectfully submitted on
behalf of the members of the
Committees on Economic
Development and Technology and
Commerce and Consumer
Protection,



ROSALYN H. BAKER, Chair



GLENN WAKAI, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development and Technology
EDT

Bill / Resolution No.:* SB 1279	Committee Referral: EDT/CPN, JDL	Date: 2/18/15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.	X			
CHUN OAKLAND, Suzanne				Y
DELA CRUZ, Donovan M.	X			
ESPERO, Will	X			
HARIMOTO, Breene	X			
TOTAL	6	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>[Handwritten Signature]</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1279	EDT/CPN, JDL	2-19-15		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)				✓
KAHELE, Gilbert	✓			
KIDANI, Michelle N.	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn				✓
SLOM, Sam				✓
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted		<input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature:				
<i>Michelle N. Kidani</i>				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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