
A BILL FOR AN ACT

RELATING TO PROFESSIONAL EMPLOYER ORGANIZATIONS.

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

1 SECTION 1. The purpose of this Act is to address
2 professional employer organizations.

3 More specifically, this Act statutorily increases the fees
4 imposed upon professional employer organizations. The fees are
5 set at amounts intended to generate sufficient revenues to
6 entirely fund the cost to regulate professional employer
7 organizations.

8 The legislature finds that a sliding scale, based upon the
9 number of covered employees a professional employer organization
10 reports to the department of labor and industrial relations, is
11 a fair and reasonable way to establish the fee amounts. The
12 sliding scale is intended to prevent smaller professional
13 employer organizations from having to pay the same fee amount as
14 larger organizations.

15 The legislature emphasizes that the cost of regulating
16 professional employer organizations should be borne entirely by
17 the organizations through the fees. The costs should include
18 all direct costs as well as fringe benefit costs paid through



1 appropriations to the department of budget and finance. Other
2 regulated businesses are subject to the same financial self-
3 sufficiency policy. The legislature opposes subsidizing the
4 regulation of professional employer organizations from the
5 general fund.

6 SECTION 2. Chapter 373L, Hawaii Revised Statutes, is
7 amended by adding a new section to be appropriately designated
8 and to read as follows:

9 "§373L- Report of employee count. Every professional
10 employer organization shall report the total number of covered
11 employees. The number of covered employees shall include all
12 covered employees who worked any hours during the period from
13 May 1 of the prior year through April 30 of the year in which
14 the report is made. The report shall be made to the department
15 no later than June 1 of every year."

16 SECTION 3. Section 373L-8, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) Effective [~~July 1, 2013,~~] January 1, 2017, the
19 director shall collect fees in the following amounts:

20 (1) Registration fee \$ 500



1 (2) Biennial renewal fee [~~\$750~~] based upon the count of
2 covered employees as reported to the department under
3 section 373L- as follows:

4	<u>Less than 50 covered employees</u>	<u>\$6.00 per employee</u>
5	<u>50 - 250 covered employees</u>	<u>\$7.00 per employee</u>
6	<u>251 - 500 covered employees</u>	<u>\$8.00 per employee</u>
7	<u>501 or more covered employees</u>	<u>\$9.00 per employee</u>

8 (3) Restoration fee \$1,500

9 until such time as the director amends the fees by rulemaking
10 pursuant to chapter 91."

11 SECTION 4. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on January 1, 2017.

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Report Title:

Professional Employer Organizations; Department of Labor and Industrial Relations; Covered Employees; Fees

Description:

Establishes a sliding scale for the biennial renewal fees for professional employer organizations, based on the number of covered employees a professional employer organization reports to the department of labor and industrial relations. Effective 1/1/17. (SD1)

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