



February 25, 2013

LATE

TO: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair
The Honorable Aaron Ling Johanson, Vice Chair

Members of the House Committee on Finance

Date: Monday, February 25, 2013

Time: 11:00 a.m.

Place: State Capitol, Conference Room 308

Re: **House Bill 144 HD2 Relating to Professional Employer Organizations (“PEO”) –Strong Support**

Dear Chair Luke and Vice-Chairs Nishimoto and Johanson,

My name is Jennifer L. Brittin-Fulton, and I am the President of Exceptional Inc. D.B.A. Employers Options , a locally owned and operated Staffing company, Employment Agency and PEO. **I submit this testimony in support of HB 144 HD2.**

I am an honest small business owner who pays my taxes and my Employees payroll. I have been in business in Hawaii for over thirty years. I would like to thank you for this opportunity to share with you and the community our comments as they relate to the PEO industry. I believe that over regulation hurts small business. We request the Committee’s consideration to insure fairness in bonding requirements and clarity in the definitional sections (please reference testimony submitted by HAPEO for definition amendments.)

We believe that PEOs, like most employers, are already regulated by civil and criminal laws and are subject to department of labor and industrial relations penalties for failure to comply with payroll and labor laws. Additional regulatory enforcement of PEOs by the DLIR needs to be simplified.

HB 144 HD2 would repeal Chapter 373L, Hawai’i Revised Statutes (“HRS”), in its entirety and make certain targeted amendments to other provisions of the PEO law, HRS Chapter 373K, to simplify and improve the implementation of the law, and to clarify and amend the statutory responsibilities (co-employment) between a client company and the PEO. HB 144 HD2 also includes a scaled bonding requirement which is fair for PEOs of all sizes. In addition, the bill would simplify the regulation of PEOs by empowering the Director of the Department of Labor and Industrial Relations to notify the Department of Taxation when the GET tax exemption under HRS Section 237-24.75 is being denied for a PEO that violates Chapter 373K, HRS.

Mahalo for your consideration and hoped for passage of this important measure.

Respectfully submitted,

Jennifer L. Brittin-Fulton
President