



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 22, 2018

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Thursday, February 22, 2018

Time: 10:10 a.m.

Place: Conference Room 211, State Capitol

From: Leonard Hoshijo, Director
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. 2801 SD1 RELATING TO THE DEPARTMENT OF
LABOR AND INDUSTRIAL RELATIONS**

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal establishes the Labor Law Enforcement Special Fund and two positions to strengthen enforcement of labor laws by more aggressively collecting outstanding assessed penalties and fees. The measure also includes the following provisions:

- Allows the Department of the Attorney General to hire an attorney and a legal assistant to collect penalties on behalf of the Department of Labor and Industrial Relations.
- Amends the Occupational Safety and Health and Payment of Wages and Other Compensation Laws to direct the deposit of penalties to the Labor Law Enforcement Special Fund.
- Makes an appropriation of \$98,163 in seed money for the Labor Law Enforcement Special Fund and an equal appropriation out of the Fund for the purposes of the Act.

DLIR strongly supports this Departmental proposal designed to enhance the ability to enforce labor laws by helping ensure that penalties for violations of law are collected by the Department.

II. CURRENT LAW

Programs within the Department currently work with the Department of the Attorney General to attempt to collect penalties when entities fail to respond to citations or determinations resulting from administrative processes. The Department of the Attorney General currently has one FTE assigned part-time to pursue collections on behalf of the Department.

III. COMMENTS ON THE SENATE BILL

DLIR strongly supports this Departmental initiative aimed to improve compliance with labor laws by helping ensure penalties for violations are collected by DLIR. In mid-2017, DLIR estimated that it had more than \$2,705,024 in accounts receivable over the past several years. The Department believes that hiring an attorney and a legal assistant to pursue these collections would greatly improve its capacity to collect these penalties and efficiently effectuate the intent of labor law.

This proposal requests \$98,163 in seed moneys to establish the Labor Law Enforcement Special Fund. Collection of penalties under Occupational Safety and Health and Payment of Wages and Other Compensation Laws will serve as the source of funding for the special fund moving forward. The Department deposited \$5,164,393 in Occupational Safety and Health penalties into the General Fund between fiscal years 2014-2015 to 2016-2017.

Act 135, Session Laws of Hawaii 2017, established a minimum administrative penalty of \$500 for violations of chapter 388, HRS, Payment of Wages and Other Compensation Law. This new administrative penalty also would be deposited into the special fund if this bill is enacted. The unencumbered balance of the fund exceeding \$500,000 would be deposited into the General Fund.

If enacted, this proposal will result in a self-sustaining special fund while also increasing the current amount of moneys going into the general fund due to the increased collections by the Department. Furthermore, Act 126, Session Laws of Hawaii 2017, significantly increased penalties imposed under section 396-10, Hawaii Revised Statutes, of the Occupational Safety and Health Law, and directs the Director to adjust the penalties on an annual basis to reflect increases in the Consumer Price Index.



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**TESTIMONY FOR SENATE BILL 2801, SENATE DRAFT 1, RELATING TO THE
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

**Senate Committee on Ways and Means
Hon. Donovan M. Dela Cruz, Chair
Hon. Gilbert S.C. Keith-Agaran, Vice Chair**

**Friday, February 23, 2018, 10:30 AM
State Capitol, Conference Room 211**

Honorable Chair Dela Cruz and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of Senate Bill 2801, SD 1, relating to the Department of Labor and Industrial Relations.

In 2013, lawmakers passed Act 245 (HRS §371-20), which requires certain high-risk establishments—including massage parlors, strip clubs, and hostess bars—to post the National Human Trafficking Resource Center Hotline number in a place accessible to workers. IMUAlliance estimates that 150 high-risk sex trafficking establishments exist on Hawai'i's shores, which are places at which we have documented multiple cases of prostitution (either through police records or our own outreach efforts) within a single month and nearly all of which are required to post the hotline number mandated by Act 245. When crafted, the law was intended to not only provide potentially life-saving information to victims working in high-risk enterprises, but also to catalogue locations that consistently failed to provide such information and use fines collected from violations to subsidize victim services by depositing the fines into the state's Human Trafficking Victim Services Fund pursuant to HRS §706-650.5.

Unfortunately, since the law's enactment, enforcement has been spotty, at best, primarily owing to DLIR's lack of personnel and penalty collection capacity. Passing this bill will improve DLIR's enforcement efforts and, in turn, help notify victims of human trafficking about how to obtain assistance (including rescue assistance), while hopefully eliminating confusion currently caused by DLIR stating on the department's website that the poster is a requirement that DLIR "doesn't enforce." IMUAlliance provides direct intervention services to victims of human

trafficking in the physical locations at which they're being exploited. When we do outreach, frankly, we see very few establishments meeting the hotline poster requirement, to the detriment of the women and children being harmed on their premises.

Slavery has no place in paradise. Mahalo for the opportunity to testify in support of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

SB-2801-SD-1

Submitted on: 2/21/2018 2:02:24 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|---------------------|---------------------------|---------------------------|
| Javier Mendez-Alvarez | Individual | Support | No |

Comments: