

---

---

# A BILL FOR AN ACT

RELATING TO LABOR.

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

1 SECTION 1. Chapter 373L, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 **"§373L- Responsibility of client company.** Upon entering  
5 into a professional employer agreement, the client company shall  
6 provide to the professional employer organization its physical  
7 address and North American Industry Classification System code  
8 and shall report any changes to the professional employer  
9 organization on a quarterly basis."

10 SECTION 2. Section 371-11, Hawaii Revised Statutes, is  
11 amended to read as follows:

12 **"§371-11 Research and statistics; employers to keep**  
13 **certain records.** The department of labor and industrial  
14 relations:

15 (1) Shall investigate and gather data regarding the wages,  
16 hours, and other conditions and practices of  
17 employment in the State, and may enter and inspect  
18 [such] places and [such] records [+], and make [such]



1 transcriptions thereof[+], and investigate [~~such~~]  
2 facts, conditions, practices, or matters as are  
3 necessary or appropriate to carry into effect the  
4 duties imposed upon it under this chapter or under the  
5 rules of the department;

6 (2) May investigate, collect, and publish [~~such~~]  
7 information relating to the cost of living in the  
8 State as it deems advisable;

9 (3) Shall collect, file, and publish [~~such~~] information  
10 relating to labor and industrial relations and shall  
11 perform [~~such~~] other duties as the director of labor  
12 and industrial relations shall by rule prescribe.

13 Every employer subject to this chapter or any  
14 rule or regulation of the department issued under this  
15 chapter shall make, keep, and preserve [~~such~~] records  
16 of the persons employed by the employer and of the  
17 wages, hours, and other conditions and practices of  
18 employment, maintained by the employer, and preserve  
19 [~~such~~] the records for [~~such~~] periods of time, as the  
20 department may by rule prescribe. In addition, every  
21 employer shall keep a record of the physical addresses



1 of the employer and the North American Industry  
2 Classification System code applicable to the employer.

3 The director or the director's authorized  
4 representative shall for the purpose of examination  
5 have access to and the right to copy from [~~such~~] the  
6 records any matter or thing pertinent to this section,  
7 and every employer shall furnish to the director or  
8 the director's authorized representative on demand a  
9 copy under oath of [~~such~~] the material portion of  
10 [~~such~~] the records as the director or the director's  
11 authorized representative requires, and if the  
12 director so requires, upon forms prescribed or  
13 approved by the director;

- 14 (4) The department shall collect, assemble, and furnish  
15 information regarding group life insurance plans,  
16 group medical, hospitalization, and health insurance  
17 plans, and pension and retirement plans, at the  
18 request of any employer or employee. Upon the request  
19 of any employer or employee, the department shall  
20 undertake a study of the feasibility of establishing  
21 any or all of [~~such~~] the plans for [~~such~~] persons as



1           may be designated by the employer or employee making  
2           the request. If the department determines that it  
3           will be feasible to establish [~~such~~] plan or plans for  
4           the persons so designated, it shall render all  
5           necessary assistance to the persons who will be  
6           included in [~~such~~] the plan or plans, including but  
7           not limited to [~~such~~] matters as negotiating for and  
8           on behalf of [~~such~~] the persons with insurance  
9           companies, and drafting of contracts and agreements.  
10          If the department determines that it will not be  
11          feasible to establish [~~such~~] the plan or plans for the  
12          persons designated because of the small number or the  
13          diversity of occupations within the group or for any  
14          other reason, the department shall actively solicit  
15          the participation of as many other employers and  
16          employees within the State as may be necessary to form  
17          a group or groups for which it shall be feasible to  
18          establish the plan or plans contemplated by the  
19          employer or employee who made the original request,  
20          and shall furnish all necessary assistance in similar  
21          manner.



1           The department shall adopt all necessary rules and  
2 regulations to carry out the purposes of this section."

3           SECTION 3. Section 373L-2, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5           "(b) Registration information required by this section  
6 shall include:

- 7           (1) The name or names under which the professional  
8           employer organization conducts or will conduct  
9           business;
- 10          (2) The address of the principal place of business of the  
11          professional employer organization and the address of  
12          each office that the professional employer  
13          organization maintains in this State;
- 14          (3) The professional employer organization's general  
15          excise tax number;
- 16          (4) A copy of the certificate of authority to transact  
17          business in this State issued by the director of  
18          commerce and consumer affairs pursuant to title 23 or  
19          title 23A, if applicable;
- 20          (5) A list, organized by jurisdiction, of each name under  
21          which the professional employer organization has



- 1           operated in the preceding five years, including any  
2           alternative names; names of predecessors; and, if  
3           known, names of successor business entities;
- 4           (6) A statement of ownership, which shall include the name  
5           of each person who, individually or acting in concert  
6           with any other person or persons, owns or controls,  
7           directly or indirectly, twenty-five per cent or more  
8           of the equity interests of the professional employer  
9           organization;
- 10          (7) A statement of management, which shall include the  
11          name of any person who serves as president or chief  
12          executive officer or who otherwise has the authority  
13          to act as a senior executive officer of the  
14          professional employer organization;
- 15          (8) Proof of valid workers' compensation coverage in  
16          compliance with all laws of this State;
- 17          (9) Proof of compliance with the Hawaii temporary  
18          disability insurance law;
- 19          (10) Proof of compliance with the Hawaii prepaid health  
20          care act;



- 1 (11) Proof of compliance with the Hawaii employment  
2 security law, including payment of any applicable  
3 employer liability pursuant to chapter 383;
- 4 (12) The name, address, and phone number of the financial  
5 institution utilized by the professional employer  
6 organization for payroll purposes that operates and  
7 maintains branches in the State;
- 8 (13) The name, physical address, and North American  
9 Industry Classification System code as reported by the  
10 client company pursuant to section 373L- , and the  
11 number of covered employees of each client company  
12 that is party to a professional employer agreement  
13 with a professional employer organization, which shall  
14 be provided to the department on a form approved by  
15 the department within twenty-one business days of the  
16 initiation of the agreement and within twenty-one  
17 business days of the termination of the agreement; and
- 18 (14) A copy of the Internal Revenue Service Form W-3,  
19 Transmittal of Wage and Tax Statements, that was most  
20 recently filed with the federal government, and which



1            shall be used for obtaining a bond or irrevocable  
2            letter of credit pursuant to section 373L-3."

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

5            SECTION 5. This Act shall take effect on January 7, 2059.





**Report Title:**

Labor; Professional Employer Organizations; Employers; Records

**Description:**

Requires employers to keep a record of the physical addresses of the employer and the North American Industry Classification System code applicable to the employer. Requires professional employer organizations to provide the physical address, North American Industry Classification System code, and number of covered employees of each client company to the DLIR. Requires client companies of a professional employer organization to report and update their physical address and North American Industry Classification System code. Takes effect on 1/7/2059.  
(SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

