

Honolulu, Hawaii

MAR 22 2017

RE: H.B. No. 377
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Public Safety, Intergovernmental, and Military Affairs, to which was referred H.B. No. 377, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION,"

begs leave to report as follows:

The purpose and intent of this measure is to require building permit applicants and their subcontractors to verify that they hold workers' compensation coverage or state-approved self-insurance coverage as a prerequisite for the issuance of a building permit.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Hawaii Construction Alliance, and Pacific Resource Partnership. Your Committee received testimony in opposition to this measure from the Office of the Mayor, County of Kauai; and Subcontractors Association of Hawaii. Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Your Committee finds that maintaining a fair, efficient, and effective workers' compensation system is essential for protecting the State's workers. Many of the State's workers are employed in the construction industry. Therefore, ensuring that contractors and subcontractors, unless exempted by law, have secured workers'



compensation coverage or state-approved self-insurance is essential to protect workers. Accordingly, this measure:

- (1) Requires building permit applicants and their subcontractors to verify that they hold workers' compensation coverage, state-approved self-insurance coverage, or are exempt from coverage requirements at the time of submitting an application for a building permit;
- (2) Requires the county building permitting agency to suspend any building permit upon receiving notice that the workers' compensation coverage or state-approved self-insurance has been canceled or has expired; and
- (3) Requires coordinated communication between county building permitting agencies and the Director of Labor and Industrial Relations to ensure compliance.

Your Committee, however, notes the testimony of the Department of Labor and Industrial Relations relating to its ability to enforce the provisions of this measure. Your Committee recognizes that, as written, this measure's requirements would stress the Department's limited staffing and resources and prolong the permitting process. Therefore, your Committee agrees with the Department that enforceability of this measure's provisions would be more efficient and effective if building permit applicants and their subcontractors were required to provide actual evidence of existing workers' compensation coverage or state-approved self-insurance coverage to the appropriate county building permitting agency rather than providing the permitting agency with a mere signed declaration of coverage. Accordingly, your Committee has amended this measure by:

- (1) Removing all language relating to the submission of a signed declaration of workers' compensation coverage or state-approved self-insurance by building permit applicants or their subcontractors at the time of submitting an application for a building permit and the Director of Labor and Industrial Relations' duty to verify the coverage or insurance or any exemption from coverage or insurance requirements;



- (2) Requiring building permit applicants and their subcontractors to provide the county with a certificate of liability insurance issued by the workers' compensation insurance carrier or a self-insurance authorization pursuant to chapter 386, Hawaii Revised Statutes, at the time of submitting an application for a building permit; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Public Safety, Intergovernmental, and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 377, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 377, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary and Labor.

Respectfully submitted on
behalf of the members of the
Committee on Public Safety,
Intergovernmental, and Military
Affairs,

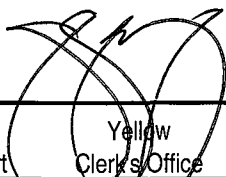
Clarence K. Nishihara

CLARENCE K. NISHIHARA, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Public Safety, Intergovernmental, and Military Affairs
PSM

Bill / Resolution No.:* HB 377, HD1	Committee Referral: PSM, JDL	Date: 3/17/17		
<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
NISHIHARA, Clarence K. (C)	✓			
WAKAI, Glenn (VC)	✓			
BAKER, Rosalyn H.	✓			
IHARA, Jr., Les	✓			
THIELEN, Laura H.	✓			
TOTAL	3	0	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy				

*Only one measure per Record of Votes