
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, regardless of whether the employer contracts



1 with a professional employer organization, shall keep
2 a record of the physical addresses of the employer and
3 the North American Industry Classification System code
4 applicable to the employer.

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

- 16 (4) The department shall collect, assemble, and furnish
17 information regarding group life insurance plans,
18 group medical, hospitalization, and health insurance
19 plans, and pension and retirement plans, at the
20 request of any employer or employee. Upon the request
21 of any employer or employee, the department shall



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



1 and shall furnish all necessary assistance in similar
2 manner.

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

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

7 "(b) Registration information required by this section
8 shall include:

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



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



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



1 recently filed with the federal government, and which
2 shall be used for obtaining a bond or irrevocable
3 letter of credit pursuant to section 373L-3."

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

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



Report Title:

Labor; Professional Employer Organizations; Employers; Records

Description:

Requires employers, regardless of whether the employers contract with a professional employer organization, 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. (SD2)

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