

STAND. COM. REP. NO. 11

Honolulu, Hawaii

February 2, 2017

RE: H.B. No. 347
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 347 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY,"

begs leave to report as follows:

The purpose of this measure is to clarify how the Department of Labor and Industrial Relations (Department) determines whether an individual is an independent contractor and not covered under Hawaii's employment security law by:

- (1) Changing references to the common law relationship of "master and servant" to "employer and employee";
- (2) Clarifying criteria used by the Department to determine whether an individual is an independent contractor, including by specifying twenty factors to be used as guidelines for the Department's determination;
- (3) Requiring the Director of Labor and Industrial Relations to submit a report to the Legislature prior to the convening of the Regular Session of 2018 on the guidelines developed by the Unemployment Insurance Coverage Committee to assist auditors during investigations; and
- (4) Requiring the Director of Labor and Industrial Relations to submit an annual report to the Legislature regarding

HB347 HD1 HSCR LAB HMS 2017-1619



independent contractor and covered employment determinations.

The Maui Chamber of Commerce, Envisions Entertainment & Productions, Inc., and Society for Human Resource Management-Hawaii Chapter testified in support of this measure. The Department of Labor and Industrial Relations, Hawaii State AFL-CIO, ILWU Local 142, and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO testified in opposition.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2050, to facilitate further discussion; and
- (2) Making technical nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 347, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 347, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


AARON LING JOHANSON, Chair



