

Honolulu, Hawaii

February 19, 2016

RE: H.B. No. 2363
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2363 entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose of this measure is to amend Hawaii's laws on workers' compensation (WC) and temporary disability insurance (TDI) to:

- (1) Exclude the following from providing TDI coverage for services they provide for themselves: sole proprietors, an individual partner of a partnership, a partner of a limited liability partnership with an interest of at least 50 percent, an individual member of a limited liability company with a distributional interest of at least 50 percent, or individual owning at least 50 percent of a corporation;
- (2) Allow the Director of Labor and Industrial Relations to receive electronic copies of injury and other reports;
- (3) Increase the penalty for employers who do not have TDI coverage for employees from not less than \$25 or \$1 per employee per day, to not less than \$500 or \$100 per employee per day;
- (4) Increase the penalty from not more than \$2,500 to not more than \$5,000 against an employer or insurance



carrier for failure to make correct or timely benefit payments or to terminate such benefits without approval or statutory cause;

- (5) Increase the penalty for failure to file medical reports from \$250 to \$500, and for employer's failure to provide copies of requested medical reports from \$1,000 to \$5,000;
- (6) Increase the penalty for employers who do not have WC coverage for employees from not less than \$250 or \$10 per employee per day, to not less than \$500 or \$100 per employee per day; and
- (7) Increase the penalty from \$2,500 to \$5,000 against an employer for the deduction of premium payments from an employee's wages.

The Department of Labor and Industrial Relations, Hawaii Restaurant Association, Hawaii Construction Alliance, ILWU Local 142, and an individual testified in support of this measure.

Your Committee notes the concerns raised in testimony received during the public hearing regarding the deterrent effect of the current fee schedule for noncompliance with temporary disability insurance regulations, given the long duration of time since the fees and penalties present in this measure were last amended. Should the Committee on Finance deliberate this measure further, your Committee respectfully requests it further assess appropriate fee amounts and consider the relationship between the fee and penalty amounts.

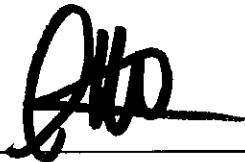
Your Committee has amended this measure by:

- (1) Changing the amended fees and penalties listed in this measure to unspecified amounts;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2363, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2363, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



