

STAND. COM. REP. NO. 3481

Honolulu, Hawaii

APR 08 2016

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 2363, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose and intent of this measure is to address workers' compensation and temporary disability insurance coverage.

More specifically, this measure:

- (1) Excludes sole proprietors, individual partners of a partnership, partners of a limited liability partnership with a transferable interest of at least fifty per cent, individual members of a limited liability company with a distributional interest of at least fifty per cent, or individuals owning at least fifty per cent of a corporation from providing temporary disability insurance coverage for services they provide for themselves;
- (2) Authorizes the Director of Labor and Industrial Relations to receive electronic copies of injury and other reports required under the workers' compensation law;



- (3) Increases the maximum penalty for employers or insurance carriers who fail to make correct or timely workers' compensation benefit payments or terminate such benefits without approval or statutory cause from \$2,500 to \$5,000;
- (4) Increases the maximum penalty for physicians who fail to timely file workers' compensation injury and treatment reports from \$250 to \$500;
- (5) Increases the maximum penalty for employers who fail to furnish workers' compensation medical reports or to allow inspection and copying of requested medical depositions from \$1,000 to \$5,000;
- (6) Increases the penalty for employers who fail to provide workers' compensation coverage for employees from the greater of at least \$250 or \$10 per employee per day of failure, to the greater of at least \$500 or \$100 per employee per day of failure;
- (7) Increases the maximum penalty for employers who deduct workers' compensation premium payments from an employee's wages from \$2,500 to \$5,000; and
- (8) Increases the penalty for employers who fail to provide temporary disability insurance coverage for employees from the greater of at least \$25 or \$1 per employee per day of failure, to the greater of at least \$500 or \$100 per employee per day of failure.

Your Committee received written comments in support of this measure from the Department of Labor and Industrial Relations and the Hawaii Construction Alliance.

Your Committee received written comments on this measure from The Chamber of Commerce Hawaii.

Your Committee finds that employers sometimes misclassify employees and independent contractors and thus do not always provide workers' compensation or temporary disability insurance coverage to affected employees. The State has not amended its penalties for noncompliance with the workers' compensation law



since 1988, thus limiting its effectiveness in ensuring compliance.

This measure will provide better assurance that employers and stakeholders in the workers' compensation and temporary disability insurance industries comply with the law, and will facilitate the resolution of workers' compensation cases and expedite medical and indemnity benefits for injured employees.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2363, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

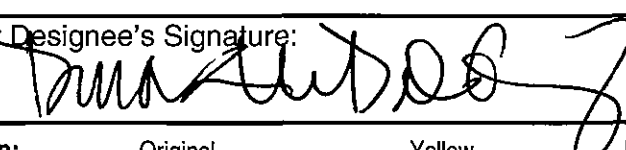


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2363, HDI, SDI	SDL/CPH, WAM	3/30/16		
<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 checked="" type="checkbox"/> Pass, unamended 2312	<input type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.				/
RIVIERE, Gil	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	/			
SL0M, Sam				/
TOTAL	8			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes