

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

www.labor.hawaii.gov
Phone: (808) 586-8844 / Fax: (808) 586-9099
Email: dlir.director@hawaii.gov

January 28, 2016

To: The Honorable Gilbert S.C. Keith-Agaran, Chair,
The Honorable Maile S.L. Shimabukuro, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: Monday, February 1, 2016
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 2289 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

S.B. 2289 proposes to amend section 371-11, Hawaii Revised Statutes (HRS) to allow the DLIR to require employers to make, keep, and preserve records of the business name, physical location address, North American Industry Classification System (NAICS) business activity code, and number of employees employed by the employer.

The department strongly supports this proposal.

The department's federal funding levels are in jeopardy of being lowered because the Bureau of Labor Statistics (BLS) ties funding to the number of employing units reported and some employers, especially national chains, are not responding to surveys unless they are required. The information gathered about businesses, locations, workers, and industries in local areas will be greatly improved.

II. CURRENT LAW

Section 371-11, HRS currently allows the DLIR's Research and Statistics Office (R&S) to investigate and gather data regarding wages, hours, and other related

employment information. However, the current law is limited in that it does not provide for the collection of the employer's physical location, NAICS classification code, and the number of employees.

III. COMMENTS ON THE HOUSE BILL

This legislation will allow the DLIR to gather information necessary for preparing accurate industrial and geographical summaries of economic conditions within Hawaii. These data are important input to funding formulas for many of our State's programs and agencies that rely on federal funding, including the Unemployment Insurance Division, which needs an accounting of employers and employees in Hawaii.

The Department of Transportation Statewide Transportation Planning Office for updating travel demand forecasting models to develop land transportation plans for all islands in the State. The plans utilize the employer and employment data to quantify land use activity and trip purposes correlated to the amount of employment in specific areas.

This legislation will also greatly improve the Quarterly Census of Employment and Wages (QCEW) program conducted by R&S, which is a near census of monthly employment and quarterly wage information by industry at the State and county levels. It provides information on major shifts in employment or wage levels as a result of various economic activities.

Moreover, this proposal, if enacted, would provide much needed information to track growth and decline in employment for the State, employment distribution by County, employment by industry, and assess major shifts in employment and wage levels as a result of various economic activities. Currently 25 other states mandate collection of this type of information from employers and businesses in their states.

In addition to the federally-funded state agencies listed above, the data is needed by other state agencies and consumers including the Legislature, the Council on Revenues, the Department of Business, Economic Development and Tourism (DBEDT), the Economic Research Organization at the University of Hawaii (UHERO), and the Hawaii Tourism Authority (HTA) for economic studies and workforce development and planning.



February 28, 2016

The Honorable Gilbert S.C. Keith-Agaran, Chair
The Honorable Maile S.L. Shimabukuro, Vice Chair
Committee on Judiciary and Labor
State Capitol
Honolulu, Hawaii 96813

Subject: SB2289, February 1, 2016, 9:30 am

Dear Senators Keith-Agaran and Shimabukuro:

My name is Barron Guss, President and second-generation owner of ALTRES, Inc., a 45-year old Hawaii company and Hawaii's original and oldest Professional Employer Organization (PEO).

During the last legislative session I testified extensively and provided written comment on HB1497, which ended the legislative session in conference. SB2289 appears to be the same basic legislation with the same intent, which is to gather important data for the Department of Labor. The difference seems to be that it does not include a requirement for Professional Employer Organizations to have a role in the information gathering.

Although I am in favor of making the obligation of reporting directly between the Department of Labor and the primary employer, I can't help but wonder why PEOs are no longer integral to this effort when the Department of Labor's stance was that the data of PEO clients was being missed because of the PEO relationship. I would encourage this Committee to ask the Department of Labor if their intent is to combine the reporting requirements of direct employers and PEOS into the same category of "All Employers." If this is the case, I would encourage you to ask the Department of Labor to rethink their position as the current statutes do not actually recognize PEOs as the employer for purposes such as this.

Please keep in mind that PEOs are extremely proficient at data gathering, streamlining work flows and simplifying business, and I know that the PEO community is more than willing to assist in finding better ways to achieve the Department of Labor's ultimate goal which is to ensure compliance with the law.

Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to be "Barron L. Guss", written over a white background.

Barron L. Guss
President and CEO