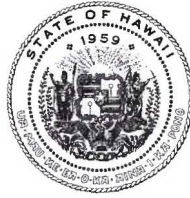


DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LATE TESTIMONY

LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIO
DEPUTY DIRECTOR

STATE OF HAWAII
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February 16, 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: Tuesday, February 16, 2016
Time: 9:00 a.m.
Place: Conference Room 016, State Capitol

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

Re: S.B. No. 2290 Relating to Sick Leave

I. OVERVIEW OF PROPOSED LEGISLATION

SB 2290 proposes to add a new part to the Wages and Other Compensation Law, chapter 388, HRS, which creates a sick leave payroll tax to go into a trust fund administered by a payroll board that is appointed by the Governor. The measure specifies the rate of the payroll tax through 2021, thereafter, the payroll board sets the rate. The purpose of the payroll trust fund is to provide up to five days of sick leave for employers with ten or more employees.

The Department supports the intent of the measure, but has grave concerns with the proposal as drafted.

II. CURRENT STATUS

There is currently no sick leave payroll tax or sick leave payroll fund.

III. COMMENTS ON THE SENATE BILL

The measure does not supply an appropriation or positions for the proposed Board or the department to collect moneys each month from the employer or for management of the fund.

“Sick leave” is not defined nor are the increments prescribed i.e. hourly or daily.

Specifying the increment is critical for the department to derive an impact of the proposal.

The payroll board is established without identifying the scope of authority over the sick leave payroll tax fund.

It is also unclear as to how the law would operate, for example, would employers notify the payroll board when an employee uses the proposed sick leave? And then transmit or reimburse the employer for the paid sick leave?

Considering all the above, it is difficult for DLIR to ascertain the impact of the measure. As of December 2014 and excluding government (as does chapter 388), there were 9,383 employers with 437,562 employees, considering the growth in employment and lowered unemployment, those numbers are likely higher now.

The number of positions the bill would require and the appropriation amount, if enacted, would have to be determined as discussed above, but the administrative complexities entailed in operating and managing a program as outlined in the proposal would create an extreme administrative burden. DLIR notes such a system would require the following sections and functions in addition to one dedicated to the management of the trust fund:

Employee Contribution Section:

- Account Registration
- Report Intake and Processing
- Cashiering • Delinquency, Collection, Monitoring and Compliance
- Trust Fund Monitoring and Compliance
- Appeals

Benefit Section

- Intake of claims
- Claims processing
- In-house adjudication
- Monitoring and compliance
- Processing and disbursement of benefits

The Twenty-Eighth Legislature
Regular Session of 2016

LATE TESTIMONY

THE SENATE

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Maile S.L. Shimabukuro, Vice Chair
State Capitol, Conference Room 016
Tuesday, February 16, 2016; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2290
RELATING TO SICK LEAVE**

The ILWU Local 142 **opposes** S.B. 2290, which establishes a payroll assessment to fund sick leave in the private sector.

Despite our opposition to this bill, the ILWU strongly supports the concept of paid sick leave as an employee benefit to allow workers who are sick to take time off from work to recuperate and to avoid causing their co-workers to become similarly ill. Taking care of employees with paid sick leave from the first day of illness fosters loyalty, productivity, and a healthful environment for employees as well as customers of the employer.

Although the bill exempts employees working for employers with fewer than 10 employees and earning less than \$50,000, we believe the collection of the payroll tax and the payroll trust fund itself are unnecessary and a bureaucratic burden. The simplest means of providing paid sick leave is for the employer to provide it. There would be no need for collection of the payroll tax and no need to establish a trust fund to manage the funds, enforce collection of the tax, and pay the benefits. Providing paid sick leave should be considered an employer's cost of doing business.

Furthermore, the bill apparently does not specify how the State's Temporary Disability Insurance law would be applied in conjunction with this proposed paid sick leave.

Although we support the intent of providing employees with paid sick leave, requiring employees to pay for it is both imprudent and questionable public policy. The ILWU respectfully requests that S.B. 2290 be HELD.

Thank you for the opportunity to share our views on this measure.



Testimony to the Senate Committee on
Judiciary and Labor
February 16, 2016 at 9:00 a.m.
State Capitol - Conference Room 16

RE: SB 2290 Relating to Sick Leave

Aloha members of the Committee:

I am John Knorek, the Legislative Committee chair for the Society for Human Resource Management – Hawaii Chapter (“SHRM Hawaii”). SHRM Hawaii represents more than 800 human resource professionals in the State of Hawaii.

We are writing to respectfully oppose SB 2290, which establishes a payroll assessment to fund sick leave in the private sector and requires certain employers to provide sick leave.

Human resource professionals are keenly attuned to the needs of employers and employees. We are the frontline professionals responsible for businesses’ most valuable asset: human capital. We truly have our employers’ and employees’ interests at heart. We respectfully oppose this measure because of the implementation challenges and administrative burden it would impose, and for the potential of unintended conflict with other leave laws.

We will continue to review this bill and, if it advances, request to be a part of the dialogue concerning it. Thank you for the opportunity to testify.



LATE TESTIMONY

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February 16, 2016

Senate Committee on Judiciary and Labor

RE: Senate Bill 2290 Relating to Sick Leave

Dear Chair Keith-Agaran, Vice Chair Shimabukuro and members of the Committee:

We appreciate the opportunity to testify on SB 2290, and respectfully submit the following written testimony in **OPPOSITION** to the bill. Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu.

SB 2290 establishes a payroll assessment to fund sick leave in the private sector and requires certain employers to provide five days of sick leave.

We believe that government should not intrude in the employer/employee relationship; especially when it comes to matters which we and many other employers already address. We are concerned about the potential for conflict with existing leave laws and the patchwork of rules and laws that may result in inconsistencies.

We ask that you hold this bill for further discussion.

Thank you for the opportunity to testify.

Respectfully,

Bob Gutierrez
Director of Government Affairs
Times Supermarket