

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 347
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 347, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify Hawaii's employment security law for independent contractors by requiring the consideration of twenty factors by the Department of Labor and Industrial Relations when determining whether an individual is considered an independent contractor;
- (2) Require the Director of Labor and Industrial Relations (Director) to report to the Legislature prior to the Regular Session of 2018 regarding guidelines developed by the unemployment insurance coverage committee; and
- (3) Require the Director to submit an annual report to the Legislature regarding covered employment determinations.

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii; Maui Chamber of Commerce; Envisions Entertainment & Productions, Inc.; DeSilva Meeting Consultants; Society for Human Resource Management, Hawaii



Chapter; and two individuals. Your Committee received testimony in opposition to this measure from the Department of Labor and Industrial Relations; Hawaii Regional Council of Carpenters; International Longshore and Warehouse Union, Local 142; Hawaii State AFL-CIO; and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO.

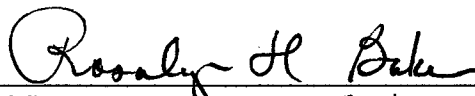
Your Committee finds that independent contractors are an important part of Hawaii's business community and economy. Your Committee also finds that the existing Hawaii employment security law has been broadly interpreted when determining who qualifies as an independent contractor versus who is an employee of an employer. This measure seeks to provide greater clarity to those individuals choosing to become entrepreneurs and operate as independent contractors by setting forth in greater detail the criteria used to determine independent contractor status.

Your Committee has amended this measure by:

- (1) Clarifying that an individual is an independent contractor regardless of whether the common law relationship of employer and employee exists unless it is shown to the Department of Labor and Industrial Relations that certain conditions are met; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 347, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 347, H.D. 2, S.D. 2.

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

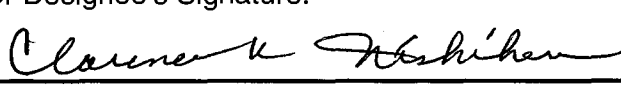


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 347, HD 2, SD 1	JDL, CPH	4/4/17		
<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 type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
NISHIHARA, Clarence K. (VC)	/			
CHANG, Stanley	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
KIDANI, Michelle N.	/			
RUDERMAN, Russell E.	/			
TOTAL	7			
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes