

HB 1572

**RELATING TO LABOR
LAB, EDB, JUD**

HB1572



Submit Testimony

Measure Title: RELATING TO LABOR.

Report Title: Hawaii Economic Security Working Group; Automation

Description: Establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

Companion:

Package: None

Current Referral: LAB, EDB, JUD

Introducer(s): C. LEE, JOHANSON, QUINLAN, SAIKI, Keohokalole

<u>Sort by Date</u>		Status Text
1/25/2017	H	Introduced and Pass First Reading.
1/30/2017	H	Referred to EDB, JUD, referral sheet 6
1/30/2017	H	Re-referred to LAB, EDB, JUD, referral sheet 7
2/3/2017	H	Bill scheduled to be heard by LAB on Tuesday, 02-07-17 9:00AM in House conference room 309.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

A BILL FOR AN ACT

RELATING TO LABOR.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that while the United
2 States is the wealthiest nation in the world, and Hawaii is
3 among the wealthiest states, many families, individuals, and
4 businesses have been struggling to make ends meet and keep pace
5 with the increasing cost of living.

6 The legislature further finds that efforts to increase
7 wages, benefits, and working conditions are important steps to
8 assist local families in the short-term, but a paradigm shift in
9 policy will soon be necessary as automation, globalization,
10 downward pressure on wages, and upward pressure on living costs
11 begins to eliminate significant numbers of jobs in Hawaii's
12 service sector and other areas. It is likely that automation in
13 transportation, retail sales, fast food, hospitality, medical,
14 insurance, and other industries may displace a significant
15 portion of the current workforce.

16 Change is already rapidly accelerating displacement of many
17 existing industries and professions. Airbnb has become the



1 largest hotel company in the world, yet owns few properties.
2 Uber is now the largest taxi company in the world, yet owns few
3 cars. Self-driving autonomous vehicles are already driving on
4 streets around the United States and will soon displace millions
5 of taxi and delivery drivers. With current drivers, one
6 accident occurs every sixty thousand miles driven, but with
7 autonomous driving, the accident rate is expected to drop to one
8 accident every six million miles. This increase in safety is
9 expected to disrupt the insurance industry. Self-checkout lines
10 at retail stores are expanding and replacing retail workers.
11 And IBM's Watson computer can provide basic legal advice faster
12 and with more accuracy than attorneys and is helping to diagnose
13 cancer four times more accurately than human nurses.

14 Numerous companies are building applications that turn
15 smart phones into medical devices that can quickly scan and
16 analyze blood samples, breath, and retinas to identify medical
17 conditions. In the near future, millions of people will have
18 access to instant, low-cost tools for medical analysis.

19 Three-dimensional printers have dropped in price from more
20 than \$15,000 to less than \$500 in just ten years, while
21 simultaneously becoming much faster. People will increasingly



1 be able to purchase products online and instantly print them at
2 home.

3 Tens or even hundreds of thousands of Hawaii jobs may be
4 replaced in the near future by innovation, automation, and
5 globalization. Around the world, governments and private sector
6 partners are already examining options to ensure economic and
7 social sustainability in a post-automation economy. The
8 governments of Finland, Uganda, and the Canadian province of
9 Ontario, along with private sector partners in Oakland,
10 California, and non-profit partners in Kenya are beginning
11 trials of providing a form of basic income to allow people to
12 prosper and survive while allowing economic growth to continue
13 despite net job loss to automation.

14 The legislature finds that all families in Hawaii deserve
15 basic financial security and that it is in the public interest
16 to ensure the economic sustainability of our people and economy.
17 Hawaii's heavy reliance on a service-based economy makes it more
18 susceptible to economic disruption and job loss than other
19 places, and work must begin to prepare for the future.

20 The purpose of this Act is to establish a working group to
21 make recommendations for the best methods to:



H.B. NO. 1572

- 1 (1) Address the potential for significant economic change
- 2 and
- 3 (2) Ensure the economic sustainability of Hawaii's people
- 4 and economy into the future.

5 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
 6 amended by adding a new section to be appropriately designated
 7 and to read as follows:

8 "§201- Hawaii economic security working group. (a)
 9 There is established within the department of business, economic
 10 development, and tourism, the Hawaii economic security working
 11 group, whose mission shall be to ensure the economic
 12 sustainability of individuals and families and the overall
 13 health of the local economy in light of future automation
 14 technologies, globalization, and disruptive innovation.

- 15 (b) The working group shall be composed of:
- 16 (1) The director of business, economic development, and
- 17 tourism, who shall serve as the chairperson;
- 18 (2) The chair of the senate standing committee with
- 19 primary jurisdiction over labor;
- 20 (3) The chair of the house of representatives standing
- 21 committee with primary jurisdiction over labor;



- 1 (4) The director of labor and industrial relations;
- 2 (5) The director of human services;
- 3 (6) The executive director of the University of Hawaii
4 economic research organization; and
- 5 (7) Other individuals whom the director of business,
6 economic development, and tourism may invite to be
7 members of the working group, including union
8 representatives, members of the business community,
9 and experts with relevant knowledge.
- 10 (c) The working group shall:
- 11 (1) Assess Hawaii's job market exposure to automation
12 technologies, globalization, and disruptive
13 innovation;
- 14 (2) Assess Hawaii's existing spending on social safety net
15 programs and other relevant expenditures, as well as
16 expected spending on those programs in light of
17 anticipated automation technologies, globalization,
18 disruptive innovation, and job losses;
- 19 (3) Identify and analyze options to ensure economic
20 security, including a partial basic income, full basic
21 income, and other mechanisms;



1 (4) Monitor studies, trials, and efforts in Hawaii and
2 other places relevant to the Hawaii economic security
3 working group; and

4 (5) Seek out partnerships to publish or fund relevant
5 trials or studies.

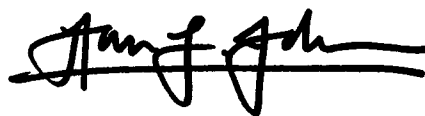
6 (d) No later than twenty days prior to the convening of
7 each regular session, the working group shall submit a report to
8 the legislature on its recommendations, findings, and proposed
9 legislation, if any."

10 SECTION 3. New statutory material is underscored.

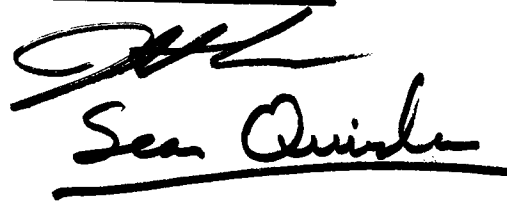
11 SECTION 4. This Act shall take effect upon its approval.

12

INTRODUCED BY: 







JAN 25 2017



H.B. NO. 1572

Report Title:

Hawaii Economic Security Working Group; Automation

Description:

Establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.





**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

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DIRECTOR

MARY ALICE EVANS
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Tuesday, February 7, 2017
9:00 AM
State Capitol, Conference Room 309

in consideration of
HB1572
RELATING TO LABOR.

Chair Johanson, Vice Chair Holt and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports HB1572, which establishes the Hawaii Economic Security Working Group within DBEDT.

DBEDT agrees with the University of Hawaii Economic Research Organization (UHERO) that automation of service sector jobs is already reshaping the labor market, as automation of manufacturing jobs did over the last century -- causing vast disruptions in the economic and social fabric of human lives in addition to many positive benefits.

DBEDT also agrees that it is the best interests of a peaceful democratic society to attempt to understand the impacts of the coming disruptions on Hawaii's labor force and look for interventions that can maintain the dignity of economic self-sufficiency for Hawaii's service sector supported households.

With the Legislature's support and direction, DBEDT has already started this work with efforts to expand the technology and creative sectors to give Hawaii's young people career choices that pay living wages, thus reducing the disruption to local communities and families when young people move to the mainland to find better paying jobs.

DBEDT appreciates that the Legislature understands that this project would be a long term effort, unable to be completed in a five-month period from the end of one Legislative session to the start of the next one. DBEDT has requested one additional

Economist position in BED 130 to be able to undertake Legislative initiatives such as this one. We urge this Committee to note in the Committee Report on this measure their support for this request to the Committee on Finance.

Thank you for the opportunity to offer these comments on HB 1572.

HB 1572

LATE TESTIMONY

The Twenty-Ninth Legislature
Regular Session of 2017

LATE

HOUSE OF REPRESENTATIVES
Committee on Tourism
Rep. Richard H.K. Onishi, Chair
Rep. James Kunane Tokioka, Vice Chair
State Capitol, Conference Room 429
Tuesday, February 7, 2017; 9:00 a.m.

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**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1572
RELATING TO LABOR**

The ILWU Local 142 supports H.B. 1572, which establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

H.B. 1572 attempts to take a proactive approach to identifying job sectors and even industries that could be adversely affected by paradigm shifts as automation, globalization, and technology impacts the workforce in Hawaii. By creating a work group to anticipate these changes and providing a yearly report to the Legislature, this could result in valuable insight that would aid in state planning efforts. This would be especially true for the evolving workforce, which is currently approaching record breaking numbers (going back to statehood).

The mission of the working group is stated as ensuring “the economic sustainability of individuals and families and the overall health of the local economy in light of future automation, technologies, globalization, and disruptive innovation.”

The work group is headed by the director of DBEDT which is appropriate as that is the department that most closely monitors the economic trends and growing demands in our local economy. This Department has consistently been seen as the sister agency to the Department of Labor and Industrial Relations, in light of the workforce training programs under DLIR. By working with the other members of the working group, this effort could bring about meaningful discussions that would lead to more effective planning.

This is the kind of planning effort that should be undertaken when the economy is doing well and expanding, and not during a downturn in the economy. This could help the focus remain on potential changes in the type of developing jobs rather than an approaching economic crisis. With our economy continuing to prosper and the unemployment rate approaching record lows at 2.9%, now would appear the best time to launch such an initiative.

The ILWU urges passage of H.B. 1572. Thank you for the opportunity to share our views on this matter.

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

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February 7, 2017

The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

HB1572 - RELATING TO LABOR

Chair Johanson, Vice Chair Holt and Members of the Committee,

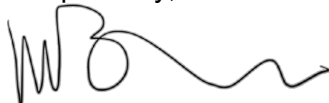
The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members, working throughout the State of Hawaii and respectfully offers the following testimony in **STRONG SUPPORT** of House Bill 1572 (HB1572).

For years, the idea of jobs being lost to technological advances was nothing more than science fiction found in novels, comic books and movies. However, today we are watching technology increase at an impressive rate, impacting the way we live, work and play. In the utility industry alone, where nearly 1500 IBEW1260 members are employed locally, hundreds of jobs are being impacted by advances in renewable energy technology. Plant's that require fifteen operators and as many maintenance workers are being replaced by commercial solar farms requiring minimal manpower for operations and maintenance. To be clear, we are not Twenty-First Century Luddites afraid of innovation. Rather, we embrace progress and seek any opportunity to change with our respective industries, for the benefit of our membership and community.

President John F. Kennedy, during the dawn of computers and robots entering the workplace, declared that the major domestic challenge of the 1960s was to "maintain full employment at a time when automation... is replacing men." It is in this spirit that IBEW1260, with the understanding that jobs will not only transform but be lost, ask the Committee to support HB1572 ensuring that as these changes come about, so too will we be armed with well-developed policy designed to ensure economic sustainability for the people of Hawaii.

Mahalo for the opportunity to testify on this issue,

Respectfully,



Michael M. Brittain
Asst. Business Manager
IBEW1260 / AFL-CIO



Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Godfrey Maeshiro, Senior Vice-President

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Monday, February 7, 2017

House Committee on Labor & Public Employment
Hawaii State Legislature
State Capitol
415 South Beretania Street

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Aloha Chair Johanson, Vice Chair Holt and committee members,

UNITE HERE Local 5 – a local labor organization representing 11,000 hotel, health care and food service workers throughout Hawaii would like to register our support for HB 1572.

Given advancements in technology year over year, we believe that it makes sense for us as a State to begin analyzing our overall economic health and stability as a community. We believe it makes sense for our State to establish the Hawaii Economic Security Working Group within DBEDT.

Mahalo for your time and we hope you will pass HB 1572.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

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Testimony by
Hawaii Government Employees Association

LATE

February 7, 2017

H.B. 1572 - RELATING TO LABOR

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the intent of H.B. 1572 which establishes the Hawaii Economic Security Working Group within the Department of Business, Economic Development and Tourism to make recommendations on Hawaii's economic health and stability. H.B. 1572 takes the first necessary step toward considering the long term implications that globalization and increasing automation will have on local jobs and our economy.

Hawaii's high cost of living coupled with the exponential growth of innovative technologies have already begun to reshape our economy across all sectors and have contributed to financial challenges for many families earning less than a living wage. Now is an appropriate time to examine and ensure a viable financial path forward for workers whose industries may be evolving. We must ensure a future in which everyone will have access to financial prosperity.

Thank you for the opportunity to testify in support of H.B. 1572.

Respectfully submitted,

Randy Perreira
Executive Director

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HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

Randy Perreira
President

Telephone: (808) 597-1441
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The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii State AFL-CIO
February 7, 2017

H.B. 1572 – RELATING TO LABOR

The Hawaii State AFL-CIO supports H.B. 1572 which establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

Hawaii's cost of living continues to rise yet wages remain stagnant or significantly below a living wage needed to survive in the state of Hawaii. Establishing the Hawaii Economic Security Working Group will help determine the path needed to ensure workers are provided a living wage and financial security in the state of Hawaii.

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Perreira".

Randy Perreira
President