

DAVID Y. IGE
GOVERNOR



JAMES K. NISHIMOTO
DIRECTOR

RYKER WADA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

FEBRUARY 21, 2017

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on WEDNESDAY, FEBRUARY 22, 2017
3:00 p.m., Conference Room 308

By

JAMES K. NISHIMOTO
DIRECTOR

House Bill No. 4, HD1
Relating to Health

CHAIRPERSON LUKE, VICE-CHAIR CULLEN AND MEMBERS OF THE HOUSE
COMMITTEE ON FINANCE:

Thank you for the opportunity to provide testimony on H.B. No. 4 HD1.

H.B. No. 4 HD1 requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

The Department of Human Resources Development respectfully OPPOSES H.B. 4 HD1 to the extent that it applies to public sector employees.

Most public sector employees are already afforded generous vacation and sick leave benefits which can be utilized for the purposes of caring for themselves or a family member who is ill or needs medical care. It is therefore unnecessary to include public employees within the scope of this bill.

H.B. 4 HD1 also appears to be in conflict with existing law. Act 253, SLH 2000,

removed routine human resource policy and management matters from civil service laws and included the enactment of HRS Section 78-23. That section specifically provides that employees “shall be eligible for vacation leave, sick leave, and other leaves of absence, with or without pay, as negotiated under chapter 89 or adjusted under chapter 89C, as applicable.” H.B. 4 HD1 accordingly attempts to legislate in an area that is required by statute to be a mandatory subject of negotiation.

Given the foregoing, we recommend that H.B. 4 HD1 be held or amended to expressly exclude public employees from its coverage.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
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Email: dliir.director@hawaii.gov

February 22, 2017

To: The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance

Date: Wednesday, February 22, 2017
Time: 3:00 p.m.
Place: Conference Room 308, State Capitol

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

Re: H.B. No. 4 HD1 Relating to Health

I. OVERVIEW OF PROPOSED LEGISLATION

HB4 HD1 adds paid sick leave through a new chapter to the Hawaii Revised Statutes (HRS), by requiring employers subject the Fair Labor Standards Act to provide a maximum of 40 hours of paid leave to be used for the service worker's personal illness, caring for a sick child or spouse, or due to the closure of a business by a public official. The measure provides one (1) hour of paid sick leave per 40 hours worked, but exempts employers who already provide 40 hours of sick leave, pay employees an unspecified amount more than minimum wage, or employ less than an unspecified number of employees.

The Department provides comments on this proposal.

II. CURRENT LAW

Chapter 398 requires employers with 100 or more employees to provide unpaid family leave to employees to care for the employee's child, spouse, or parent with a serious illness or upon the birth or adoption of a child. Chapter 392, HRS, requires Temporary Disability Insurance (TDI) benefits to be paid to a qualified employee while the employee is disabled due to non-industrial illness or injury. Chapter 386, HRS, requires Workers' Compensation (WC) benefits to be paid to an employee who is disabled due to an industrial illness or injury.

III. COMMENTS ON THE HOUSE BILL

The Department submits the following comments to this measure.

- The definition of “employer” under the Fair Labor Standards Act is very broad and includes private and public employers. The definition generally includes employers with an annual gross income of at least \$500,000 or employers involved in inter-state commerce.
- DLIR recommends changing the definition of employee to exclude federal employees as the State does not have jurisdiction over federal employees unless specifically provided by United States Code.
- The HD1 version of this measure removes the enforcement provisions leaving the only responsibility of DLIR to create a notice poster and make it available to employers.
- The WC and TDI laws allow wage replacement for work-related and non-work related illness and injury. As drafted, the bill may allow employees to receive both paid sick leave and WC or TDI benefits during the same period.
- The bill could also cause conflict for employers who chose to use their sick leave plans to fulfill part or all of the TDI requirement.
 - Under a TDI plan that uses sick leave as the entire TDI benefit, the employee must maintain a minimum amount of sick leave for the employee’s own disability.
 - The employer is required by section 392-41(b)(2), HRS, to allow an employee to use only the excess amount of sick leave for family leave purposes.
- The requirement that employees continue to earn the same benefits, including health care benefits, may be incompatible with the existing law.
 - The TDI law, chapter 392, HRS, requires the employee to receive temporary disability benefits, “if the individual has been in employment for at least fourteen weeks during each of which the individual has received remuneration in any form for twenty or more hours and earned wages of at least \$400, during the fifty-two weeks immediately preceding the first day of disability,” §392-25. During the paid sick leave period, the employee will not be performing service and is not earning wages as defined by the statute.
- To clarify that the manner of the request, not the method of payment, can vary, page 12, lines 1-2 could be revised to “A request for paid sick leave shall be made in a manner deemed suitable by the employer.”

- DLIR notes that an employer who adopts a sick leave policy that provides more than the required sick leave will not be required to follow the notice and posting requirements because the chapter will not apply to the employer.
- As an employer, the State may incur additional costs since some employees who currently do not earn sick leave may be entitled to sick leave under this proposal.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR

NOEL T. ONO
ASSISTANT DIRECTOR

February 22, 2017

The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
and Members of the Committee on Finance
The House of Representatives
State Capitol, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

**SUBJECT: House Bill No. 4
Relating to Health**

House Bill 4 requires employers to provide a minimum amount of paid sick leave to employees, including time for family care. The City and County of Honolulu, Department of Human Resources, respectfully opposes this bill to the extent that it creates ambiguity as to whether it applies to public sector employees.

The City is concerned that House Bill 4 involves a matter that is subject to collective bargaining, and therefore, should not be legislated. Public sector employees are already entitled to generous leave provisions which have been negotiated into the respective collective bargaining agreements. Our employees are given 21 days of sick leave and 21 days of vacation per year, which may be used for purposes described in this bill. In addition, City employees are sufficiently covered by Federal and State laws which afford them time off to care for themselves and their family members.

For public sector employees, the entire subject of sick leave should remain exclusively a subject of collective bargaining. The City respectfully requests that House Bill 4 be further amended to explicitly exclude public sector employees.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Carolee C. Kubo".

Carolee C. Kubo
Director

cc: Mayor's Office

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN



Chair
LESLIE WILKINS

COMMISSIONERS:

SHERRY CAMPAGNA
CYD HOFFELD
JUDY KERN
MARILYN LEE
AMY MONK
LISA ELLEN SMITH

Executive Director
CATHY BETTS

Email:
Catherine.a.betts@hawaii.gov
Visit us at:
humanservices.hawaii.gov
/hscsw/

235 S. Beretania #407
Honolulu, HI 96813
Phone: 808-586-5758
FAX: 808-586-5756

February 21, 2017

Comments regarding HB 4, HD1, Relating to Labor

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
Members of the House Committee on Finance

From: Cathy Betts, Executive Director,
Hawaii State Commission on the Status of Women

Re: Comments Regarding HB 4, HD1, Relating to Health

Thank you for this opportunity to provide comments regarding HB 4, HD1, which would mandate employers provide a minimum of sick leave for their employees. While the Commission supported the original HB4, the language found in HD1 causes some concern.

First, the revised definition of “family member” is not consistent with the current definition of “family member” under the Hawaii Family Leave Law, which may cause confusion and inconsistency in application.

Second, allowing employers to decide the manner in which they allow paid sick leave is too broad, ill defined, and will be difficult to monitor. Some employers with ill intentions may use this broad language to cause unnecessary burden or delay to employees wishing to use their earned sick leave under the law. Without knowing the parameters for what is legal and not legal, it will be difficult for employers, employees, and the state to determine whether employers are truly abiding the law.

Third, allowing an exemption for an employer who pays a certain amount above the minimum wage, while novel in concept, does not further the underlying cause of a sick leave policy in the first place. Employee health, community health, and public health are important to all of Hawaii’s residents. An employee getting paid a little over the minimum wage will still have the same basic needs for paid sick leave alike any other employee in the state.

Having a paid sick leave policy increases worker loyalty, decreases turnover and ensures a healthy workforce. Ensuring a minimum amount of paid sick leave is a sound public policy that benefits the community and the workplace.

Thank you for allowing the Commission to provide comments regarding HB 4, HD1.

From: Anthony Lenzer <tlenzer@hawaii.rr.com>
Sent: Sunday, February 19, 2017 8:40 AM
To: FINTestimony
Subject: Comments on HB 4 HD 1 and HB 213 HD 1

To: Committee on Finance
From: Anthony Lenzer, PhD
Re: HB 4 HD 1 and HB 213 HD 1
Hearing: Wednesday, February 22, 2017, 3:00 p.m.
Conference Room 308, State Capitol

Chair Luke and Members of the Committee:

On behalf of the Policy Advisory Board for Elder Affairs (PABEA) I am writing to offer comments on HB 4 HD 1, as well as HB 213 HD 1, both related to Family Leave. PABEA is an advisory body to the Executive Office on Aging (EOA) re issues related to aging, and serves as an advocate for Hawaii's Kupuna and their families. PABEA's views do not necessarily reflect those of the EOA.

We strongly support enactment of a Hawaii Paid Family Leave law, but have concerns about these measures as written. HB 4 HD 1 only requires employers to provide a minimum amount of paid sick leave, an amount related to the number of hours worked. We support a law which allows twelve weeks of paid leave. HB 213 HD 1 extends the scope of Hawaii's current law to allow unpaid time off to care for a sibling, or upon the death of a family member. While we have no objections to these changes, **we recommend that the Committee consider the stronger and more comprehensive policy described in HB1362.**

It is time for Hawaii to pass a strong Family Leave Insurance policy. Employees need subsidized time off of work to care for a newborn, newly adopted or foster child, or an ill family member. Paid Family Leave guarantees that employees can cover basic costs of living, and also provide care to family members when they need it most.

Four other states (California, New Jersey, Rhode Island, and New York) have passed laws that provide employees with paid family leave for parenting and caregiving for family members. A 10 year study of the California law found increased employee loyalty, a healthier workforce, longer breastfeeding rates, lower rates of postpartum depression, and more gender equity in child care and caregiving. Businesses report little negative consequences after the law was enacted, and laws such as this do not impose additional financial burdens on the State.

Under federal and state law, the only leave allowed to families with a newborn child or unexpected caregiving responsibilities is unpaid leave. Hawai'i has no paid family leave, unless an employer willingly provides it.

Ideally, Legislative Proposals for Paid Family Leave Should Include:

- Universal paid family leave--- all employees pay in, and all employees can take out.
- A broad definition of family to encompass Hawaii's cultural views of the term "family."

- Wage replacement program for caregivers. More progressive wage replacement for lower income workers is preferred, in order for low income workers to actually be able to utilize the leave.
- A cap on wage replacement so higher income workers do not exhaust the fund.
- At least 12 weeks. Biological mothers should not be foreclosed from also using TDI.

Thank you for the opportunity to testify on this important subject.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 8:23 PM
To: FINTestimony
Cc: maulady3@gmail.com
Subject: *Submitted testimony for HB4 on Feb 22, 2017 15:00PM*

HB4

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary D Wagner	Labor Caucus of Hawaii Dem Party	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 20, 2017 4:03 PM
To: FINTestimony
Cc: mgolojuch@hotmail.com
Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

HB4

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	LGBT Caucus of the Democratic Party of Hawaii	Support	Yes

Comments: The LGBT Caucus of Democratic Party of Hawaii supports House Bill 4 all employees deserve sick leave. It is the right thing to do.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

February 22, 2017

H.B. 4, H.D. 1 - RELATING TO HEALTH

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 4, H.D. 1 which requires employers to provide a minimum amount of paid sick leave to employees.

We represent more than 27,000 public-sector employees who enjoy the benefit of paid sick leave for healthcare. No employee should be forced to choose between their well-being and their job. Taking time off to care for one's illness not only protects the employee, but also protects their families, colleagues, and customers by reducing the chances of spreading illness. Providing employees with a few days of paid sick leave is an investment that not only supports the employee, but our community as a whole.

Thank you for the opportunity to testify in support of H.B. 4, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



Randy Perreira
President

HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441
Fax: (808) 593-2149

The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

Testimony by
Hawaii State AFL-CIO
February 22, 2017

H.B. 4, H.D.1 – RELATING TO HEALTH

The Hawaii State AFL-CIO strongly supports H.B. 4, H.D.1 which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

Many union members working in Hawaii are fortunate to have access to paid sick days. Even a number of employers that do not have a collective bargaining agreement offer generous paid sick days to their employees and we commend them for providing such benefits. Regrettably, not all workers are provided access to paid sick days. In fact, according to the National Partnership for Women and Families, over 170,000 Hawaii workers or nearly 43 percent of the State's private-sector workforce are not able to take paid sick days when they are ill or when their children are ill. As a result, countless employees attend work sick as many of the 170,000 workers are low-wage service sector workers living paycheck to paycheck. This however can be changed for the better.

Supporting H.B. 4, H.D.1 will provide workers who need it the most with a few paid sick days a year. Children who are sick will finally be able to stay at home and recover and sick employees will finally have the opportunity to regain their health allowing them to return to work at full productivity. And most importantly, the spread of illness will be greatly reduced among co-workers, school children and the general public. Hawaii will become a healthier state, a more productive state and of course a state that recognizes the impact of how contagious the flu or other diseases can be to Hawaii residents. A small number of paid sick days a year can go a long way to improving the quality of life for many.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

February 22, 2017

The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

HB4 - RELATING TO HEALTH

Chair Luke, Vice Chair Cullen and Members of the Committee,

The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members, has advocated for all workers in the State of Hawaii for over 75 years and respectfully offers the following testimony in **STRONG SUPPORT** of House Bill 4 (HB4).

While our members are fortunate enough to be covered by a collective bargaining agreement providing in many cases generous amounts of paid sick leave, many of Hawaii's workers, over forty percent, are not afforded the same benefit. As a result, these workers are required to choose between providing for their families and working while sick or enduring a loss of income to recuperate.

Support of HB4 will allow these workers, many of whom are low-income earners, the ability to stay at home and recover without loss of income. Additionally, children of working families who are ill will be able to remain home being cared for by their parents. IBEW1260 encourages this committee to support HB4 as paid sick days will improve the quality of life for many families ultimately leading to a healthier Hawaii.

Mahalo for the opportunity to testify on this issue,

Respectfully,



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



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Beau Oshiro, C&S Wholesale – Vice Chair
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Stan Brown, Acosta – Advisor
Paul Kosasa, ABC Stores – Advisor
Barry Taniguchi, KTA Superstores – Advisor
Derek Kurisu, KTA Superstores – Immediate Past Chair
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax: 808-791-0702
Telephone: 808-533-1292

TO: COMMITTEE ON FINANCE
Rep. Sylvia Luke, Chair
Rep. Ty Cullen, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Wednesday, Feb. 22, 2017
TIME: 3:00 p.m.
PLACE: Conference Room 308

RE: HB4 (Sick Leave)
Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Our member employers understand that employees will require occasional leave from work due to a legitimate sickness or other reasons, and generally accommodate and work with them.

This bill's approach will hinder an employer's flexibility in providing sick leave and will result in additional costs, both directly and indirectly. Full time employees already receive traditionally paid sick leave as an earned benefit. Mandating it for part time and hourly employees would greatly increase costs to employers. For many businesses, this could mean that they would no longer be able to afford to employ as many people and would be forced to eliminate jobs.

Small businesses are especially vulnerable to any increase in costs, especially those that operate on low margins. Passage of this measure may also force many small employers to offset higher costs through lower wages to their employees, fewer work hours and pay raises, decreased discretionary benefits, or increased costs for consumers. Even worse, for those companies on the "tipping point," any increase may force them to close.

At a time when the State is placing an emphasis on jobs and the economy, this measure and any other mandate that creates additional perceived or real costs, will undermine those efforts, hinder economic progress and entrepreneurial activity, and deter business investment in our State.

In light of this, we respectfully request that this measure be held. Thank you for the opportunity to testify.



COMMITTEE ON FINANCE

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Rep. Ty J.K. Cullen, Vice Chair

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Rep. Bertrand Kobayashi	Rep. Gene Ward
Rep. Matthew S. LoPresti	

NOTICE OF HEARING

DATE: Wednesday, February 22, 2017
TIME: 3:00 P.M.
PLACE: Conference Room 308

TESTIMONY OF THE OCEAN TOURISM COALITION OPPOSED TO HB 4, HD1

Chair Luke, Vice Chair Cullen, Members of the FIN Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC). The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. Many of them have been in business for several decades and are an important and valued part of their respective communities. Most of these businesses operate from State Boating Facilities. Our industry is labor and capital intensive with small profit margins.

OTC is opposed to this HB 4HD1 as written for several reasons, here are a few:

- Short notice oral request of leave for a variety of reasons ***with no documentation of need required***. This will promote abuse of the system with no recourse by the employer. Our members operate vessels that run at specific time and require licensed Captains and trained crew. We cannot operate a vessel without the required staff. If crew calls in sick last minute we can't operate until we find replacement crew. As HB 4HD1 is written, it still provides minimal consideration to the Employer with punitive noncompliance enforcement against the Employer.

- HB4HD1 uses much of the same language as a San Francisco county ordinance, **Section 12w.4**. Because of the similarity, We request that the following language be added to **Section 3 of the act**:
- **(e) An employer may take reasonable measures to verify or document that an employee's use of paid sick leave is lawful.**
- This would give an employer some ability to prevent the abuse of the sick leave. At the very least, this would help to deal with situations where an employee repeatedly takes sick leave following holidays, Mondays, and Fridays.

We see many challenges for small businesses with the broad provisions in HB 4HD1.

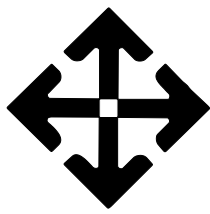
We believe this bill needs to be reworked to give small businesses some protection.

Please do not pass HB 4HD1, however, if you do pass it, please add the language proposed above.

Sincerely,

A handwritten signature in black ink that reads "James E. Coon". The signature is written in a cursive style with a large, sweeping initial "J".

James E. Coon, President OTC



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813

Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 22, 2017

Testimony To: House Committee on Finance
Representative Sylvia Luke, Chair

Presented By: Tim Lyons
President

Subject: H.B. 4, HD 1 – RELATING TO HEALTH.

Chair Luke and Members of the Committee:

I am Tim Lyons, President of the Hawaii Business League, a small business service organization and we are opposed to this bill.

Although we find sick leave as an important fringe benefit, we do not believe that it rises to the same level as mandatory fringe benefits including insurance for off the job illnesses and injuries, prepaid healthcare and workers' compensation to name a few. Additionally most employers, particularly small businesses, have to be flexible with their employees in order to keep them on the payroll because they often find it difficult to match the salaries as well as the fringe benefits of larger businesses. Sick leave or paid time off for whatever reason is a desirable fringe benefit and one that needs to be negotiated between the employee and the employer or with the employee's representatives. It is not one that we believe should be mandated by state law.

In summary, Chair, while we don't deny the importance of paid sick leave or paid time off, the administrative burden that this bill creates in terms of recordkeeping and documentation will

have a severe impact on small businesses and based on that we cannot recommend its adoption.

Thank you.

Board of Directors

Tom Jones
Gyotaku / AGU a Ramen Bistro
Pat Kashani
Tropics Tap House
Ben Dowling
Ocean House
Hide Sakurai
Shokudo, Buho, Bread + Butter
Eric Waddell
Fleetwood's on Front Street
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To: Rep. Sylvia Luke, Chair
 Rep. Ty J.K. Cullen, Vice Chair
 Members of the Committee on Finance

From: Victor Lim, Hawaii Restaurant Association

Subj: HB4 HD 1 Paid Sick Leave

Date: February 21, 2017

The Hawaii Restaurant Association representing about 3,500 restaurants of all sizes here in Hawaii stand opposed to HB4 HD1 that will require Paid Sick Leave for businesses.

Our industry has faced tremendous cost increases these past few years from the mandated wage increases coming from the minimum wage schedule along with the huge increases from our prepaid medical insurance that we provide our employees where most of the costs are shouldered by the employer. We also have to compound the impact of the Hepatitis A outbreak that hit our state and our industry extremely hard this last year.

Many of our members are very concerned about survival in an industry with an exceptionally high failure rate.

For all of the above reasons, we urge you not to pass this bill out of your committee.

Aloha.



Date: February 22, 2017

Time: 3:00 pm

Place: Conference Room 308

To: House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Re: Support for HB4 HD1, Relating to Health

Thank you for the opportunity to provide testimony. The Graduate Student Organization (GSO) at the University of Hawai'i at Mānoa writes in **support** of HB4 HD1, Relating to Health. The GSO represents approximately 4,700 graduate students at the University of Hawai'i at Mānoa.

Our members compose a substantial portion of the local economy, and the vast majority of our members make wages and benefits far below the cost of living in Hawai'i. In addition to low-paying graduate assistantships, many are working extra to pay for the rapidly rising costs of basic goods and necessities. These jobs, including graduate assistantships, are commonly bereft of any benefits, including paid sick leave.

Paid sick leave is a basic building block of economic security. Studies show that workplaces benefit when their workers have access to paid sick days.¹ When sick workers can stay home, the spread of disease slows and workplaces are both healthier and more productive. Plus, workers recover faster from illness and have an opportunity to obtain timely medical care, which enables them to get back to work sooner and holds down overall healthcare costs. In fact, studies show that it is costlier to businesses to *not* have a paid sick leave policy. Yet, a substantial portion of local workers Hawai'i do not have access to paid sick days.

The access to financial security in the event of sickness is a human right. Sick leave policies enacted in other cities and states, as well as other countries, have been extremely successful and are strongly supported by workers and local businesses. Giving all workers in Hawai'i paid sick leave is a sensible policy that will benefit workers, businesses, community health, and the local economy.

1. [United States Department of Labor. "Get The Facts On Paid Sick Time." October 2015.](#)

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 21, 2017 8:14 AM
To: FINTestimony
Cc: jkern@hawaii.rr.com
Subject: *Submitted testimony for HB4 on Feb 22, 2017 15:00PM*

HB4

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Judy Kern	Individual	Support	No

Comments:

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Subject: *Submitted testimony for HB4 on Feb 22, 2017 15:00PM*

HB4

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary D Wagner	Individual	Support	No

Comments:

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Cc: kimcoco@kimcoco.com
Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

HB4

Submitted on: 2/20/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Kim Coco Iwamoto	Individual	Support	No

Comments: No one disputes that women are disproportionately expected to care for sick family members; therefore this bill will mitigate the negative impacts of this workforce gender disparity. Another multiplying factor to consider is the disproportionately high number of women in the lowest/minimum wage positions in companies that do not have paid family sick leave. These realities must be mitigated and the burden of maintaining our social safety nets must be distributed more evenly. HB 4 would have this effect; thus I am in strong support of a final bill that keeps this in mind.

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Sent: Tuesday, February 21, 2017 5:02 PM
To: FINTestimony
Cc: pkam1998@aol.com
Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

LATE

HB4

Submitted on: 2/21/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Kam	First Commercial Kitchen LLC	Oppose	No

Comments: The cost of doing business in Hawaii is already too high.

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LATE



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Finance
Wednesday, February 22, 2017 at 3:00 P.M.
Conference Room 308, State Capitol**

RE: HOUSE BILL 4 HD1 RELATING TO HEALTH

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly opposes** HB 4 HD1, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We appreciate the work the House Labor committee put into this draft. However, we cannot support the bill. The Chamber does not believe that this benefit should be mandated by legislation. Employers already have to deal with many mandated benefits for employees, which have steadily increased the employer's burden as well as the cost of doing business in Hawaii. Keep in mind that Hawaii is the only state that mandates employers of all sizes to provide healthcare coverage of which over 90% of the cost is paid for by the employer.

Those employers who do provide sick leave do so, so that the employees can recover from a health illness or injury. Many employers are quite generous with sick leave benefits. We believe that this bill may cause problems for both employers and employees in existing leave systems.

We also have a concern with 2(a) in Section 2 of the bill that sets the threshold of when an employee is eligible for the benefit. It states:

All employees who work in the State for more than six hundred eighty hours in a year shall have the right to paid sick leave as provided in this chapter.

As we read it, we are unsure how this will be regulated or how employers will know when an employee, who may be working more than one job, will know and be able to verify that this threshold has been met.



Chamber *of* Commerce HAWAII
The Voice of Business

While most workers utilize their sick leave only when ill, there is a percentage of workers who abuse this benefit. CareerBuilder.com reported that 1 in 4 workers consider sick leave to be vacation time. This bill would make it very difficult for employers to manage their employees and the benefits provided.

We respectfully ask that this bill be held in committee. Thank you for the opportunity to testify.



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

LATE

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
WEDNESDAY, FEBRUARY 22, 2017 AT 3:00 P.M.**

To The Honorable Sylvia Luke, Chair;
The Honorable Ty J.K. Cullen, Vice Chair; and
Members of the Committee on Finance

**TESTIMONY IN OPPOSITION TO HB 4 TO REQUIRE
EMPLOYERS TO PROVIDE PAID SICK LEAVE**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce representing approximately 600 businesses and 16,000 employees on Maui. I am writing share our opposition to HB 4.

As a representative of businesses on Maui, we believe imposing a law requiring employers to provide paid sick leave to employees would be an extreme burden upon our local businesses. The law would allow for any employee working more than eighty hours in one year to accrue paid sick leave based on their hours worked. The bill would allow for employees to accrue up to 7 days of sick leave and to be able to rollover the unused sick leave each year as long as it does not go over 56 hours. Many businesses cannot afford to have an employee away from work for 7 full days without significant notice. Also many local businesses do not have the resources to keep up with the amount of paid sick leave an employee has accrued or used . Unlike the state, businesses are not allowed to carry unfunded benefits programs and continue to operate as though they are solvent. Heaping mandates such as this on businesses when they cannot afford it could bankrupt them. For businesses to provide that much paid sick leave to essentially all of their employees is extremely costly, unpredictable, and requires additional services or work for the upkeep. We cannot place this burden on our local businesses.

We appreciate the opportunity to testify on this matter and therefore ask that this bill be deferred.

Mahalo for your consideration of our testimony and we hope you will support a deferral.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

LATE

The Twenty-Ninth Legislature
Regular Session of 2017

THE HOUSE

Committee on Finance

Representative Sylvia Luke, Chair

Representative Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Wednesday, February 22, 2017; 3:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON H.B. 4 HD 1
RELATING TO HEALTH

The ILWU Local 142 supports H.B. 4 HD 1, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

H.B. 4 HD 1 provides that all employees who work in the State for more than six hundred eighty hours in a year shall have the right to accrue sick leave. Sick leave would accrue at the rate of one hour of paid leave for every forty hours worked. A cap is also provided so that no employee would accrue more than forty hours of paid sick leave in a calendar year.

Providing paid leave for a worker's own illness or disability is a humane employment practice that fosters loyalty and productivity among employees for their employers. The current law mandating Temporary Disability Insurance (TDI) is a means of providing paid leave for workers to address their own illnesses, but TDI starts only after a week of illness. TDI also pays 58% of wages for a maximum 26 weeks.

We are concerned that some employers who now offer good sick leave policies may terminate those policies and instead offer TDI and the limited benefit provided in H.B. 4 HD 1. The law should not allow employers to opt for the cheaper alternative. Further, H.B. 4 HD 1 should not jeopardize the Temporary Disability Insurance law, which has been in effect for more than 40 years and has served us well. Some safeguards may need to be considered.

The ILWU urges passage of H.B. 4 HD 1. Thank you for the opportunity to share our views on this matter.



Brian Kitagawa, President
Dave Rolf, Executive Director

LATE

HADA testimony in OPPOSITION to
HB 4
RELATING TO HEALTH

Presented to the House Committee on Finance
at the public hearing to be held
3 p.m., February 22, 2017
in Conference Room 308, Hawaii State Capitol
by the Members of the Hawaii Automobile Dealers Association
Hawaii's franchised new car dealers

Chair Luke, Vice Chair Cullen and Members of the Committee:

I am David Rolf, representing the members of the Hawaii Automobile Dealers Association, Hawaii's franchised new car dealers, who work at maintaining a safe, healthy work environment and who, for the most part, employ a company benefit package for employees that is called "Paid Time Off." (PTO)

PTO allows the employee to elect what combination of paid vacation, sick leave, family leave, and personal paid time off the employee would like to utilize as part of the company's benefit package, without feeling the need to "call in sick" in order to take a paid time off day.

The bill creates an unintended moral hazard

When I was in the elevator in my building recently I asked another rider, "Do you think it's okay to go to a ball game on sick leave? The person threw back his head and laughed out loud saying, "Of course it is!"

The structure of HB 4 may thus have the affect of encouraging deception in the workplace.

Awarding sick leave, with no stipulation that the employee must actually be sick in order to take the paid time off is problematic. It creates a moral hazard.

Employee benefit plans should not come under a one-size-fits all government plan

It has taken decades for some of Hawaii's companies to develop their company's employee benefit plans to include provisions for employee paid time off --for a variety of worthy reasons. Government insertion into these plans, with provisions like HB 4's, lack of clarity with regard to specific purpose of paid time off, increased record-keeping requirements, and accrual requirements.... are not in the best interests of employees and companies.

The bill's unlimited accrual carry-forward is problematic for companies who encourage workers who work under Paid Time Off (PTO) policies and which encourage workers to take vacations each year.

In one company's PTO policy the employee receives:

5 daysafter 1 year of employment

10 days....after 2 years of employment

15 days....after 5 years of employment

20 days ...after 10 years of employment

With a 5-day carry-forward accompanying a "use-it-or-lose-it" policy.

The company encourages employees to take paid time off.

HB4's one-size-fits-all government-required sick leave policy conflicts with this company's policy, developed over years of working with their employees.

HADA respectfully requests that the committee hold the bill.

Respectfully submitted,

David H. Rolf

for the members of the Hawaii Automobile Dealers Association



LATE

**HCIA 2016 - 2018
Board of Directors**

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Vice-President
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Executive Director
Bennette Misalucha

OUR MISSION

HCIA is a Hawaii-based non-profit organization that promotes modern agriculture to help farmers and communities succeed. Through education, collaboration and advocacy, we work to ensure a safe and sustainable food supply, support responsible farming practices and build a healthy economy.

TESTIMONY FROM BENNETTE MISALUCHA, EXECUTIVE DIRECTOR

**In Opposition to HB 4, HD1
Relating to Health**

Requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care

HOUSE COMMITTEE ON FINANCE
February 22, 2017, 3:00 p.m.
Conference Room 308, State Capitol

Chair Luke and members of the committee:

The Hawaii Crop Improvement Association (HCIA) is a Hawaii-based non-profit organization that promotes modern agriculture to help farmers and communities succeed.

HCIA stands in **opposition to HB 4, HD1**, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

Our primary concerns are the increased costs to employers and the administrative burden that will be placed on employers to manage their employees and the benefits provided. We also believe such a bill will hurt job growth.

It is for these reasons that we ask that HB 4, HD1 be deferred.

Respectfully submitted,

Bennette Misalucha
Executive Director

LATE

**Testimony to the House Committee on Labor & Public Employment
February 22, 2017
3:00pm.**

**Re: House Bill 4 RELATING TO HEALTH
Committee on Labor & Public Employment: Chair Sylvia Luke, Ty Cullen**

POSITION: STRONGLY OPPOSE

My name is Monica Konanimakamae Toguchi Ryan, and I own a 70-year old family business, Highway Inn.

The objective of ensuring that people in the state that need time off work from work is laudable, and many leading companies, including ourselves provide that benefit to our full-time workers. Extending that to all workers will not address the issue that this bill is trying to solve, and in doing so, it will burden further the balance sheets and profitability of the enterprises that form the small business sector in Hawaii, and incrementally shrink the number of flexible part time jobs in the state.

Part time employees by their nature work flexible schedules. It is a fact that in Hawaii many workers have a part time job in addition to a full time job where they may already be covered by a sick leave or paid time off program, so many workers would double dip. It will prove very difficult for a company and a part time employee with no firm schedule to identify which days the employee was meant to work, beyond a day or two of the current week, and to compensate them for that time off. The Department of Labor, labor attorneys and employers will expend more time and resources determining who is entitled to what, and who is misusing the benefit, than the value of the paid time off. Moreover, the population of employees that will benefit from such a program will be insignificant in proportion to the resources spent administering this program and opportunities lost (revenue and taxes) by making it harder to be successful in managing a business.

Per clause 13 of the Bill which states paying a minimal amount of paid sick leave is affordable for employers. I would propose that it would be even more affordable for the state government, with economies of scale and its purchasing power to provide health insurance that provides targeted paid-time-off for low income employees it is meant to reach, rather than burden every single business in Hawaii with the task.

I strongly oppose HB4 and believe it should not be progressed. Thank you for the opportunity to submit this testimony.

LATE

NFIB

The Voice of Small Business.®

Before the House Committee on Finance

DATE: February 22, 2017

TIME: 3:00 p.m.

PLACE: Conference Room 308

Re: HB 4 Relating to Health

Testimony of Melissa Pavlicek for NFIB Hawaii

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to House Bill 4, which requires employers to provide a certain amount of sick leave.

When it comes to employers providing paid sick time to their employees, we believe that government should not intrude in the employer/employee relationship. Many employers are already flexible in accommodating employee needs and time off requests without conflict and we believe that adding additional leave requirements has the potential to conflict with already-existing state and federal leave requirements.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.



LATE

Testimony to the
House Committee on Finance
February 22, 2017 at 3:00 p.m.
State Capitol - Conference Room 308

RE: HB 4 Relating to Health

Aloha members of the committee:

We are Cara Heilmann and John Knorek, the Legislative Committee co-chairs 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 HB 4, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care. We feel this measure is unduly burdensome for employers and has the potential to cause potential conflicts with paid and unpaid leave requirements.

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.



February 21, 2017

To: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
Committee on Finance

From: Deborah Zysman, Executive Director
Hawaii Children's Action Network

Re: HB 4 HD 1– Relating to Health
Hawaii State Capitol, Room 308, February 22, 2017, 3:00 PM

On behalf of Hawaii Children's Action Network (HCAN), we are writing to provide COMMENTS HB 4 HD 1 – Relating to Health.

Sick leave policies make economic sense not just for the employee but also for the employer. These policies provide the employee job security, better health, less stress, and more satisfaction with their job while reducing costs for employers by eliminating the need to replace workers and sickness of additional workers. An Oxfam America survey of low-wage working mothers found 19 percent reported losing a job because they were sick or they had to care for a sick child. It is estimated that 63% of young children in Hawaii have working parents with 31% of Hawaii's children living in single parent households.

According to the US Department of Labor:

- Four in ten private sector workers, over 40 million people, do not have access to paid sick time.
- Seven in ten low-wage workers whose earnings are in the bottom 25 percent of earners, lack access to paid sick time.
- For those employed in the accommodation and food services industries, 75 percent must choose between losing pay and showing up to work sick or leaving a sick child at home alone.
- Without sick leave, workers are more likely to go to work and infect others. A recent survey of food workers showed that nearly 90 percent went to work when they were sick, including more than half who did so "always" or "frequently." And of those who worked while sick, almost half (45 percent) reported going to work sick because they could not afford to lose pay.

The amendments that were made to HB 4 by the first committee significantly reduce the benefits to the people of Hawaii. HCAN is significantly concerned about Section 3 – Use of Paid Sick Leave, item (b); Sections 6 – Applicability, Item (a)(2) and (a)(3).

For these reasons, HCAN respectfully requests that the committee AMEND this bill to revert to the original language of HB 4.

HCAN is committed to building a unified voice advocating for Hawaii's children by improving their safety, health, and education. Last fall, HCAN convened input in person and online from more than 50 organizations and individuals that came forward to support or express interest for a number of issues affecting children and families in our state that resulted in the compilation of 2017 Hawai'i Children's Policy Agenda, which can be accessed at <http://www.hawaii-can.org/2017policyagenda>.



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Web site: www.hcul.org
Email: info@hcul.org



Testimony to the House Committee on Finance
February 22, 2017
3:00 pm

LATE

Testimony in Opposition to HB 4 HD1, Relating to Health

To: The Honorable Sylvia Luke, Chair
The Honorable Ty Cullen, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 61 Hawaii credit unions, representing over 800,000 credit union members across the state.

We are in opposition to HB 4 HD1, which would require employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

While we appreciate and understand the intent of this bill to allow for paid leave in the workplace, we are concerned about the cost, management, and oversight of such a system. Many employers already offer generous paid leave packages to employees. Having a requirement in the law such as this may have an unintended, adverse effect on employees who already receive paid leave through their employer. This bill may also be a hardship upon small businesses.

Thank you for the opportunity to testify.



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 Cc: avaj@hawaiiantel.net
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HB4

Submitted on: 2/22/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Avril Jenkins	Individual	Support	No

Comments:

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 Cc: sean.uezu@gmail.com
 Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

HB4

Submitted on: 2/22/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Uezu	Individual	Oppose	No

Comments: The mandate would require employers to offer paid leave to their employees. While this might sound good in theory, the possible economic outcome of this bill could be devastating. There's no such thing as a free benefit. This bill would come at a high cost to small business and will have a serious effect on jobs and the economy. There are many small businesses that don't make a dollar if their employees aren't there to perform a service for customers. No one gets paid, including the business owner, if customers aren't being served. The negatives of the plan outweigh the incentives. Employers will feel the brunt of the law. The research says that the direct expense of paying wages to absent workers, the lost productivity resulting from workers not working, and the increased costs for reporting and recordkeeping will hurt companies. There will be job losses felt in the small business sector if this bill passes. Smaller companies could handle the costs both from a financial and man-power perspective. The question isn't whether paid leave is a good benefit. I fully believe the benefit is a good one, but the question is whether every business can absorb the cost and whether we'd be causing more harm than good by trying to graft it onto the company.

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E: tyamaki@rmhawaii.org



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 22, 2017
Re: HB 4 HD1 RELATING TO HEALTH**

Good afternoon Chair Luke and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii strongly opposes HB 4 HD1 Relating to Health. This bill would require employers to provide a minimum amount of sick leave to employees to be used to care for themselves or a family member who is ill, needs medical care, or is a victim of domestic violence.

Many business already have a paid sick leave policy in place, the duration of which, effective date of application and other specifics vary depending on the needs of the business and employer's resources. Employers are already mandated to provide Health Care Insurance. HB 4 HD1 would add another costly benefit to the list. It is important to note that in addition to the "sick leave" compensation the employer pays to the individual taking sick leave, the employer must likely has to pay the same compensation to another employee "filling in" for this individual.

Policy makers should be focusing in on eliminating obstacles to business growth, job creation and economic stability and not adding additional costs that employers cannot afford.

We respectfully ask that you hold this measure. Mahalo again for this opportunity to testify.



LATE

Maui Hotel & Lodging

ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB4 HD1

RELATING TO FAMILY LEAVE

COMMITTEE ON FINANCE

Wednesday, February 22, 2017, 3pm

Conference Room 308

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 175 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA **opposes HB4 HD1**, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

MHLA does not believe that this benefit should be mandated by legislation. Employers already manage numerous mandated benefits for employees, which have steadily increased the employer's burden as well as the cost of doing business in Hawaii.

Additionally, most employees are already afforded generous vacation and sick leave benefits which can be utilized for the purposes of caring for themselves or a family member who is ill or needs medical care. This bill would allow workers to utilize sick leave that are beyond the employee's health, as well as creating an opportunity for potential misuse and abuse of this benefit.

For these reasons, we are in opposition of HB4 HD1.

Thank you for the opportunity to testify.

LATE

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



Uploaded via Capitol Website

February 22, 2017

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE TY CULLEN, VICE CHAIR, COMMITTEE ON FINANCE

SUBJECT: **OPPOSITION TO H.B. 4, HD1 RELATING TO HEALTH.** Requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care. (HB4 HD1)

HEARING

DATE: February 22, 2017
TIME: 3:00 p.m.
PLACE: Capitol Room 309

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

H.B. 4, HD1 proposes to create a new section in state law that would require all employers provide a mandatory minimum amount of **paid** sick leave for employees to care for themselves or a family member. While GCA understands the intent of this measure, it proposes a mandate that could potentially impact the ability for a small business to operate and even hire employees.

This bill is not necessary particularly for the construction industry who for the most part provide their employees with a sufficient wage and benefits package including vacation, medical, health and welfare and other incentives for retention purposes. Pay for absences due to illness are required under the Temporary Disability Insurance law. Further many employers provide sick leave benefits over and above the statutory requirement as an additional benefit. The proposed language in H.B. 4, HD1 to create an entire new system of mandating employers to provide sick leave benefits could have a negative impact on businesses statewide and force some to let go of employees because of the inability to provide such a benefit.

For these reasons we oppose this bill and request for its deferral. Thank you for the opportunity to present our views on this matter.



From: mailinglist@capitol.hawaii.gov
 Sent: Wednesday, February 22, 2017 1:47 PM
 To: FINTestimony
 Cc: dirk@ILGelato-Hawaii.com
 Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

HB4

Submitted on: 2/22/2017

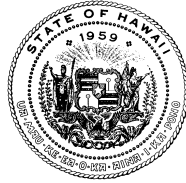
Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Dirk Koeppenkastrop	IL Gelato Hawaii	Oppose	No

Comments: My name is Dirk Koeppenkastrop and I am the founder and owner of IL Gelato Hawaii. I am a graduate from the University of Hawaii and as there are no higher-level jobs as a chemist my wife and I started a small business here in Honolulu six years ago. We make all natural high quality gelato (ice cream) here in Hawaii and sell wholesale to restaurants and operate two retail locations. We have approximately 45 employees and most of them part time. We have plans to grow and to expand our business so that we soon will have over 50 employees. The proposed Bill SB425 will highly impact our payroll cost. The proposed bill in addition to increasing minimum wage will challenge the existence of our gelato business. In our gelato factory and stores we offer entry-level jobs to unskilled workers. If wages and associated payroll cost -introduced through mandatory paid sick leave - will increase, we will have a problem to stay in business. We cannot pass additional cost to our customers. A scoop of ice cream at our store is \$3.75 and already considered to be too expensive for local families. We get a lot of comments via social media and Yelp reviews that we are too expensive. Our food costs in Hawaii are the highest of the nation. Our rents are the highest of the nation. Energy and insurance cost are higher than anywhere else. It is very difficult to operate a business in Hawaii. We cannot increase our scoop prices, as we would loose our local customers. If payroll costs continues to increase so substantially we need to close our business, which would challenge our existence and we could no longer offer employment. We strongly oppose to proceed with proposed bill HB4. Sincerely, Dirk Koeppenkastrop, Ph.D.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
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**Testimony COMMENTING on H.B. 4, H.D. 1
RELATING TO HEALTH
REPRESENTATIVE SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE**

Hearing Date: February 22, 2017

Room Number: 308

1 **Fiscal Implications:** None to the Department of Health. The Department of Health defers to
2 the Department of Labor and Industrial Relations for fiscal impact.

3 **Department Testimony:** This measure seeks to require employers to provide employees a
4 minimum amount of paid sick leave that can be used to care for themselves or a family member
5 who is ill or needs medical care. Approximately 36% of private industry workers in the United
6 States do not have paid sick leave. This deficiency is much greater among those employed in
7 low-wage jobs. Of particular concern for Hawaii's tourism industry and public's health, 69% of
8 accommodation and food service workers lack paid sick leave.

9 The Department agrees with the legislature's findings as outlined in this bill. Employees who
10 work sick, risk spreading illness to co-workers, customers, and those on public transportation.
11 Parents who lack paid leave are more likely to send an ill child to school, risking the health of
12 their child's classmates and teachers. Employees without paid sick leave are 1.5 times more
13 likely to work while sick, and parents without paid sick leave are twice as likely to send a sick
14 child to school or daycare. Assuring every person working in the state is provided paid sick leave
15 would contribute toward improving the health of all in our community, residents and visitors
16 alike. Thank you for this opportunity to testify.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 2:17 PM
To: FINTestimony
Cc: bob@thepatisserie.com
Subject: Submitted testimony for HB4 on Feb 22, 2017 15:00PM

HB4

Submitted on: 2/22/2017

Testimony for FIN on Feb 22, 2017 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Paparelli	The Patisserie Inc	Oppose	No

Comments: we already pay for TDI for that reason do not need more than we already have

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To: Chair Luke, Vice Chair Cullen and Members of the Committee

From: Michael Miller, Tiki's Grill & Bar

Subj: HB4 (Sick Leave)

Date: February 22, 2017

Thank you for the opportunity to provide testimony. We, at Tiki's Grill & Bar, hereby oppose Senate bill HB4, which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care.

We are a locally owned and operated restaurant in our 15th year of business. Our owners and myself are all graduates of the University of Hawai'i at Manoa and are very active in our community.

With Hawaii's low unemployment rate, employees have the opportunity to work at other restaurants or food service establishments around town. We do offer paid time off as a competitive edge, compared to some other employers. Our employees enjoy discounts, company events and company sponsored activities outside of work.

Instead of a carryover policy, Tiki's and many other employers impose a "use it or lose it policy" to ensure that staff take time off to refresh and rejuvenate. This is especially important in industries where work may be physical or strenuous.

We urge you to rethink the notion of revenue per employee vs. size of company as a measure to impose certain rules. Different companies and industries have different cost structures. Restaurants are not known for their high profit margins and longevity in the industry so while employee size is one measure, it is a much less significant measure than other variables in regards to profitability and the ability to sustain increased costs.

This bill's provisions of sick leave has its own unique challenges because if more than one employee is out for an extended period of time, the business will be extremely short staffed, which reduces the ability to serve guests and to run the business efficiently.

We urge you not pass this bill out of committee and say, "Mahalo" for considering our point of view while making laws and rules that affect the state.

Mahalo,

Michael Miller / Director of Operations
michaelm@tikisgrill.com