

STAND. COM. REP. NO.

3427

Honolulu, Hawaii

APR 05 2018

RE: H.B. No. 2602  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Labor, to which was referred H.B. No. 2602, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO INDEPENDENT CONTRACTORS,"

begs leave to report as follows:

The purpose and intent of this measure is to provide three categories and twelve factors for the Department of Labor and Industrial Relations to apply to determine independent contractor status

Your Committee received testimony in support of this measure from the Chamber of Commerce Hawaii; Maui Chamber of Commerce; Tropical Maui Weddings; Construction Industry of Maui; Esign and Design; Envisions Entertainments & Productions, Inc.; Maui Pops Orchestra; and six individuals. Your Committee received testimony in opposition to this measure from the Department of Labor and Industrial Relations; Hawaii State AFL-CIO; Labor Caucus of the Democratic Party of Hawaii; SAG-AFTRA Hawaii Local; I.A.T.S.E. Local 665; American Federation of Musicians' Local 677; Hawaii Teamsters and Allied Workers Local 996; Hawaii Regional Council of Carpenters; and one individual.

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 acknowledges that proper determination of independent contractor status has been an ongoing issue and, as this measure moves forward, urges the Department of Labor and Industrial Relations to identify other state laws that may serve as models in amending this measure in a manner that will preserve compliance with federal law and the status of the state unemployment insurance program while protecting tax statuses and credits of employers.

Your Committee has amended this measure by inserting an effective date of January 1, 3000, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2602, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2602, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

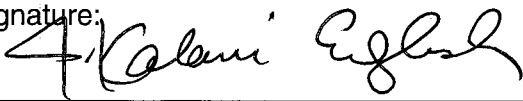
Respectfully submitted on  
behalf of the members of the  
Committee on Labor,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Labor**  
**LBR**

Bill / Resolution No.:* <i>HB2602, HD1</i>	Committee Referral: <i>LBR</i>	Date: <i>3/20/18</i>		
<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
TOKUDA, Jill N. (C)	✓			
ENGLISH, J. Kalani (VC)	✓			
CHANG, Stanley			✓	
IHARA, Jr., Les		✓		
TANIGUCHI, Brian T.			✓	
<b>TOTAL</b>	<i>2</i>	<i>1</i>	<i>2</i>	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes