

STAND. COM. REP. NO.

936

Honolulu, Hawaii

MAR 21 2017

RE: H.B. No. 347
H.D. 2
S.D. 1

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

Sir:

Your Committee on Judiciary and Labor, to which was referred H.B. No. 347, H.D. 2, 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 provide criteria to be used by the Department of Labor and Industrial Relations to determine independent contractor status.

Your Committee received testimony in support of this measure from the Maui Chamber of Commerce; Envisions Entertainment and Productions, Inc.; and two individuals. Your Committee received testimony in opposition to this measure from the Department of Labor and Industrial Relations; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Hawaii State AFL-CIO; SAG-AFTRA Hawaii Local; I.A.T.S.E. Local 665; American Federation of Musicians' Local 677; Hawaii Teamsters and Allied Workers Local 996; ILWU Local 142; and one individual. Your Committee received comments on this measure from the Chamber of Commerce Hawaii.

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 the language in the proposed new section 383-6(b), Hawaii Revised Statutes;
- (2) Deleting the definitions of "client" and "independent contractor";
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (4) 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 Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 347, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 347, H.D. 2, S.D. 1, and be referred to your Committee on Commerce, Consumer Protection, and Health.

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


GILBERT S.C. KEITH-AGARAN, Chair



