JOSH GREEN, M. D. GOVERNOR KE KIA'ĂINA

SYLVIA LUKE LT. GOVERNOR KA HOPE KIA'ĂINA



BRENNA H. HASHIMOTO DIRECTOR KA LUNA HO'OKELE

BRIAN K. FURUTO DEPUTY DIRECTOR KA HOPE LUNA HO'OKELE

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT KA 'OIHANA HO'OMÕHALA LIMAHANA 235 S. BERETANIA STREET HONOLULU, HAWAI'I 96813-2437

Statement of BRENNA H. HASHIMOTO Director, Department of Human Resources Development

Before the HOUSE COMMITTE ON LABOR Thursday, February 6, 2025 9:00 AM State Capitol, Conference Room 309

In consideration of HB 555, RELATING TO EMPLOYMENT PRACTICES

Chair Sayama, Vice Chair Lee, and the members of the committee.

The Department of Human Resources Development (HRD) appreciates the intent of HB 555 which would require employers to allow employees a rest period of not less than ten consecutive minutes for each four hours of work time. The bill exempts coverage for public employees covered by collective bargaining agreements. However, HRD requests that the exemption also apply to public employees excluded from collective bargaining.

As such, we propose the following amendment to address the excluded counterparts who are not covered by a collective bargaining agreement:

On page 2, subsection (c), line 6, to read as follows:

(c) This section shall not apply to employees subject to a collective bargaining agreement under chapter 89 <u>or their excluded counterparts.</u>

We are available to answer any questions or provide further information as needed.

GOVERNOR

SYLVIA LUKE LIEUTENANT GOVERNOR



JADE T. BUTAY DIRECTOR

WILLIAM G. KUNSTMAN DEPUTY DIRECTOR

STATE OF HAWAI'I KA MOKU'ĀINA O HAWAI'I DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS KA 'OIHANA PONO LIMAHANA

February 6, 2025

- To: The Honorable Jackson D. Sayama, Chair, The Honorable Mike Lee, Vice Chair, and Members of the House Committee on Labor
- Date: Thursday, February 6, 2025

Time: 9:00 a.m.

- Place: Conference Room 309, State Capitol
- From: Jade T. Butay, Director Department of Labor and Industrial Relations (DLIR)

Re: H.B. 555 RELATING TO EMPLOYMENT PRACTICES

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR offers comments** on this proposal. HB555 proposes to amend the Employment Practices Law, Chapter 378, Hawaii Revised Statutes (HRS), by adding a new section to require employers to allow each employee a paid rest period of at least 10 consecutive minutes for each 4 hours of work time which, to the extent that it is possible, shall be in the middle of each work period. An employer must pay an employee for not less than 1 additional hour of work for each workday that a rest period is not provided. Employers are also subject to an unspecified fine imposed by DLIR for each rest period not provided. The proposal does not apply to employees subject to a collective bargaining agreement under Chapter 89, HRS.

II. CURRENT LAW

Under Section 390-2(c)(3), HRS, of the Child Labor Law, 14- and 15-year old minors may work no more than 5 hours continuously without at least a 30-minute rest or lunch period.

There is no labor law that requires rest periods for other employees.

III. COMMENTS ON THE HOUSE BILL

Employers are required to keep an accurate record of hours worked each workday by each employee. Generally, rest breaks of 5 to 20 minutes are counted as hours worked and are compensable. To verify that a rest period was taken, employers must keep a record of rest periods taken by each employee. If the employer HB555 February 6, 2025 Page 2

> utilizes a time clock system and the employee clocks out/in for the rest period to record the rest period taken, the employer must ensure that the employee is compensated for the time spent in the rest period as hours worked.

This measure contains fines for DLIR to impose; however, there are no appeals or hearings provisions.

DEPARTMENT OF HUMAN RESOURCES KA 'OIHANA HO'OMOHALA LIMAHANA CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAI'I 96813 PHONE: (808) 768-8500 • FAX: (808) 768-5563 • WEBSITE: honolulu.gov/dhr

RICK BLANGIARDI MAYOR *MEI*A



February 5, 2025

NOLA N. MIYASAKI DIRECTOR *P*O'O

FLORENCIO C. BAGUIO, JR. ASSISTANT DIRECTOR KOKUA PO'O

The Honorable Jackson D. Sayama, Chair The Honorable Mike Lee, Vice Chair and Members of the House Committee on Labor The House of Representatives, Room 309 State Capitol 415 South Beretania Street Honolulu, Hawai'i 96813

Dear Chair Sayama, Vice Chair Lee, and Members of the Committee:

SUBJECT: House Bill No. 555 Relating to Employment Practices

House Bill No. 555 would require employers to provide employees with paid breaks, unless the employee is "subject to a collective bargaining agreement under chapter 89." Notwithstanding the exception, this bill would impact public employees that are excluded from collective bargaining under §89-6(f), Hawaii Revised Statutes (HRS). While such excluded employees are not covered under a collective bargaining agreement, they may receive similar or equitable wages, hours, benefits, and other terms and conditions of employment as their included counterparts under HRS §89C.

The City respectfully requests that House Bill No. 555 be amended to explicitly exclude the State or any political subdivision thereof.

We thank you for giving us the opportunity to submit our comments on this matter.

Sincerely,

hola meyesali

Nola N. Miyasaki Director Designate



Andy Huang, Chairman – L&L Hawaiian Barbecue Ave Kwok, Past Chair – Jade Dynasty Seafood Restaurant Mike Palmer, Incoming Chair – Ho'okipa Partners Tambara Garrick, Treasurer – Hawaii Farm Project Victor Lim, Government Relations Lead – McDonald's | Mail: 2909 Wai'alae Avenue #22, Honolulu, HI 96826

Sheryl Matsuoka, President & CEO Ginny Wright, Operations Aschairsociate Holly Kessler, Vice President of Operations

2025 Board of Directors Andy Huang	Date:	February 3, 2025		
Ave Kwok Mike Palmer Tambara Garrick Victor Lim Keoni Ahlo Jesse Aguinaldo	То:	Rep. Jackson D. Sayama, Chair Rep. Mike Lee, Vice Chair Members of the Committee on Labor		
Kia Agustin Noa Aoki Matthew Asato	From:	Victor Lim, Legislative Lead		
Javier Barberi Alessandro Bolla Kiyoshi Igarashi	Subj:	HB 555 Relating to Employment Practices – Paid Rest Periods		
Tim Januszewski Tom Jones Jay Kaneshiro Felix Koeppenkastrop Keith Mallini Greg Maples Don Murphy Edwin Ohta Tyler Roukema Alison Tanaka Katy Tanaka Ryan Tanaka Ryan Tanaka Tina Wang Nicolas Ware Anthony Wong Nicolas Wong Allied Members Ronna Bahl James Idemoto Raymond Orozco Bryan Pearl Randy Sagon David Yoshioka Julie Yunker	The Hawaii Restaurant Association representing 4,000 Eating and Drinking Place locations here stand opposed to HB 555 that requires employers to provide employees with a paid 10 minutes for each four hours of work time as a rest period.			
	For many in a service industry like restaurants, we consider four hours as a short shift and many that work four hours currently won't be taking a break and will pretty much eat the meal that we provide to go. What about for those that work longer shift like eight hours? It is now seven hours and forty minutes with twenty minutes somewhere in the middle of the shift.			
	a missed	g the penalty of having to pay a full hour of pay at the regular pay rate for or 10 minutes of rest period, is excessive be very difficult to administer by the and checked by the department of labor and industrial relations.		
	many lega high utility	vid, our soft economy continues to be challenging for our industry with acy restaurants continuing to close. Double digit inflation in costs of food, / and fuel costs, medical and general insurance costs and labor cost		
Advisory Board Jerry Agrusa Jamie Brown	increase that came with the last minimum wage jump, all contributed to this condition. This is another mandated cost increase and an administrative nightmare.			
Richard Rand Richard Turbin	Thank yo	u for giving us the opportunity to share our concerns.		



TESTIMONY OF TINA YAMAKI, PRESIDENT RETAIL MERCHANTS OF HAWAII FEBRUARY 6, 2025 HB 555 RELATING TO EMPLOYMENT PRACTICES

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

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We respectfully oppose this HB 555. This measure requires employers to provide employees with paid breaks.

Requiring employers to provide paid breaks presents several challenges, both operationally and financially. While breaks are important for employee well-being, mandating them as paid time places an additional cost burden on businesses, particularly small and medium-sized locally owned businesses. Unlike meal breaks, which are typically unpaid, short rest breaks being paid means employers must compensate employees for non-working time. This may also lead to time theft or abuse, where employees may take longer breaks knowing they are paid.

Retailers already operate on thin profit margins, and requiring paid breaks adds to labor expenses without increasing productivity. Employers would need to either absorb higher labor costs, which could lead to higher prices for consumers, or cut employee hours or reduce staffing levels to compensate for additional costs.

Many retailers already provide flexible break policies or allow employees to step away as needed. A mandated paid break system removes this flexibility and imposes a rigid rule that may not fit all businesses.

If breaks are paid but employees still need to clock in and out, it creates unnecessary complexity in payroll processing, increasing administrative burdens and potential compliance risks. Time-tracking systems are not designed to accommodate paid breaks effectively. Most workforce management software and payroll systems are set up to clock employees in and out for unpaid breaks to accurately track hours worked. A paid break requirement could create compliance risks if breaks are not properly tracked as well as increase payroll complexity. Retailers would have to verify if employees actually took their breaks while still paying them; and lead to time theft or abuse, where employees may take longer breaks knowing they are paid. Employers may also struggle with verifying whether breaks were properly taken, leading to disputes and inconsistencies in wage calculations.

Rather than imposing a one-size-fits-all mandate, businesses should retain flexibility in managing work schedules and breaks according to operational needs. A more practical approach would be encouraging businesses to have voluntary break policies that balance employee wellness with business efficiency.

Mahalo for this opportunity to testify.





Testimony to the House Committee on Labor Representative Jackson D. Sayama, Chair Representative Mike Lee, Vice Chair

Thursday, February 6, at 9:00AM Conference Room 309 & Videoconference

RE: HB555 Relating to Employment Practices

Aloha e Chair Sayama, Vice Chair Lee, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber respectfully opposes House Bill 555 (HB555), which requires employers to provide employees with paid breaks.

Hawaii ranks as the worst state for business in 2024, citing high costs and climate risks. It also has the second-highest tax burden in the U.S., driving up prices and discouraging growth. Additionally, Hawaii's post-pandemic job recovery is the slowest nationwide, reflecting ongoing economic struggles. These factors make it one of the most difficult places to operate a business.

The Chamber respectfully opposes this bill, as it imposes an unnecessary government mandate that increases costs and compliance burdens on employers. Most local businesses already provide reasonable rest breaks, making this legislation unnecessary. The requirement to pay an extra hour of wages for a missed break places an unfair financial strain on small businesses and potentially leading to reduced work hours or job losses.

Furthermore, this bill represents a one-size-fits-all rules on private employers while diverting taxpayer funds toward unnecessary enforcement measures. Rather than imposing fines and strict mandates, let's focus on flexible, employer-driven solutions that support both businesses and workers.

The Chamber respectfully urges lawmakers to reject this costly and impractical proposal, which risks harming businesses without delivering meaningful workplace improvements.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to defer indefinitely House Bill 555. Thank you for the opportunity to testify.

February 6, 2025

KAPOLEI CHAMBER of COMMERCE

Working together for Kapolei

House Committee on Labor Representative Jackson D. Sayama, Chair Representative Mike Lee, Vice Chair

Thursday, February 6, 2025, 9:00 a.m. Conference Room #309 and via video conference

RE: HB 555 Relating to Employment Practices (Paid Rest Periods)

Dear Chair Sayama, Vice Chair Lee and members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae and Mākaha. The Chamber works on behalf of its members and the business community to improve the regional and State economic climate and help West O'ahu businesses thrive. We are a member- driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **opposes** <u>HB 555</u>, requires employers to provide employees with a paid 10 minutes for each four hours of work time as a rest period.

Mandating paid breaks creates significant operational and financial challenges, particularly for small and locally owned businesses. While breaks are essential for employee well-being, requiring employers to pay for short rest periods increases costs without improving productivity. Our small businesses, especially our restaurants and retail, often operate on narrow profit margins.

In this inflationary economic climate our small businesses are struggling to keep their doors open and this he added expense of paid breaks could raise costs further.

Many businesses already offer flexible break policies, and imposing a blanket paid break requirement removes this flexibility, which may not align with the needs of all companies.

Instead of enforcing a one-size-fits-all rule, businesses should retain the ability to manage breaks based on their specific operational needs. A more sensible approach would be to encourage voluntary break policies that support both employee health and business efficiency. Thank you for this opportunity to provide testimony.

Best,

Testimony of Matson Navigation Company, Inc. Comments on HB555 Before the Committee on Labor February 7, 2025

Dear Chair Sayama, Vice Chair Lee, and Members of the Committee:

Matson Navigation Company, Inc. (Matson) appreciates the opportunity to provide comments on HB555, which requires employers to provide employees with paid breaks.

Matson respectfully requests that this measure be amended to not apply to employers with collective bargaining agreements in place. Many collective bargaining agreements already provide for employee breaks. We suggest the following amendment to page 1, line 4 to line 6 to read: "(a) Employers shall allow each employee a rest period consisting of not less than ten consecutive minutes for each four hours of work time; provided that this shall not apply to an employee who is subject to a collective bargaining agreement. [...]"

Thank you for considering our comments.

<u>HB-555</u>

Submitted on: 2/5/2025 2:33:31 PM Testimony for LAB on 2/6/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Miller	Tiki's Grill & Bar	Oppose	Written Testimony Only

Comments:

We respectfully oppose HB 555, which mandates paid rest periods for employees. While we fully support employee well-being, this bill imposes unnecessary financial and operational burdens on small businesses, particularly in the restaurant and hospitality industries.

At our business, we prioritize flexibility, allowing employees to take breaks when needed. For example, our prep team prefers to finish their work and then enjoy lunch together—a break we provide along with a meal. This system fosters efficiency while respecting employee preferences. A rigid, one-size-fits-all mandate would disrupt this balance, increase costs, and limit businesses' ability to tailor policies to their workforce.

Additionally, with today's low unemployment, employees have ample job opportunities. If they feel they are not treated well, they have the freedom to seek employment elsewhere. Businesses must balance employee satisfaction with financial sustainability, rather than face mandates that make it harder to stay open.

We urge the legislature to allow businesses to continue setting break policies that best support both their teams and long-term success.

Mahalo Nui Loa,

Michael Miller | Director of Operations / Partner





Executive Officers

Maile Miyashiro, C&S Wholesale Grocer, Chair Kit Okimoto, Okimoto Corp., Vice Chair Jayson Watts, Mahi Pono, Secretary/Treasurer Lauren Zirbel, HFIA, Executive Director Paul Kosasa, ABC Stores, Advisor Derek Kurisu, KTA Superstores, Advisor Toby Taniguchi, KTA Superstores, Advisor Joe Carter, Coca-Cola Bottling of Hawaii, Advisor Eddie Asato, Pint Size Hawaii, Advisor Gary Okimoto, Safeway, Immediate Past Chair

TO: Committe on Labor FROM: HAWAII FOOD INDUSTRY ASSOCIATION Lauren Zirbel, Executive Director

DATE: February 6. 2025 TIME: 9am

RE: HB555 Relating to Position: Comments

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

HFIA understands the intent of this measure, and would like to submit comments. There are a number of scenarios where adhering to the exact scheduling and break parameters may not be feasible for employees and employers. In some cases employees may have short shifts of only 4 or 5 hours and in those instances might not make sense. Mandating certain break periods creates an unnecessary administrative and scheduling burden for employers who already have functional break schedules integrated into their operations which work for employers and employees. We thank you for the opportunity to testify.

Aloha Chair, Vice Chair, and members of the committee,

I am testifying in support of HB555, which would give rest breaks for employees.

As someone who has worked a part-time job in the past, I was on my feet all day, cashiering, answering phone calls, taking orders, and preparing food and drinks. Having at least one break during my shift (especially the 8-hour ones) gave me enough time to rest and eat, so I would have enough energy to continue working.

I believe every employee deserves the right to take a break in the middle of their work shift. Working often takes a lot of mental and/or physical effort which can negatively impact the quality of work and the health of an individual if they are not receiving a break. By requiring breaks, all workers will be able to get fresh air, eat a small meal, collect their thoughts, and rejuvenate themselves so that they can produce high quality work and contribute to a positive work environment.

I ask that this bill be passed for the benefit of all employees so they are ready to contribute to their work environment and connections with co-workers.

Mahalo,

Megan Lee

Aloha Chair, Vice Chair, and members of the committee,

I am testifying in support of (HB555 or SB638), which would guarantee rest breaks for employees. Every worker deserves a break during their shift, especially in service-based jobs where employees are often required to work 5–7 hours without one. This harms their physical and mental well-being and affects the quality of service they provide.

The service industry, which heavily relies on unskilled labor, often disregards worker needs under the guise of a free-market economy. As my generation (ages 11–26) enters the workforce, I ask: wouldn't you want your child to have the right to a break, no matter where they work? Imagine dealing with angry customers for hours, multiple times a week, without a chance to rest—to make ends meet. I have witnessed firsthand how people from all walks of life suffer in the service industry, trapped in toxic work environments with no escape. While some argue that workers can leave if conditions are unsustainable, this ignores the reality that many cannot afford to do so.

It's time for the legislature to step in and establish fair working conditions. I urge you to pass this bill so workers can take the breaks they deserve—allowing them to recharge, maintain their health, and contribute positively to their workplace. The power is in your hands. Please make the ethical and morally responsible decision to support all working adults in Hawai'i.

Mahalo,

Kona Joseph Carle

<u>HB-555</u> Submitted on: 2/4/2025 7:46:35 PM Testimony for LAB on 2/6/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Cori Matsumoto	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and members of the committee,

I am testifying in support of HB555, which would give rest breaks for employees.

A few years ago, I started working in the food and beverage industry, which is very laborintensive. Many employees, especially in the service and retail industry spend hours on their feet catering to customers, putting a mental and physical strain on their bodies. However, regardless of what type of work one does, it is essential for all employees to receive a break. A 10-minute break benefits both the employee and employer as it allows one to clear one's mind and recharge one's "battery." As a result, it will significantly contribute to their mental and physical health, the

quality of work they put out, and a positive work environment.

Providing a positive work environment is vital to many small businesses as it assists in building good relationships. Having a break would help ensure employees represent the business well and create lasting relationships with customers. A positive work environment where employees work efficiently, are more creative, and connect well with others is an important factor in a thriving business. Giving employees breaks will not decrease work productivity but allow workers to put out their best effort for their entire shift, creating an environment that customers appreciate. Lastly, requiring a break would contribute to attracting and retaining employees. Many small businesses that do not give breaks also have high employee turnover, requiring employers to hire and train new employees constantly. Burnout is very common amongst those who are overworked, causing them to quit their jobs. However, a simple break can assist in reducing stress. In the long run, this would allow companies to retain employees for extended periods, building trust between employers and employees.

I encourage you to pass this bill as it would benefit all of Hawaii.

Mahalo,

Cori Matsumoto

Aloha Chair, Vice Chair, and members of the committee,

I am testifying in support of (HB555 or SB638), which would give rest breaks for employees.

I am in favor of this because breaks are important for the well being and overall success of a working environment. After all, human beings don't operate in the same way as machines. We have the capability to experience stress or tiredness, which can be incredibly overwhelming. A small break every few hours would allow for the chance to reset and come back to work more energized than before. As humans, I believe that we deserve the opportunity to be excited about and enjoy the working environments we spend so many hours in. Breaks would give us the chance to improve our outlook on the working environment and enhance the overall working experience for all.

I have heard many stories of people being overworked and it overall depleting their mental health. I have friends who have told me of having frustrating or stressful experiences at work and just having to push through or go to the bathroom as a way to recuperate. Personally, I know that I would also benefit from the opportunity to have a quick mental reset in between my shift. Sometimes work shifts begin very early in the morning and being a full time student, I am not always able to get the sleep I need before those shifts. Sometimes I am extra tired that day, which makes working a little more stressful at times. Although I am able to put up with my tiredness, I am positive that a small break would make the effects of sleep deprivation more bearable and would help me provide an even more positive experience in my working field. As an interior design major, we are consistently working on computers. It simply isn't healthy and does not make sense in terms of productivity to not take breaks when working through the design process. A break would allow for new ideas to flourish and for the entire experience to feel less drone-like. We need to be advocates for providing positivity in all environments and I truly believe that this is an excellent step in that direction.

I ask that this bill be passed for the benefit of all employees so they are ready to contribute to their work environment and connections with co-workers.

Mahalo, Soraya Ortiz

<u>HB-555</u> Submitted on: 2/5/2025 7:57:35 AM Testimony for LAB on 2/6/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Grace Brady	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair, and members of the committee,

I am testifying in support of (HB555 or SB638), which would give rest breaks for employees. I believe every employee deserves the right to take a break in the middle of their work shift. Working often takes a lot of mental and/or physical effort which can negatively impact the quality

of work and the health of an individual if they are not receiving a break. By requiring breaks, all workers will able to get fresh air, eat a small meal, collect their thoughts, and rejuvenate themselves so that they can produce high quality work and contribute to a positive work environment.

I used to work customer service back in Washington state, and I found those breaks integral to my wellbeing---especially when I was taking on more than one shift a day. Having those breaks not only helped me decompress briefly so I could be a more patient and effective employee, but it also cut down on any physical pain that came with being on my feet all day and lifting heavy equipment. Without those breaks, I would have been less inclined to work as often or be as efficient in the days I was working.

I ask that this bill be passed for the benefit of all employees so they are ready to contribute to their work environment and connections with co-workers.

Mahalo, Grace Brady Aloha Chair, Vice Chair, and Members of the Committee,

I am testifying in support of (HB555 or SB638), which would provide rest breaks for employees.

I believe every employee deserves the right to take a break during their work shift. Working several hours without a break can take a toll on an employee's mental and physical health. As the hours go by without rest, the quality of their work can decline. Breaks provide employees with an opportunity to step away from the stresses of the work environment, eat a small meal, and refresh their minds before returning to work. By ensuring that employees take breaks, they can maintain consistent, high-quality work throughout their entire shift, fostering a more positive and productive work environment.

I respectfully ask that this bill be passed, for the benefit of all employees, so they can re-energize, stay engaged in their work, and build stronger connections with their co-workers.

Mahalo, Abigail Sumida