STAND. COM. REP. NO. 045 -16

Honolulu, Hawaii **Februay 19**, 2016 RE: H.B. No. 2363 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Eighth State Legislature Regular Session of 2016 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2363 entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose of this measure is to amend Hawaii's laws on workers' compensation (WC) and temporary disability insurance (TDI) to:

- (1) Exclude the following from providing TDI coverage for services they provide for themselves: sole proprietors, an individual partner of a partnership, a partner of a limited liability partnership with an interest of at least 50 percent, an individual member of a limited liability company with a distributional interest of at least 50 percent, or individual owning at least 50 percent of a corporation;
- (2) Allow the Director of Labor and Industrial Relations to receive electronic copies of injury and other reports;
- (3) Increase the penalty for employers who do not have TDI coverage for employees from not less than \$25 or \$1 per employee per day, to not less than \$500 or \$100 per employee per day;
- (4) Increase the penalty from not more than \$2,500 to not more than \$5,000 against an employer or insurance



carrier for failure to make correct or timely benefit payments or to terminate such benefits without approval or statutory cause;

- (5) Increase the penalty for failure to file medical reports from \$250 to \$500, and for employer's failure to provide copies of requested medical reports from \$1,000 to \$5,000;
- (6) Increase the penalty for employers who do not have WC coverage for employees from not less than \$250 or \$10 per employee per day, to not less than \$500 or \$100 per employee per day; and
- (7) Increase the penalty from \$2,500 to \$5,000 against an employer for the deduction of premium payments from an employee's wages.

The Department of Labor and Industrial Relations, Hawaii Restaurant Association, Hawaii Construction Alliance, ILWU Local 142, and an individual testified in support of this measure.

Your Committee notes the concerns raised in testimony received during the public hearing regarding the deterrent effect of the current fee schedule for noncompliance with temporary disability insurance regulations, given the long duration of time since the fees and penalties present in this measure were last amended. Should the Committee on Finance deliberate this measure further, your Committee respectfully requests it further assess appropriate fee amounts and consider the relationship between the fee and penalty amounts.

Your Committee has amended this measure by:

- Changing the amended fees and penalties listed in this measure to unspecified amounts;
- (2) Changing its effective date to July 1, 2112, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.



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As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2363, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2363, H.D. 1.

HB2363 HD1 HSCR CPC HMS 2016-2111-1

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ANGUS L.K. MCKELVEY, Chair

State of Hawaii House of Representatives The Twenty-eighth Legislature



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.:	Committee Referral:	Date:		,
<u>HB 2363</u>	LAB, CPC,	FINF	20 11	2016
Bill/Resolution No.: Committee Referral: Date: HB 2.363 L-AB; CPC, FIN Feb M, 2014 The committee is reconsidering its previous decision on the measure. Date: Feb M, 2014				
The recommendation is to: Image: Pass, unamended (as is) Image: Pass, with amendments (HD) Image: Hold Image: Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	7			
2. WOODSON, Justin H. (VC)				
3. BELATTI, Della Au				
4. BROWER, Tom				
5. CREAGAN, Richard P.				
6. HAR, Sharon E.				
7. HASHEM, Mark J.				
8. KAWAKAMI, Derek S.K.				
9. LEE, Chris				
10. NAKASHIMA, Mark M.				
11. OSHIRO, Marcus R.				
12. SAN BUENAVENTURA, Joy A.				
13. TAKAYAMA, Gregg				
14. YAMANE, Ryan I.				
15. FUKUMOTO CHANG, Beth				
16. McDERMOTT, Bob				
		X		
			·	
TOTAL (16)	15	1	0	0
The recommendation is: Adopted I Not Adopted				
If joint referral, did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				