STAND. COM. REP. NO. 2660

Honolulu, Hawaii

MAR 0 3 2016

RE: S.B. No. 2694
        S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2694, S.D. 1, 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:

(1)   Clarify Hawaii's employment security law for independent
      contractors by:

      (A)   Including twenty factors to be used as guidelines
            for the Department of Labor and Industrial
            Relations when determining whether an individual
            could be an independent contractor;

      (B)   Retaining the Department of Labor and Industrial
            Relations' ability to determine if an individual is
            an independent contractor; and

      (C)   Defining "client" and "independent contractor";

(2)   Require the Director of Labor and Industrial Relations
      to submit a report to the Legislature prior to the
      convening of the Regular Session of 2017 on the
      guidelines developed by the Unemployment Insurance
      Coverage Committee to assist auditors during
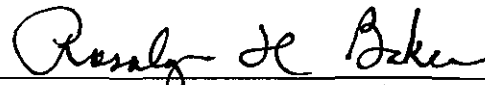   investigations; and

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(3)   Require the Director of Labor and Industrial Relations
       to submit an annual report to the Legislature regarding
       independent contractor and covered employment
       determinations.

Your Committee received testimony in support of this measure
from Envisions Entertainment & Productions, Inc.; Maui Chamber of
Commerce; Whalers Realty, Inc.; and three individuals. Your
Committee received testimony in opposition to this measure from
the International Longshore and Warehouse Union, Local 142. Your
Committee received comments on this measure from the Department of
Labor and Industrial Relations and Department of the Attorney
General.

Your Committee finds that independent contractors are an
important part of Hawaii's business community and economy.
Furthermore, increasing numbers of entrepreneurs are choosing to
go into business for themselves as independent contractors.
However, many of these individuals may not be aware of the
criteria used by the Department of Labor and Industrial Relations
when making determinations as to whether an individual is in an
employment relationship or is a bona fide independent contractor.
This measure clarifies the law that determines who qualifies as an
independent contractor, thereby protecting legitimate independent
contractors and the businesses with which they contract.

As affirmed by the record of votes of the members of your
Committee on Commerce, Consumer Protection, and Health that is
attached to this report, your Committee is in accord with the
intent and purpose of S.B. No. 2694, S.D. 1, and recommends that
it pass Third Reading.

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

ROSALYN H. BAKER, Chair

The Senate
Twenty-Eighth Legislature
State of Hawaiʻi

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
SB 2694, SD1	JDL, CPH	3-1-16

☐ The Committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to:_____

The Recommendation is:

☑ Pass, unamended 2312   ☐ Pass, with amendments 2311   ☐ Hold 2310   ☐ Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les				/
NISHIHARA, Clarence K.				/
RUDERMAN, Russell E.				/
SLOM, Sam	/			
TOTAL	4			3

Recommendation: ☑ Adopted   ☐ Not Adopted

Chair's or Designee's Signature: _Michelle N. Kidani_

*Only <u>one</u> measure per Record of Votes

Revised: 6/4/15