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July 5, 2016

TO: Interested Parties

FROM: JoAnn A. Vidinhar, Administrator *JAV*

SUBJECT: 2016 Amendments to the Hawaii Temporary Disability Insurance Law
(Chapter 392, Hawaii Revised Statutes)

ACT 187, HB 2363 CD 1, signed by the Governor and effective July 1, 2016,
provides the following:

1. Section 392-5. Excluded services have been expanded to include:
 - a. Service performed by an individual for a corporation if the individual owns at least fifty percent of the corporation; provided that no employer shall require an employee to incorporate as a condition of employment;
 - b. Service performed by a member of a limited liability company if the member is an individual and has a distributional interest, as defined in section 428-101, of not less than fifty percent in the company; provided that no employer shall require an employee to form a limited liability company as a condition of employment;
 - c. Service performed by a partner of a partnership, as defined in section 425-101, if the partner is an individual; provided that no employer shall require an employee to become a partner or form a partnership as a condition of employment;
 - d. Service performed by a partner of a limited liability partnership if the partner is an individual and has a transferable interest as described in section 425-127 in the partnership of not less than fifty percent; provided that no employer shall require an employee to form a limited liability partnership as a condition of employment;
 - e. Service performed by a sole proprietor.

WORKERS' COMPENSATION
dliir.workcomp@hawaii.gov

TEMPORARY DISABILITY INSURANCE
dliir.tempdisabilityins@hawaii.gov

PREPAID HEALTHCARE
dliir.prepaidhealthcare@hawaii.gov

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities.
TDD/TTY Dial 711 then ask for (808) 586-8866

2. Section 392-47. Increases the penalty against an employer for failure to comply with section 392-41 from not less than \$25 to not less than \$500 minimum and from \$1 to \$100 assessment per employee for every day the employer fails to comply.

To view Act 187, go to <http://www.capitol.hawaii.gov>
Click on "Reports and Lists," go to "Governor's Actions." Click on "Acts".