

EXECUTIVE CHAMBERS

HONOLULU

July 14, 2009

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 31

Honorable Members
Twenty-Fifth Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 31, entitled "A Bill for an Act Relating to Employment Practices."

The purpose of this bill is to establish an employer's use of an individual's credit history as an unlawful discriminatory employment practice, subject to certain exceptions.

This bill is objectionable because it places another restriction on employers that could impact their ability to protect the safety and financial security of their workplaces. If enacted, this bill would restrict an employer's ability to verify statements made in a job interview or on a resume which can be indicative of that individual's honesty and trustworthiness. It would also restrict an employer's ability to periodically check on the current credit history of their workforce.

Congress recognized the sensitive nature of information contained in credit histories and, as a result, passed the Fair Credit Reporting Act which governs an employer's use of such information. It is unclear why the Legislature felt the need to pass additional legislation when federal law already places restrictions on employers and provides appropriate

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protections for employees.

It is not appropriate to place restrictions on employers who are working hard to create environments that are safe for themselves, their employees, and the public. Police departments have noted that credit reports help them conduct thorough background screenings to ensure they have a comprehensive portrait of an individual's readiness for employment in a position of public trust. In addition, insurance agencies, retailers, hotels, non-profit organizations, churches, and many others have noted that their ability to conduct credit checks on employees is vital to protecting their day-to-day operations. For example, hotel workers have access to many things of value including a hotel guest's jewelry, clothing, credit card numbers, and cash. Hotels go to great lengths to ensure their employees meet the highest standards and can be trusted with a customer's personal effects.

It makes sense for private, public, and non-profit employers to use credit histories to ensure their employees are worthy of being placed in a position that impacts the satisfaction and trust of their clients and the financial well-being of their operations.

For the foregoing reasons, I am returning House Bill No. 31 without my approval.

Respectfully,



LINDA LINGLE