



Regulations

Permitting, Licensing, Certifications and Zoning Requirements

Avoid penalties and business disruptions through proper compliance and make your company more marketable through optional certifications

Overview

Whether you're involved in the excitement of starting a new business or busy with the day-to-day demands of running your existing operations, it's easy to ignore the need for licenses and permits. While obtaining the appropriate licenses and permits and ensuring that you are operating in accordance with zoning laws and regulations may seem like a grueling task, failing to do so is one of the most common mistakes business owners make and it could expose you to unnecessary business risk. This lesson provides high level information on Hawaii's zoning laws and on some of the common licenses and permits you need to be aware of. In addition, it will direct you to places where you can find additional information and to resources that can help you meet these legal requirements.

Who is this for and why is this important?

Everyone starting or running a business should take the time to ensure they have the proper licenses and permits to operate their business and that their property is appropriately zoned for the type of business they are in. These regulations are enforced and monitored by state and local (city and county) governments. Verifying this information early can help you avoid fines, penalties, or interruptions in business that could occur as you try to clear-up issues that may arise later. Additionally, some licenses and certifications can give you a marketing advantage by distinguishing your goods or services from your competitors'.

Zoning laws

All land in Hawaii is classified into one of four categories: Conservation, Agricultural, Rural, or Urban. These designations were initially established by the State Land Use Commission (LUC). Changes to the designations can be made by ordinance of the County Council for areas of 15 acres or less; otherwise, the LUC must approve changes. Only the LUC can take land out of the conservation district. Typically, amendments to land designations are initiated by landowner applications and reviewed on a case-by-case basis.

Zoning is the primary means for controlling land use. All areas on the island, except for federal lands like the national parks, and some areas in the conservation district, are zoned. The Zoning Code lists the permitted uses within each zone, and also the required setbacks, height limits, parking areas for commercial developments, and other controls.

Zoning changes are reviewed by the Planning Commission, but must be finally approved by the County Council through ordinance.

It is important that you verify that your property is in the appropriate zone for your particular type of business and that any structures, parking areas, etc. are allowed under the zoning code, as violations to zoning laws can be severe and costly. The City and County of Honolulu's Department of Planning and Permitting offers advice on how to verify that a specific kind of structure, activity or use of land is allowed on the website:

<http://www.honolulu.dpp.org/PermitInfo/>
<http://honolulu.dpp.org/downloadpdf/zoning/lupdfaq.pdf>

Actions that require permits/licenses

Operating a business usually requires that you register in the state that you plan to do business in and with the Federal government (this is discussed in more detail in the Business Structure and Registration lesson of this Guidebook). Once you have started your business, you may find that additional permits or licenses might be needed. A typical example is a building permit, which is required to erect, construct, alter, remove or demolish any building or structure. You are even required to obtain a sign permit if you want to install, construct, alter, relocate, or reconstruct any sign or a temporary permit if you want to set-up a tent or similar structure for commercial purposes.

In addition to the situations described above, there may be several licenses needed to obtain to operate an agricultural business. What follows are typical examples of some of the common licenses/certifications you will be expected to obtain as an agricultural grower/producer:

- Pesticide Applicator Certification – You must be certified to use certain types of pesticides on your farm. The Hawaii Department of Agriculture (HDOA), Pesticides Branch regulates the manufacture, sale, and use of pesticides in the State of Hawaii. There are two types of certified applicators: Private Applicators and Commercial Applicators. Private Applicators are those who are involved in agricultural production (farming) on land operated by themselves or their employer. Commercial Applicators make up the rest.
- Dealer’s License – This is required when selling or handling Hawaii grown agricultural products obtained or

purchased directly from a farmer or producer.

There may also be certain licenses or certifications related to your business that are not required but you may want to obtain to distinguish yourself from your competition. An example is the food safety certification, which is discussed in greater detail in the Food Safety Certification lesson of this Guidebook or the HDOA Seal of Quality (SOQ), which was launched to distinguish Hawaii grown or made products.

Considerations and processes to obtain permits/licenses

State and county agencies increasingly have turned to the Internet to provide many of their services online. If Internet access is not readily available to you, addresses and phone numbers of the appropriate agencies have been included at the end of this document.

- The City and County of Honolulu Department of Planning and Permitting has developed an online Honolulu Internet Permit System site to assist in the building permit application process: <http://dppweb.honolulu.gov/dppweb/>
- Pesticide Applicator Certification – To become certified, you must pass a written examination(s). Certifications are good for five years from date of issue. To arrange for testing, contact the HDOA’s Pesticides Branch. Application forms can be obtained online at <http://hawaii.gov/hdoa/pi/pest>. For study material for the examination and for information on preparatory classes, contact the University of Hawai‘i, Cooperative Extension Service at (808) 956-6007.
- The State of Hawaii Department of Agriculture Commodities Branch is designed to assist in the development of agricultural industries through quality

assurance of agricultural commodities and licensing of dealers in agricultural products. Application forms for many of the certifications/licenses discussed above (e.g., Dealer's License, Food Safety Certification information) and additional information on issues that have not discussed here (e.g., seed certification and grading standards), can be found online on their website.

- HDOA Seal of Quality Program – To meet program standards, all fresh agricultural products must be produced entirely in Hawaii and meet the highest quality standard. Value-added processed agricultural and food products, for which the primary agricultural product has been produced entirely in Hawaii, must also meet the 51% wholesale value-added requirement and be in compliance with all state laws. Applications and regulations can be found online at: <http://hawaii.gov/hdoa/add/soq/SOQPgrmHist>

Next steps and resources

- State of Hawaii Department of Agriculture forms can be located at: <http://www.hawaiiag.org/hdoa/forms.htm>
- City and County of Honolulu Department of Planning and Permitting: <http://www.honoluluodpp.org/>

Frank F. Fasi Municipal Building
Department of Planning and Permitting
650 So. King St
Honolulu, HI 96813
Ph: (808) 768-8127 (Customer Service)
Fax: (808) 527-6743
E-mail: info@honoluluodpp.org

Honolulu Internet Permit System
<http://dppweb.honolulu.gov/dppweb/>

Honolulu Land Information System:
<http://honoluluodpp.org/gis/>

Building Permit Informational Brochure:
<http://honoluluodpp.org/downloadpdf/CONSTRUCTION/bpinfo.pdf>

- HDOA Seal of Quality Program:
<http://hawaii.gov/hdoa/add/soq>

Hawaii Department of Agriculture
Agricultural Development Division
Market Development Branch
1428 South King Street
Honolulu, HI, 96814-2512
Ph: (808) 973-9595
Fax: (808) 973-9590
<http://hawaii.gov/hdoa/add/md>
E-mail: hdoa.md@hawaii.gov

- The State of Hawaii Dept. of Agriculture Commodities Branch:
<http://hawaii.gov/hdoa/qad/comm>

Commodities Branch
Hawaii Department of Agriculture
Quality Assurance Division
1851 Auiki Street
Honolulu, HI 96819-3100
Ph: (808) 832-0700
Fax: (808) 832-0683
<http://hawaii.gov/hdoa/qad>

- State of Hawaii Land Use Commission:
<http://luc.state.hi.us/>
- Online access to Land Use Maps:
http://luc.state.hi.us/luc_maps.htm

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i

Conservation Planning

Protect your farm while protecting the environment

Overview

Conservation Planning refers to the management of the natural resources on your land. A Conservation Plan (CP) is a formal document that outlines your conservation practices such as crop rotation, nutrient management, soil erosion mitigation, etc. A CP also documents details about your farm and typically includes land-use maps, soil information, inventory of resources, etc. Developing a CP is voluntary, but proper conservation planning can result in more workable and productive land, which should allow you to increase your production and lead to greater income. Choosing to develop a CP may sound overwhelming at first, but resources are available to assist you in this effort.

Why is this important?

It's up to you to decide on the best ways to improve the productivity, sustainability, and profitability of your operation. Conservation planning is an important starting point for maintaining and improving the natural resources that support productive and profitable agricultural operations.

Every farm has its own unique resource assets, problems or concerns. At your request, certified conservation planners in the Natural Resources Conservation Service (NRCS) and local conservation districts can provide planning assistance to help producers identify options that provide the greatest conservation benefit while meeting production goals.

Working with a conservation planner, you can develop a conservation plan that can be used to:

- Identify immediate or potential resource problems that could hurt your production.
- Comply with environmental regulations.
- Prepare for agricultural or market certifications.
- Address regulatory requirements.
- Qualify for various USDA conservation programs.
- Develop alternatives and identify strategies for implementing on-farm solutions.
- Establish a reasonable schedule to apply needed conservation practices.
- Save time, labor and energy.

Considerations/Areas of impact

How will conservation planning help you achieve your production goals and improve your bottom line? Have you ever considered any of the following issues?

- Would you like the opportunity to enhance the natural resources on your land?
- Do you have muddy runoff, carrying precious nutrients and water away?
- Is sediment accumulating in the lower part of your land or field?
- Are your fields less productive now than they once were?
- Is your property providing wildlife habitat?
- Do you need more and more fertilizer and water to sustain yields?
- Are there invasive species where once native species and productive pastureland thrived?
- Do you need to comply with certain regulations?

If any of these questions or others like them have come up, it may be time for you to consider developing a CP for your farm.

Obtaining a conservation plan

When you are ready to start your CP, a NRCS planner can meet with you to discuss your goals, plans, resource problems, soils, and NRCS's conservation programs. The planner will ask which crops you want to grow, the livestock you want to keep, the wildlife or recreation uses you want to plan, and any other interests you have that will affect the land. The planner will help you consider the effects a planned practice might have on a neighboring farm or parcel of land. When developing your plan it is important to think on-site as well as off-site. Technically trained NRCS planners will help you reach informed decisions about soil, water, air, plants, and animal resources while considering human, social and economic concerns.

Potential remedies

There are several common conservation practices that you may implement depending on what issues you are facing. Following are a few brief descriptions of conservation practices. They explain how the practices work and how they help improve a farm. Additional details such as things to think about when considering the practice and basic maintenance needs can be found in the resources listed at the end of this lesson.

Crop Rotation – Changing the crops grown in a field, usually in a planned sequence can help reduce soil erosion and provide savings in fertilizer costs and pest control.

Contour Buffer Strips – Using strips of grass or other permanent vegetation can help trap sediment or nutrients, control runoff flow and even provide a habitat for birds or animals.

Nutrient Management – The development of a nutrient management plan helps reduce fertilizer costs by ensuring that nutrients are applied at the proper time and protects water quality. The plan might also identify areas of concern such as flood plains and steep slopes.

Pest Management – Using a pest management strategy that identifies specific treatments for specific pests saves money by ensuring that the treatment is applied only when needed, which prevents over treatment and protects water quality.

Wind Break – Utilizing rows of trees and shrubs that protect areas from wind reduces wind erosion or wind damage to crops, serves as a sound barrier and protects your crops from potential chemical drift from neighboring farms.

The preceding is merely a snapshot of some of the many conservation practices you can implement on your farm. You should keep in mind that some of the most profitable practices, like nutrient or pest management, require little or no financial investment, can reduce expenses and may go the farthest toward protecting water quality. Other practices might not immediately increase farm income, but can pay off in other ways through cleaner water, more wildlife, long-term soil conservation, and an improved quality of life.

Next steps and resources

- Contact the Hawaii Natural Resources Conservation Services offices nearest to your area of concern:

- Hilo (Hawaii)
Harry Toki
154 Waianuenue Avenue, Room 322
Hilo, Hawaii 96720-2452
(808) 933-8381
Harry.Toki@hi.usda.gov
- Kona (Hawaii)
Jeff Knowles
Central Kona Center (Building 9)
81-948 Waena'Oihana Loop, Suite
101
Kealahou, Hawaii 96750
(808) 322-2484
Jeffrey.Knowles@hi.usda.gov
- Waimea (Hawaii)
Matthew Wung
Kamuela Business Center Building
64-1032 Mamalahoa Highway, Ste
201
Kamuela, Hawaii 96743
(808) 885-6602
Matthew.Wung@hi.usda.gov
- Kauai
Lex Riggle
4334 Rice Street, Room 104
Lihue, Hawaii 96766-1801
(808) 245-9014
Lex.Riggle@hi.usda.gov
- Oahu
Chad Kacir
99-193 Aiea Heights Drive, Suite
109
Aiea, Hawaii 96701
(808) 483-8600
Richard.Kacir@hi.usda.gov
- Maui
Ranae Ganske-Cerizo
77 Hookele Street, Ste. 202
Kahului, Hawaii 96732
(808) 871-5500
Ranae.Ganske@hi.usda.gov
- Molokai
Wallace Jennings
4101 Maunaloa Highway
P.O. Box 396
Hoolehua, Hawaii 96729-0396
(808) 567-6868
Wallace.Jennings@hi.usda.gov
- An additional source of assistance is the Hawaii Association of Conservation Districts (HACD). The HACD encompasses 16 Soil and Water Conservation Districts (SWCD) throughout the State of Hawaii. Since its inception in 1954, HACD has worked to coordinate and facilitate local partners and governmental agencies in identifying and implementing projects and practices with cultural sensitivity to ensure the protection of Hawaii's environment.
- HACD
99-193 Aiea Heights Drive, Ste 110
Aiea, HI 96701
Phone: (808) 483-8600 ext. 120
Fax: (808) 483-8619
<http://www.hacdhawaii.org/index.html>
Michelle Watson (Exec. Director)
- Windward, West & South Oahu
SWCD
99-193 Aiea Heights Drive, Ste 109
Aiea, HI 96701
Phone: (808) 483-8600 ext. 354
Fax: (808) 483-8619
Bobette Parsons (Cons. Planner 2)
(808) 483-8600 ext. 121
Lisa Schofield (Cons. Planner 1)
(808) 483-8600 ext. 119
- Hāmākua, Ka'u, Puna & Waiākea
SWCDs

NRCS Hilo Service Center - Federal Building

154 Wai'ānuenue Avenue, Ste 322
Hilo, HI 96720

Phone: (808) 933-8350

Fax: (808) 833-8362

Jennifer Lopez-Riavis (District Administrative Assistant - Ka'u, Puna & Waiākea)
(808) 933-8350

- Kona SWCD
NRCS Kealakekua Service Center
81-948 Waena Oihana Loop, Ste 101
Kealakekua, HI 96750
Phone: (808) 322-2484
Fax: (808) 808-322-3735
Mary Robbelee (District Administrative Assistant)
(808) 322-2484 ext. 100
- Mauna Kea SWCD
PO Box 2975
Kamuela, HI 96743
Phone: (808) 885-6602
Fax: (808) 885-4420
Margaret Becka (District Administrative Assistant)
(808) 885-6602 ext. 100
John Pipan (HACD Conservation Specialist)
(808) 885-6602 ext. 101
- East & West Kaua'i SWCDs
NRCS Līhu'e Service Center - Watamull Building
4334 Rice Street, Suite 104
Līhu'e, HI 96766
Phone: (808) 245-6513 ext. 107
Fax: (808) 246-4639

Marjorie Stanphill (District Administrative Assistant)

(808) 245-6513 ext. 107

Sara Bowen (E & W Kaua'i SWCDs Conservation Specialist)
(808) 245-6513 ext. 117

- West Maui, Central Maui, Olinda-Kula & Hāna SWCDs
NRCS Kahului Service Center
77 Ho'okele Street, Suite 202
Kahului, HI 93732
Phone: (808) 871-5500
Fax: (808) 873-6184
Maggie Kramp (District Administrative Assistant)
(808) 871-5500 ext. 101
John Astilla (HACD Conservation Specialist)
(808) 871-5500 ext. 111
- Moloka'i-Lāna'i SWCD
PO Box 396
Ho'olehua, HI 96729
Phone: (808) 567-6869
Fax: (808) 867-9062
Debbie Kelly (District Manager)
(808) 567-6869 ext. 102

- For additional assistance, contact or consult the following:

Oahu Resource Conservation and Development

99-193 Aiea Heights Dr. #111

Aiea, HI 96701

(808) 483-8600 x113

www.oahurcd.org

Pacific Island Area NRCS website

- <http://www.pia.nrcs.usda.gov/>
- Overview of conservation planning
 - <http://www.ri.nrcs.usda.gov/conservation.html>
 - <http://www.or.nrcs.usda.gov/technical/conservation-planning-and-conservation-records/index.html#plan>

- Information for farmers and ranchers
 - http://www.nrcs.usda.gov/partners/for_farmers.html
- Examples of common conservation practices
 - <http://www.wi.nrcs.usda.gov/programs/solutions/>

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i

On-Farm Food Safety

Like an insurance plan for your business and customers

Overview

As a professional grower, it is in your best interest to grow the safest food possible – no pathogens (germs) and no residual chemicals. Knowing that you are doing everything in your power to keep contaminants off your food will give you a level of comfort when you sell to wholesalers, restaurants, and consumers. They, too, have an obligation to make sure they keep your safe produce, safe. Your focus, however, will be on delivering a safe product to your buyers. The best way to look at your farm is to ask yourself, “would I treat food in my kitchen like I am treating it on my farm?”

In this unit you will find out why it is important to manage your food safety risk, how to do that, and how to get help.

Why is this important?

Over 5,000 people die each year from food-borne illnesses in the U.S. Food-borne illness typically puts consumers in bed (or the bathroom) or hospital for hours or days. Has this ever happened to you before?

For growers, wholesalers, restaurants and retailers, getting people sick can cost millions of dollars in a lawsuit and perhaps the business, and the business owner’s reputation, will be destroyed. This is especially critical since many food related stories are posted on the internet, and thus could be part of your farm history forever. For a commodity, country or state to be known as the source of a food-borne illness, it can cost millions of dollars in lost revenues. The September 4, 2006 spinach *E. coli* outbreak which sickened more than 200 people and killed three, cost spinach growers over \$77 million. No agricultural

industry or state/country can afford these types of losses and consumers deserve to be sold the safest food possible.

For your farm, you need to be diligent and keep your farm clean and free of pathogens, including animals in the production and packing areas. You need to keep records of your chemical and fertilizer applications, bathroom sanitation, refrigerator temperatures, and the like. By keeping good records you will demonstrate that you are serious about the safety of the food you provide to customers.

On the positive side, there are a number of reasons to make your produce as safe as possible:

- A growing numbers of buyers are requiring audits and you can be one of their select suppliers with an annual audit.
- You can sleep better at night knowing that you are doing your best to keep the people eating your produce safe.
- You can reduce your liability in case of a lawsuit stemming from a food-borne illness issue.

The bottom line is that it is simply good business practice to produce the highest quality food. It might even open new markets for you!

Critical food safety issues on farms

The types of food-related risks found on Hawaii farms are similar to issues found on the Mainland and worldwide. They fall into these categories:

Human hygiene

- Do you have a clean toilet for workers?
- Do workers wash their hands with soap and water after arriving to work, using the bathroom, smoking, eating, etc.?

Animals and their feces

- Are pets and wild animals found in your fields and packing shed? (hint: they should not be there at all).
- Are you using fully-composted compost or manures? (hint: all composts need to pass EPA regulations on production quality and have a lab test certifying the lack of pathogens).
- Are there animals in fields uphill from your operation where their feces could come onto your property during a rainstorm?

Water

- What type of water is “touching the edible portion of the crop” during irrigation (hint: it should be potable – drinkable, if possible).
- How is your produce wash water? It needs to be potable too – just like in your home kitchen!

Chemicals

- Are you using the correct chemicals for the crop you are growing?
- Are you using the correct safety equipment when applying chemicals?
- Do you keep records of all your chemical applications?
- Do you post signs in the field to inform workers when it is safe to re-enter a field after spraying?
- Do you follow the pre-harvest interval?

Harvest

- Are all your harvest baskets sanitized every day and kept off the soil during harvest?

- Are your harvesting tools sanitized before each use?

While there are a number of other issues, these issues, in one form or another, are showing up on Hawaii farms. Fortunately, they can be easily, and inexpensively, addressed in a timely manner.

Examples of bad and good practices

Here are a few visual examples of what is good and not so good on Hawaii farms.

Animals do not belong in production or packing areas because of pathogens in their feces can be transferred to humans



Dirty harvest containers do not protect consumers



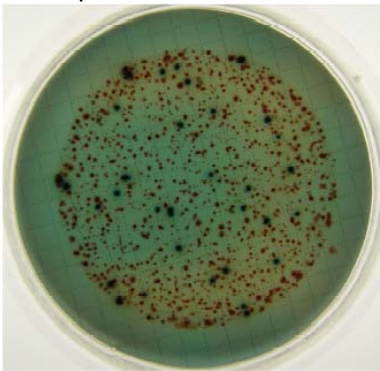
Chemicals are not handled safely on this farm



A good farm toilet!



A lab sample of water on a Hawaii farm



Coliforms: >250 cfu/100ml
E.coli: 33 cfu/100 ml

A good employee, washing his hands well for a minimum of 20 seconds



A good farm sink!



Coaching and auditing process

You might be asking, “how do I get help?” First, you need to get some guidance or coaching on how to best overcome your farm risk factors. The University of Hawai‘i’s College of Tropical Agriculture and Human Resources (CTAHR) can help

provide trained coaches who can come to your farm and coach you through the entire farm transformation process. The CTAHR faculty first starts with 1-1.5 hour walk-through of your farm with their blue checklist. That checklist is your “to-do” list and they will advise you on where to buy specific items for your audit.

There are audits for the farm (called a Ranch), harvest crew, packing shed, processing facility, organic operation, and others. Generally, CTAHR focuses on the Ranch audit, but coaches you to safety on your complete operation.

Once you are ready to call for a third-party audit, the Hawaii Department of Agriculture or private companies will come to your farm to give you an unbiased review or audit of your operation. The auditor will look for exactly the same items you prepared for in your audit.

This entire process should take you about 2-3 weeks and not cost you too much money. It is well worth the investment!

Next steps and resources

To get started with a coaching session, call the following CTAHR offices to get connected with a coach:

- Hawaii: (808)981-5199
- Maui: (808)244-3242
- Molokai: (808)567-6929
- Kauai: (808)274-3471
- Oahu: (808)956-7138, (808)956-9539

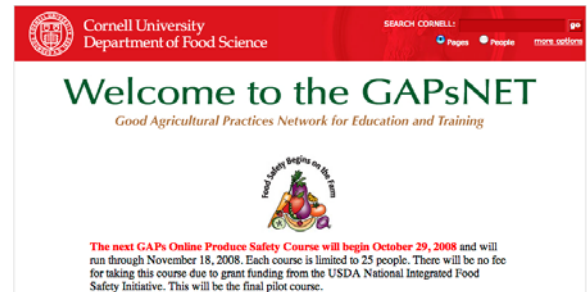
The CTAHR food safety website can be accessed at:

www2.ctahr.hawaii.edu/adap2/FoodSafety/index.htm



The national food safety program’s website is managed by Cornell University and contains a number of documents in various languages:

<http://www.gaps.cornell.edu/>



Next, when ready, call the Hawaii Department of Agriculture at this Oahu number, (808)832-0714, for your actual third-party audit.

Prepared by:
James R. Hollyer
On-farm Food Safety Coach
CTAHR, ADAP Project
University of Hawai'i

Business Structure and Registration

Determine the form of ownership that best suits your business venture

Overview

Many factors should be considered when choosing the best form of business ownership or structure. The choice you make can impact multiple aspects of your business, including taxes, liability, ownership succession, and others.

This lesson provides an overview of the various forms of business ownership including sole proprietorship, partnership, corporations, and limited liability companies. It includes excerpts from the Small Business Administration (SBA) Program Office guide on business structure.

Why is this important?

One of the first decisions that you will have to make as a business owner is how the company should be structured. This decision will have long-term implications, so consult with an accountant and attorney to help you select the form of ownership that is right for you. In making a choice, you will want to take into account the following:

- Your vision regarding the size and nature of your business.
- The level of control you wish to have.
- The level of “structure” you are willing to deal with.
- The business’s vulnerability to lawsuits.
- Tax implications of the different ownership structures.
- Expected profit (or loss) of the business.
- Whether or not you need to re-invest earnings into the business.
- Your need for access to cash-out of the business for yourself.

Sole proprietorships

The vast majority of small businesses start out as sole proprietorships. These firms are owned by one person, usually the individual who has day-to-day responsibilities for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume complete responsibility for any of the liabilities or debts. In the eyes of the law and the public, the sole proprietor is one in the same with the business. Advantages of a Sole Proprietorship:

- Easiest and least expensive form of ownership to organize.
- Sole proprietors are in complete control, and within the parameters of the law, may make decisions as they see fit.
- Sole proprietors receive all income generated by the business to keep or reinvest.
- Profits from the business flow directly to the owner’s personal tax return.
- The business is easy to dissolve, if desired.

Disadvantages of a Sole Proprietorship:

- Sole proprietors have unlimited liability and are legally responsible for all debts against the business. Their business and personal assets are at risk.
- May be at a disadvantage in raising funds and are often limited to using funds from personal savings or consumer loans.
- May have a hard time attracting high-caliber employees or those who are

motivated by the opportunity to own a part of the business.

- Some employee benefits such as owner's medical insurance premiums are not directly deductible from business income (only partially deductible as an adjustment to income).

Partnerships

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, future partners will be admitted into the partnership, partners can be bought out, and what steps will be taken to dissolve the partnership. Yes, it's hard to think about a breakup when the business is just getting started, but many partnerships dissolve at crisis times, and unless there is a defined process, there will be even greater problems. They also must decide up-front how much time and capital each will contribute, etc.

Advantages of a Partnership:

- Relatively easy to establish; however time should be invested in developing the partnership agreement.
- With more than one owner, the ability to raise funds may be increased.
- Profits from the business flow directly through to the partners' personal tax returns.
- Prospective employees may be attracted to the business if given the incentive to become a partner.
- The business usually will benefit from partners who have complementary skills.

Disadvantages of a Partnership:

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Because decisions are shared, disagreements can occur.
- Some employee benefits are not deductible from business income on tax returns.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.

Types of Partnerships that should be considered:

- *General Partnership*
Partners divide responsibility for management and liability as well as the shares of profit or loss according to their internal agreement. Equal shares are assumed unless there is a written agreement that states differently.
- *Limited Partnership and Partnership with limited liability*
Limited means that most of the partners have limited liability (to the extent of their investment) as well as limited input regarding management decisions. The limited partners invest capital in the company and share in the profits, but take no part in the daily operation of the business. Their liability, should the company be sued, is limited in proportion to the amount of capital that they invest. This form of ownership is not often used for operating retail or service businesses. Forming a limited partnership is more complex and formal than that of a general partnership.
- *Joint Venture*
Resembles a general partnership, but is clearly for a limited period of time or a single project. If the partners in a joint venture repeat the activity, they will be recognized as an ongoing partnership

and will have to file as such and distribute accumulated partnership assets upon dissolution of the entity.

Corporations

A corporation chartered by the state in which it is headquartered is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed, it can be sued, and it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Advantages of a Corporation:

- Shareholders have limited liability for the corporation's debts or judgments against the corporation.
- Generally, shareholders can only be held accountable for their investment in stock in the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)
- Corporations can raise additional funds through the sale of stock.
- A corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect S corporation status if certain requirements are met. This election enables the company to be taxed similarly as a partnership.

Disadvantages of a Corporation:

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may face more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to

shareholders are not deductible from business income; thus the corporation and the shareholder is taxed (this is commonly known as "double taxation").

Subchapter S corporations

A Subchapter S Corporation refers to a tax election only; this election enables shareholders to treat the earnings and profits as distributions and have them pass through directly to their personal tax return. The catch here is that the shareholder, if working for a company that makes a profit, must pay him/herself wages that must meet standards of "reasonable compensation." This can vary by geographical region as well as occupation, but the basic rule is to pay yourself what you would have to pay someone to do your job, as long as there is enough profit. If you do not do this, the IRS can reclassify all of the earnings and profit as wages, and you will be liable for the payroll taxes on the total amount.

Limited liability company (LLC)

The LLC is a relatively new type of hybrid business structure that is now recognized in most states. It is designed to provide the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership. Formation is more complex and formal than that of a general partnership.

The owners are members, and the duration of the LLC is usually determined when the organization papers are filed. The time limit can be extended, if desired, by a vote of the members at the time of expiration. LLCs must not have more than two of the four characteristics that define corporations: Limited liability to the extent of assets, continuity of life, centralization of management, and free transferability of ownership interests.

Special structures

The following business structures are available in some states, but not all.

- *Limited Liability Partnerships (LLP)* are organized to protect individual partners from personal liability for the negligent acts of other partners or employees not under their direct control. Although LLPs are not recognized by every state, it is recognized in Hawaii. Partners report their share of profits and losses on their personal tax returns.
- *Limited Partnership (LP)* have complex formation requirements, and require at least one general partner who is fully responsible for partnership obligations and normal business operations. The LP also requires at least one limited partner, often an investor, who is not involved in everyday operations and is shielded from liability for partnership obligations beyond the amount of their investment. LPs do not pay tax, but must file a return for informational purposes; partners report their share of profits and losses on their personal returns.
- *Non-Profit Corporations* are formed for civic, educational, charitable, and religious purposes and enjoy tax-exempt status and limited personal liability. Non-profit corporations are managed by a board of directors or trustees. Assets must be transferred to another non-profit group if the corporation is dissolved.

Next steps and resources

Deciding the form of ownership that best suits your business venture should be given careful consideration. Use your key advisors to assist you in the process.

The following resources provide information and forms for starting a business in the State of Hawaii. Many services are available online.

Department of Commerce and Consumer Affairs Business Registration Division
<http://hawaii.gov/dcca/areas/breg>
Mailing Address
P. O. Box 40
Honolulu, Hawaii 96810

Office Location
King Kalakaua Building
335 Merchant Street, Rm. 201
Honolulu, Hawaii 96813
Open: 7:45 am - 4:30 pm
Monday thru Friday

Phone:
(808) 586-2744 (administration)
(808) 586-2727 (documents registration)

Hawaii Business Express
Online registration service provided by the state that covers all the forms required for business registration with all the state agencies and partners. It provides easy to read instructions and context sensitive help.
<http://hbe.ehawaii.gov/BizEx/home.eb>

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i

Business and Crop Insurance

Find the type of insurance that best fits your business

Buying business insurance is among the best ways to prepare for the unexpected. Insurance is available for nearly any business risk. Considering the multitude of available options, business owners must carefully weigh whether the cost of insurance premiums justify protection against certain risks.

This section provides an overview of several forms of business and crop insurance. It includes excerpts from the Small Business Administration (SBA) Program Office guide on insurance and the United States Department of Agriculture (USDA) Risk Management Agency's (RMA) crop insurance policy guide.

Why is this important?

Without proper protection, misfortunes such as the death of a partner or key employee, embezzlement, lawsuits, or natural disasters, could spell the end of a thriving operation.

Business Insurance

Insurance coverage is available for the many risks your business might face. The following describes common types of insurance that you might consider. To find an insurance agent or broker, ask other business owners for referrals. Your agent or broker who handles your other types of insurance (life, homeowners, disability, etc.) might be a candidate. You can also obtain a list of licensed insurance companies and agents at the Hawaii Insurance Division site: <http://insurance.ehawaii.gov/ils/app>.

General Liability Insurance - Many business owners buy general liability or umbrella liability insurance to cover legal problems due to claims of negligence. These help

protect against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

Product Liability Insurance - Every product has the potential to cause personal injury or property damage. Companies that manufacture, wholesale, distribute, and retail a product may be liable for its safety. Product liability insurance protects a food supplier against claims stemming from injuries or illnesses from a food product. Additionally, every service rendered has the potential to cause personal injury or property damage. Businesses are considered liable for negligence, breach of an express or implied warranty, defective products, and defective warnings or instructions.

Workers' Compensation Insurance – Workers' Compensation (WC) provides employees with medical care and partial wage loss replacement for work-related injuries/illnesses. Any employer having one or more workers, full-time or part-time, permanent or temporary, is required to provide WC coverage.

WC coverage can be purchased from an insurance carrier authorized to provide WC insurance in Hawaii. The employer must pay the full cost of the premium. Employees cannot be assessed for any portion of an employer's WC insurance premium.

The employer must post signage in the workplace and file specific forms when an injury is reported. See the Hawaii State Department of Labor and Industrial

Relations Labor Law Requirements for New Employers guide for additional information.

Criminal Insurance - No matter how tight security is in your workplace, theft and malicious damage are always possibilities. While the dangers associated with hacking, vandalism, and general theft are well recognized, employee embezzlement is more common than most business owners realize. Criminal insurance and employee bonds can provide protection against losses in most criminal areas.

Business Interruption Insurance - Some businesses may wish to acquire insurance that covers losses during natural disasters, fires, and other catastrophes that could cause the operation to shut down for a significant period of time.

Key Person Insurance - In addition to a business continuation plan that outlines how the company will maintain operations if a key person dies, falls ill, or leaves, some companies may wish to buy key person insurance. This type of coverage is usually life insurance that names the corporation as a beneficiary if an essential person dies or is disabled.

Crop Insurance

Buying crop insurance is a risk management measure. Producers should always carefully consider how a policy will work in conjunction with their other risk management strategies. Crop insurance agents and other agribusiness specialists can assist farmers in developing a sound management plan.

Crop insurance provides two important benefits: It ensures a reliable level of cash flow and allows more flexibility in the marketing plan. With some level of production insured, the crop could be forward-priced with greater certainty,

creating a more predictable stream of revenue.

The federal government subsidizes the premiums for most crop insurance policies. Subsidies tend to benefit, most, those producers who invest in higher levels of coverage. Crop insurance is available only through private crop insurance agents. Coverage for a crop must be arranged before its sales closing date.

Features of crop insurance include the following:

- Crop insurance covers the value/yield of damaged crop
- Each crop is insured separately
- Coverage must be purchased before damage occurs
- Higher coverage costs typically correlate with higher premiums
- You must file claim to collect an indemnity

Insurable crops in Hawaii include the following:

- Macadamia Trees
- Macadamia Nuts
- Nursery

These include plants in-ground and in containers.

(Source: State of Hawaii Department of Agriculture website <http://hawaii.gov/hdoa/add/risk-management#18>)

Amount of Insurance:

The amount of insurance is (Number of insurable trees x tree reference price) x Coverage Level

The tree reference price is set to take into account planting and maintenance costs to return the tree to production.

The amount of insurance can also be expressed as:

(Number of insurable trees x tree reference price) – Deductible

(Source: State of Hawaii Department of Agriculture website
<http://hawaii.gov/hdoa/add/risk-management#21>)

Covered Losses:

- Adverse Weather
- Diseases
- Insects
- Wildfire
- Earthquake
- Volcano

Additionally, coverage for nurseries can include:

- Value reduction due to delay in marketability
- Failure of irrigation water supply

Loss that results from neglect or failure to follow good farming practices are not covered.

To receive a claim, the tree must be dead (100% damaged or destroyed) due to the following:

- Insurable cause of loss, or
- Authorized destruction to contain the spread of plant disease

When the damage for the unit exceeds 80%, the unit is considered a 100% loss.

(Source: State of Hawaii Department of Agriculture website
<http://hawaii.gov/hdoa/add/risk-management#22>)

Federal disaster assistance programs for agriculture

The USDA Farm Service Agency (FSA) assists farmers and ranchers that are affected by drought and other natural disasters.

Assistance is provided after an affected area is declared a disaster zone. The Noninsured Crop Disaster Assistance Program provides financial help to producers of non-insurable crops affected by natural disasters.

Noninsured Crop Disaster Assistance Program Eligible Crops include crops that are grown for food or fiber that cannot be insured, and other crops, determined by statute, including:

- Forage and grazing
- Aquaculture
- Floriculture
- Ornamental nursery
- Christmas trees
- Honey/Maple sap
- Sod

Eligible losses must be due to damaging weather or natural disaster, including the following:

- Drought
- Hail
- Excessive heat
- Excessive moisture
- Freeze
- Tornado
- Hurricane
- Excessive wind
- Volcano
- Flood
- Earthquake
- Insect damage
- Disease

Coverage:

- Losses in excess of 50% or prevented planting losses
- 55% payment rate

Cost:

- Service Fee: \$250 per crop per county
- Not to exceed \$750 per county
- Not to exceed \$1875 per producer

Cost Waiver:

- May be waived for a limited resource producer
- Limited Resource Producer - Direct or indirect gross farm sales not more than \$100,000 in each of the previous two

years (increasing, starting in fiscal year 2004, to adjust for inflation using Prices Paid by Farmer Index as compiled by National Agricultural Statistical Service (NASS)); and a total household income at or below the national poverty level for a family of four, or less than 50 percent of county median household income in each of the previous two years (to be determined annually using Commerce Department data).

Application:

- Must apply by the application closing dates
- Producers must annually report:
 - Loss within 15 days
 - Acreage
 - Production
- Grazed Forage Loss based on:
 - County determined loss percentage for each pasture/range
 - Acreage report
- Payment:
 - No quality provisions
 - Payments limited to \$100,000
 - Producers are subject to Average Gross Income (AGI) limitations(Source: Farm Service Agency)

There are five additional FSA administered disaster assistance programs collectively referred to as Supplemental Disaster Assistance Programs:

- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
- Livestock Forage Disaster Program (LFP)
- Livestock Indemnity Program (LIP)
- Supplemental Revenue Assistance Payments (SURE) Program
- Tree Assistance Program (TAP)

Information on these programs can be found at:

http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pf&newstype=prfactsheet&type=detail&item=pf_20080716_distr_en_buyin.html

Also, the USDA Risk Management Agency provides an Adjusted Gross Revenue product that provides protection against revenue loss due to unavoidable natural disasters and market fluctuations that occur during the insurance year. Additional information can be found at:

<http://www.rma.usda.gov/pubs/2003/PAN-1667-06rev2.pdf>

Next Steps and Resources

Deciding on the form of insurance that best suits your business should be given careful thought. Use your key advisors to assist you in the process.

The following links provide additional information related to insurance for your business.

- Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide: <http://hawaii.gov/labor/library/guidelines/New-Employer-Packet-11-20-08.pdf>
- State of Hawaii Department of Agriculture: <http://hawaii.gov/hdoa/add/risk-management>
- Crop Insurance Update: <http://www.Rainhail.com>
- Contact the USDA Farm Service Agency for more information on FSA Crop Insurance Programs:
- U.S. Department of Agriculture, Honolulu County Farm Service Agency 99-193 Aiea Heights Drive, Suite #114 Aiea, Hawaii, 96701 (808) 483-8600 <http://www.fsa.usda.gov>

Prepared by:
The Agribusiness Incubator Program
University of Hawai'i

Labor Law Requirements

Understand applicable laws when hiring employees

Overview

There are a number of federal and state laws that employers must follow when hiring employees. The laws ensure that both the employer and employee pay required government taxes. In addition, certain laws provide protections to employees by (1) establishing minimum wages and benefits, (2) preventing discrimination, and (3) creating safe workplaces.

This lesson presents an overview of the various labor law requirements. It includes excerpts from the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide. The reader is encouraged to read the longer discussions on the various labor laws at:

<http://hawaii.gov/labor/library/guidelines/New-Employer-Packet-11-20-08.pdf>

Why is this important?

Following the various laws will protect you and your business from possible legal action and fines and ensure eligibility in programs that are compliance dependent.

Citizenship requirements

When you consider hiring an employee, you must ensure that the individual is authorized to work in the U.S. Authorized workers include the following groups:

- Citizens or nationals of the U.S.
- Lawful permanent residents
- Aliens authorized to work during the period of hire

To document authorization, each employee must complete an Employment Eligibility Verification Form I-9 (<http://www.uscis.gov/files/form/I-9.pdf>). The employer (you) must retain the form and make it available for inspection, upon request, by U.S. government officials.

If the employee is not a citizen or a lawful permanent resident, the individual may need to apply for an Employment Authorization Document (EAD) to prove eligibility to work in the U.S. See the following for more information on citizenship and employment: (<http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnnextoid=1847c9ee2f82b010VgnVCM10000045f3d6a1RCRD&vgnnextchannel=1847c9ee2f82b010VgnVCM10000045f3d6a1RCRD>).

Farmers may apply for the H-2A temporary agricultural program which establishes a means for agricultural employers who anticipate a shortage of domestic workers to bring nonimmigrant foreign workers to the U.S. to perform farm labor or services of a temporary or seasonal nature. The program requires approval from the U.S. Citizenship and Immigration Services (USCIS). You will need to file an application with the Department stating that there are not sufficient workers who are able, willing, qualified, and available, and that the employment of aliens will not adversely affect the wages and working conditions of similarly employed U.S. workers. See the following for additional information: <http://www.foreignlaborcert.doleta.gov/h-2a.cfm>.

Child labor laws

Specific rules and documentation apply if you are employing an individual under the age of 18. For additional information, see: http://hawaii.gov/labor/wsd/pdf/forms/eHCLL-1_4-07.pdf.

Wages

Effective January 1, 2007, the Hawaii minimum wage is \$7.25 per hour. Employees must be paid at least twice monthly and within seven days after the end of each pay period and pay statements must include specific information.

Employees must be paid overtime for time worked over 40 hours per week. Overtime is equal to one and one-half times the regular pay rate. Exceptions to this can be found at: http://hawaii.gov/labor/wsd/wsd/pdf/wage_and_hour_faq.pdf.

Reporting new hires

You must report every newly hired or rehired employee to the Hawaii Child Support Enforcement Agency (CSEA) within 20 days after the date that the employee starts work. You can either mail or fax a copy of the employer's IRS Tax Withholding (Form W-4) to the CSEA at:

Child Support Enforcement Agency
New Hire Reporting Directory
601 Kamokila Blvd., Suite 251
Kapolei, HI 96707
FAX - (808) 692-7001

Federal and State taxes

As an employer, you must withhold certain taxes from your employees' wages. These include the following:

- Federal income tax
- State income tax
- Social Security
- Medicare

You must withhold federal and state income tax from your employees' wages. To determine how much to withhold from each wage payment, each employee must complete Form W-4 for federal taxes (<http://www.irs.gov/pub/irs-pdf/fw4.pdf>) and Form HW-4 for state taxes (<http://www.state.hi.us/tax/2007/hw4.pdf>). Use the Agricultural Employer's Tax Guide (<http://www.irs.gov/pub/irs-pdf/p51.pdf>) and the Hawaii State Department of Taxation Employer's Tax Guide (<http://www.state.hi.us/tax/pubs/06bk1ta.pdf>) for tax rate and submission information.

For wages paid in 2009 the social security tax rate is 6.2%, for both the employee and employer, on the first \$106,800 paid to each employee. You must withhold this rate from each employee and pay a matching amount.

The Medicare tax rate on all wages is 1.45% each for the employer and the employee. You must withhold this rate from each employee and pay a matching amount.

The most efficient way to make Federal tax payments is to use the Electronic Federal Tax Payment System (see: <https://www.eftps.gov/eftps/home.do>).

For State tax payments, see the State Tax Electronic Filing system (http://hawaii.gov/tax/b3_elf.htm).

Unemployment Insurance

The objective of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who are involuntarily unemployed. Employers are required to pay UI contributions on the wages of each employee up to the annual taxable wage base. The contributions are deposited into a trust fund, and withdrawn for purposes of paying benefits to eligible individuals. There can be no deduction from the employee's wages for repayment.

Every individual or organization that becomes an employer must file a status report on Form BB-1, "Basic Business Application," with the State Tax Office within 20 days after hiring an employee. A determination of liability will be made, the subject employer will be assigned an identification number, and tax forms will be furnished. Because new employers do not have any reserves when they first register as they have not made any contributions, they are assessed a flat UI contribution rate for approximately two years.

New employers will be issued an "Unemployment Insurance for Workers" poster that should be posted at each work place. The poster furnishes information to workers on their benefit rights and how to file a claim for unemployment benefits.

Employers must file a Quarterly Wage, Contribution and Employment and Training Assessment Report, "Form UC-B6" (<http://hawaii.gov/labor/ui>). The most efficient way to file the report and make your payment is through the Hawaii Unemployment Insurance (HUI) Express website (see: <https://hui.ehawaii.gov>).

Agriculture labor, independent contractor, and family member exclusions exist. See the Handbook for Employers on Unemployment Insurance to determine whether you qualify for an exclusion: <http://hawaii.gov/labor/ui/pdf/HANDBOOK-FOR-EMPLOYERS-2007-FINAL.pdf>.

Temporary Disability Insurance

The Hawaii Temporary Disability Insurance (TDI) law requires employers to provide partial "wage replacement" insurance coverage to their eligible employees for non-work-related sickness or injury (including pregnancy). This means that if an employee is unable to work because of an off-the-job sickness or injury and that employee meets the qualifying conditions of the law, the disabled employee will be paid disability or sick leave benefits to partially replace the wages lost. For additional information and a list of exclusions, see the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide.

TDI coverage can be purchased from an authorized TDI insurance carrier (see the state's published list at: <http://hawaii.gov/labor/dcd/PDF/tdi/Approved%20TDI%20Carriers%20%28Rev%2009-05%29.pdf>). You can pay either the entire premium or charge 50% of the premium (not to exceed 0.5% of weekly wages) to eligible employees.

Prepaid Health Care (Medical)

The Hawaii Prepaid Health Care (PHC) Act sets minimum standards of health care benefits for workers. Employers are required to provide Hawaii employees who suffer

disabilities due to non-work related illnesses or injuries adequate medical coverage for these types of illnesses or injuries, thereby protecting them from the high cost of medical and hospital care.

Employers must provide health care coverage to employees who work at least twenty (20) hours per week and earn 86.67 times the current Hawaii minimum wage a month ($\$7.25 \times 86.67 = \628). Coverage commences after four (4) consecutive weeks of employment or the earliest time thereafter.

PHC coverage can be purchased from an approved health plan through an authorized health care contractor (see the state's published list at: <http://hawaii.gov/labor/dcd/PDF/PHC/Approved%20HC%20Plans%20-Rev%2009-08.pdf>). You can pay either the entire premium or share the cost of the premium with eligible employees. The employee's share of the premium (for single coverage) is limited to 1.5% of the individual's monthly gross wages, not to exceed 50% of the monthly premium.

Family and Medical Leave Act

The federal Family and Medical Leave Act allows an employee to take a period of unpaid leave due to a serious health condition that makes the employee unable to perform his/her job, to care for a sick family member, or to care for a new son or daughter (including by birth, adoption or foster care).

Besides the federal Family and Medical Leave Act, which generally applies to companies having more than 50 employees, Hawaii has its own law. The Hawaii law applies only to companies with 100 or more employees. For details on the federal and state plan, see <http://www.dol.gov/esa/whd/fmla/> and http://hawaii.gov/labor/wsd/pdf/forms/act44_hawaii_family_leave_law_faqs.pdf.

Workers' Compensation

Workers' Compensation (WC) provides employees with medical care and partial wage loss replacement for a work-related injury/illness. Any employer having one or more workers, full-time or part-time, permanent or temporary, is required to provide WC coverage.

WC coverage can be purchased from an insurance carrier authorized to provide WC insurance in Hawaii. The employer must pay the full cost of the premium. Employees cannot be assessed for any portion of an employer's WC insurance premium.

The employer must post signage in the workplace and file specific forms when an injury is reported. See the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide for additional information.

Providing a safe workplace

The Hawaii Occupational Safety and Health (HIOSH) laws and regulations are intended to assure safe and healthful working conditions for Hawaii's workers. Employers are responsible for:

- Furnishing employees with workplaces that are safe and free from recognized hazards
- Creating specific reports
- Maintaining required records on employee injuries and illness reports, employee exposure, and medical surveillance
- Posting specific information including any HIOSH citations that are issued to the company

Occupational safety and health laws and regulations are enforced through workplace inspections conducted by HIOSH compliance officers. Inspections are conducted without advance notice. Where violations are found, citations and fines may be issued. Visit the HIOSH website for additional information: <http://hawaii.gov/labor/hiosh/>.

Employee rights

Hawaii law prohibits discrimination (unequal treatment) in employment practices and policies. The laws cover pre- and post-hiring practices. Discrimination is prohibited on the basis of:

- Sex
- Race
- Ancestry/national origin

- Religion*
- Color
- Disability
- Age
- Marital status
- Assignment of income for child support
- Arrest and court record*
- National Guard participation
- Sexual orientation
- Breast feeding

*See the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide for exemptions/exceptions.

Specific rules apply in relation to:

- Sexual harassment
- Pregnancy discrimination
- Accommodations for employees with disabilities
- Religious accommodations

See the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide for details.

Notice to employees

You must publicly display certain information for employees, which explains what their rights and benefits are. The Department of Labor and Industrial Relations (DLIR) has a free, all-in-one poster that includes required information on: Wage and Hour, Disability Compensation, Occupational Safety and Health, employment discrimination and whistleblower protection laws, Unemployment Insurance, business/plant closings, and military leave.

You can download the required information from the DLIR website, <http://hawaii.gov/labor/official-labor-law-poster>, or obtain a copy of an all-in-one poster by calling the Oahu office at 586-8842.

Smoke-Free Law

The Smoke Free Hawaii law creates fair and consistent statewide protection for the health of people who do not want to be subjected to secondhand smoke. Under the law, smoking is prohibited in certain areas. See the Overview of the Smoke Free Workplaces Law for prohibited areas and exceptions at

<http://hawaii.gov/health/healthy-lifestyles/tobacco/resources/documents/Hawaii%20Smoke%20Free%20Law%20Overview.pdf>.

Many states have enacted “right-to-work” laws that prohibit agreements requiring union membership or dues as a condition of employment.

Hawaii does not have such a right-to-work law and allows union contracts between an employer and a union.

Next steps and resources

Before hiring an employee, be prepared to follow the various labor laws.

- Review the Hawaii State Department of Labor and Industrial Relations Labor Law Requirements for New Employers guide at:
<http://hawaii.gov/labor/library/guidelines/New-Employer-Packet-11-20-08.pdf>
- Visit the Department of Labor and Industrial Relations website at:
<http://hawaii.gov/labor/>

Prepared by:
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