

Honolulu, Hawaii

Feb 17, 2006

RE: H.B. No. 2641
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2641 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC WORK PROJECTS,"

begs leave to report as follows:

The purpose of this bill is to expand and improve fair labor practices to all projects in which the government is involved by:

- (1) Requiring a construction project owner (owner) who undertakes a construction project for structures to be used by the State or a county to sign a lease agreement that certifies compliance with the State's Public Works Prevailing Wage Law (Public Works Law);
- (2) Requiring the owner to submit copies of the lease agreement to the Department of Labor and Industrial Relations (DLIR);
- (3) Requiring the owner to submit certified payrolls to the Department of Accounting and General Services (DAGS); and
- (4) Defining an "indirect public work project".

The Hawaii Carpenters Union testified in support of this bill. DLIR, DAGS, and the Associated Builders and Contractors, Inc. Hawaii Chapter opposed this measure.



Currently, the determination of prevailing wages is the responsibility of the Director of DLIR with a formula and guidelines for such determination established in the administrative rules. However, your Committee notes that questions regarding the necessity of paying prevailing wages were raised when government uses indirect methods for development and construction purposes, such as construction and development of structures to be used by the State but built by the private sector in return for lease agreements. Your Committee finds that prevailing wage laws should be applicable to these indirect public works projects.

Your Committee has amended this measure by:

- (1) Clarifying that an owner may sign an agreement, other than a lease, that certifies compliance with the State's Public Works Law;
- (2) Clarifying that an "indirect public works project" also means any project, including development of any housing pursuant to section 46-15 or chapter 201G, Hawaii Revised Statutes, and development, construction, renovation, and maintenance related to refurbishment of any real or personal property that will have received a government benefit;
- (3) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2641, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


KIRK CALDWELL, Chair



