

Honolulu, Hawaii
Feb 17, 2006

RE: H.B. No. 3036

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

Sir:

Your Committee on Economic Development & Business Concerns,
to which was referred H.B. No. 3036 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose of this bill is to establish fair and consistent
payment policies for all contractors involved in building projects
by:

- (1) Requiring the payment certifiers, or individual in
charge of making payments, to issue a certificate of
completion following the completion of a materialman's
or subcontractor's work; and
- (2) Requiring the owner or paying government agency to pay
the subcontractor within 30 days of the issuance of the
certificate of completion.

The International Union of Painters and Allied Trades
District Council 50, Ironworkers Local Union 625 Stabilization
Fund, Paradise Erectors, Inc., V & C Drywall Contractors, Inc., S
and M Welding Co., Ltd., Swanson Steel Company, Inc., South
Pacific Steel Corporation, Mutual Welding company, Ltd., Alaka'i
Mechanical Corporation, AA Electric, Ltd., Quality General, Inc.,
and a concerned individual testified in support of this bill.
Steel Fabricators and Erectors of Hawaii supported this measure
with an amendment. The Subcontractors Association of Hawaii
supported the intent of this measure. The Department of



Accounting and General Services, John H. Connors Insurance, Hawaii Surety Association, Building Industry Association, Walter Y. Arakaki General Contractor, Inc., Hidano Construction, Inc., General Contractors Association of Hawaii, Maui Contractors Association, Associated Builders and Contractors, Inc., and Laborers' International Union of North America Local 368, AFL-CIO opposed this measure.

Under the current system, subcontractors who are hired by general contractors to complete a portion of the larger project, do not receive payment for their services until the entire project is inspected and completed. Your Committee finds that further discussion is necessary in establishing long-term solutions that benefit both general and subcontractors.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3036 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business
Concerns,



JUN RIKI KARAMATSU, Chair



