

Honolulu, Hawaii

FEB 17, 2006

RE: S.B. No. 3004  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Housing,  
to which was referred S.B. No. 3004 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose of this Act is to accelerate a subcontractor's or  
materialman's right to payment upon completion of the subcontract  
or the furnishing of materials.

Testimony in support of this measure was submitted by Steel  
Fabricators and Erectors of Hawaii, AA Electric, Ltd., Mutual  
Welding Company, Ltd., V & C Drywall Contracts, Inc., Iron Workers  
Stabilization Fund, Swanson Steel Company, Inc., S and M Welding  
Co., Ltd., Alakai Mechanical, South Pacific Steel Corp.,  
Subcontractors Association of Hawaii, and one individual.  
Testimony in opposition was received from the Department of  
Accounting and General Services, Laborers' International Union of  
North America Local 368 AFL-CIO, General Contractors Association  
of Hawaii, BIA-Hawaii, Willocks Construction Corporation, Hidano  
Construction Inc., Mouse Builders Inc., Co-Ha Builders, Inc.,  
Isemoto Construction Co. Ltd., T.M.C. General Contracting Inc.,  
Actus Lend Lease LLC, Metzler Contracting Co. LLC., Koga  
Engineering & Construction, Inc., Associated Builders and  
Contractors, Inc., Lehua Management Services, Inc., Walter Y.  
Arakaki General Contractor, Inc., Constructors Hawaii Inc., Walter  
Moody Construction Company, Ltd., Canaan Construction, Ltd., King  
& Neel, Inc., Thurston-Pacific, Inc., HSI Mechanical Inc., 3-D  
Builders, LYZ Inc., CC Engineering & Construction, Inc., Hawaii



Surety Association, Ralph S. Inouye Co. Ltd., The Pacific Resource Partnership, Universal Construction, Inc., FLUOR, and two individuals.

This measure addresses a problem within the building industry. Materialmen and subcontractors often are at the mercy of general contractors when seeking the payment due to them upon completion of their work or upon their providing materials for a project. This problem is particularly serious for materialmen and subcontractors who are involved at the beginning of a project, when their work is completed or materials are furnished long before the project is completed. In many instances, subcontractors must wait many months, even years, before receiving full payment for their completed work. Often, the subcontractors are small family owned and run businesses that lack financial resources to withstand a long delay in receiving payments owed to them for work completed.

Your Committee finds that there is a need to give materialmen and subcontractors the right to payment upon furnishing of materials or completion of their work.

Your Committee has amended this measure by changing the effective date to July 1, 2050 to continue discussions.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3004, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce, Consumer  
Protection, and Housing,

  
RON MENOR, Chair



