

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 3034
S.D. 1

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

Sir:

Your Committees on Labor and Transportation and Government Operations, to which was referred S.B. No. 3034 entitled:

"A BILL FOR AN ACT RELATING TO PREVAILING WAGES,"

beg leave to report as follows:

The purpose of this measure is to require an indirect public works project to comply with the law relating to prevailing wages.

Specifically, this measure:

- (1) Establishes a new category of construction contracts:
"indirect public works projects";
- (2) Defines "indirect public works project" as a project, that has or will receive a government benefit, including a lease to the State or county of more than twenty-five percent of the public or private property; provided that:
 - (A) The lease was made before the construction contract became effective; or
 - (B) Construction was performed according to a government plan or specifications; and
- (3) Requires a construction project owner undertaking an indirect public works project to sign a lease or other agreement with the State or county indicating that the



owner will comply with the requirements of chapter 104, Hawaii Revised Statutes, and provide certification that prevailing wages will be paid as established under chapter 104.

Testimony in support of this measure was submitted by the Hawaii Carpenters Union. Testimony in opposition to this measure was submitted by the Department of Labor and Industrial Relations, the Department of Accounting and General Services, and the Hawaii Chapter of Associated Builders and Contractors, Inc.

Your Committees find that in order to ensure continuity and equitable standards among laborers and mechanics throughout the State, the scope of the prevailing wages law should be extended to include certain types of private projects that involve structures leased by the State by agreement prior to construction. It is not the intent of your Committees that this measure extend to residential home remodeling where individual homeowners receive a government benefit of a real estate tax exemption, but instead to those projects where a privately owned building is to be leased back or turned over to the State or a county. Under these circumstances, state or county purposes are served, therefore warranting inclusion under the Hawaii's Davis Bacon Act, chapter 104, Hawaii Revised Statutes. Your Committees determine that the establishment of clear standards in the law will provide equally patent guidelines for the Department of Labor and Industrial Relations to follow in its enforcement of prevailing standards.

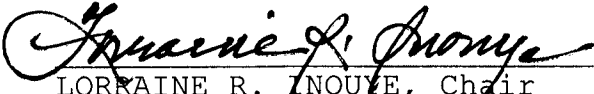
Accordingly, your Committees have amended this measure by:

- (1) Specifying that the agreement entered into by a construction project owner undertaking an indirect public works project and the State or county can be either a lease or other agreement;
- (2) Removing language that provides that the work to be completed on the real or personal property that is the subject of an indirect public works project serve a compelling state or county interest, as it is already presumed that the State or counties are engaging in activity that is in the interest of the State or county; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and preferred drafting style.



As affirmed by the records of votes of the members of your Committees on Labor and Transportation and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3034, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3034, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Labor and
Transportation and Government
Operations,



LORRAINE R. NOUVE, Chair


BRIAN KANNO, Chair



The Senate
Twenty-Third Legislature
State of Hawaii

Record of Votes of the
Committee on Labor
(Bills and Resolutions)

| | | | | |
|---|--|-------------------------|------|-------------------|
| Measure:* SB 3034 | Committee Referral: LBR / TGO, NAM | Date: 2/14/06 | | |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313) | | | | |
| Members | Ayes | Ayes(WR) | Nays | Excused |
| KANNO, Brian (C) | ✓ | | | |
| IHARA, Jr., Les (VC) | | ✓ | | |
| TANIGUCHI, Brian T. | | | | ✓ ✗ |
| SLOM, Sam | | | ✓ | ✗ |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTAL | 1 | 1 | 0 | 1 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature:  | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Do not list more than one measure per Record of Votes.