

STAND. COM. REP. NO. 48

Honolulu, Hawaii

Feb 5, 2007

RE: H.B. No. 863

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 863 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) Expanding public works to private construction contracts if more than 50 percent of the assignable square footage of the construction project is assigned or leased for use by government under certain conditions;
- (2) Requiring a construction project owner (owner) who undertakes a construction project for structures to be used by government to:
 - (A) Sign a lease agreement that certifies compliance with the State's Public Works Prevailing Wage Law (Public Works Law);
 - (B) Submit copies of the lease agreement to the Department of Labor and Industrial Relations (DLIR) and Department of Accounting and General Services (DAGS); and



(C) Submit certified payrolls to the governmental leasing agency or governmental agency accepting the construction project for its use;

and

(3) Clarifying that the governmental leasing agency or governmental agency accepting the construction project for its use is the governmental contracting agency for the construction project.

The Hawaii Carpenters Union testified in support of this bill. DLIR opposed this measure.

Currently, the determination of prevailing wages on public works projects is the responsibility of the DLIR Director. However, your Committee finds that government agencies are using indirect methods to develop and construct projects where the government agency is not the contractor for the project. These indirect methods include the construction and development of structures to be used by government but built by the private sector in return for lease agreements. It is these situations that questions are often raised whether prevailing wages must be paid on these projects. This bill attempts to clarify this confusion.

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. 863 and recommends that it pass Second Reading and be referred to the Committee on Economic Development & Business Concerns.

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



ALEX M. SONSON, Chair



