

STAND. COM. REP. NO.

198

Honolulu, Hawaii

FEB 19 2009

RE: S.B. No. 1181
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Labor, to which was referred S.B. No. 1181
entitled:

"A BILL FOR AN ACT RELATING TO LABOR,"

begs leave to report as follows:

The purpose of this measure is to require the Department of
Labor and Industrial Relations to use a standard reporting form to
report the fringe benefit rate paid to laborers who perform work
for the construction of public works projects.

Fringe benefits are a component of the prevailing wage, which
is required to be paid to laborers on public works projects
pursuant to chapter 104, Hawaii Revised Statutes. In making
prevailing wage determinations, Act 229, Session Laws of Hawaii
2005, requires the Director of Labor and Industrial Relations to
select the modal rate, or the rate of the greatest number of
employees in the State, as the prevailing wage rate in a
corresponding class of laborers. Since this requirement favors
collective bargaining rates for certain classifications due to the
large number of union workers in certain labor markets, the
Department of Labor and Industrial Relations uses this method to
calculate prevailing wage rates for union workers, and conducts
surveys or uses average wages to determine prevailing wage rates
for labor classifications that do not have corresponding union
rates or modal rates.

Testimony in support of this measure was submitted by one
organization. Testimony in opposition to this measure was

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submitted by one state agency. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that the current reporting of fringe benefits by employers is inadequate, and that there should be a reasonable way for laborers to determine the itemization of their fringe benefits through public records. Employers are currently only required to check a box indicating that they are in compliance with the payment of fringe benefit wages required under chapter 104, Hawaii Revised Statutes. Hourly wages, but not fringe benefits, are listed as itemized payments to prove compliance.

Your Committee finds that the Department of Labor and Industrial Relations already conducts annual surveys to determine prevailing wage rates for job classifications that are not updated according to prevailing wage rates from collective bargaining agreements, and that the provision in this measure to conduct biannual surveys is unnecessary. Your Committee also finds that the portion of the proposed section 104-2(b)(1)(C), Hawaii Revised Statutes, that lists the required itemizations for the fringe benefit reporting form would be more appropriately codified under section 104-3, Hawaii Revised Statutes, relating to payrolls and payroll records.

Your Committee notes the concern that requiring the reporting of certain fringe benefit information on certified payroll may reveal proprietary information. However, your Committee believes that fringe benefits are monies that belong to the laborers and that laborers, therefore, should be able to easily access the itemization of their fringe benefits.

Your Committee has accordingly amended this measure as follows:

- (1) By eliminating the portion of the proposed section 104-2(b)(1)(C), Hawaii Revised Statutes, that requires the Department of Labor and Industrial Relations to determine the prevailing cost of fringe benefits through a biannual survey;
- (2) By deleting the portion of the proposed section 104-2(b)(1)(C), Hawaii Revised Statutes, that lists the required itemizations of the fringe benefit reporting

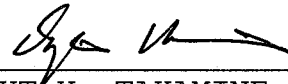


form, and reinserting it into section 104-3(a), Hawaii Revised Statutes;

- (3) By amending the effective date to July 1, 2050, for the purpose of encouraging further discussion; and
- (4) By making technical, nonsubstantive amendments for the purposes of clarity and consistency and to correctly reflect the language in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1181, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1181, S.D. 1, and be referred to the Committee on Judiciary and Government Operations.

Respectfully submitted on
behalf of the members of the
Committee on Labor,



DWIGHT Y. TAKAMINE, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Labor
LBR

Bill / Resolution No.:*	Committee Referral:	Date:		
SB1181	LBR, J60	2-17-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <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	Aye	Aye (WR)	Nay	Excused
TAKAMINE, Dwight Y. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
BUNDA, Robert	✓			
HEE, Clayton	✓			
SLOM, Sam	✓			
TOTAL	5	0	0	0
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				

*Only one measure per Record of Votes