

STAND. COM. REP. NO. 1206

Honolulu, Hawaii

March 25, 2009

RE: S.B. No. 19  
S.D. 1  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 19, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this bill is ensure a well-trained workforce for future construction projects by:

- (1) Providing a preference for bidders on a construction contract with an estimated value of not less than \$250,000 entered into under Hawaii's Procurement Law if the contractor is a party to an apprenticeship agreement that is registered with the Department of Labor and Industrial Relations (DLIR);
- (2) Requiring a compliance officer to consider the actual number of apprentices enrolled in and the annual number of graduates from an apprenticeship program when determining whether an apprenticeship program conforms with Hawaii's apprenticeship law for the purpose of providing a preference on a contract;
- (3) Requiring a bidder or offeror to furnish written proof of being a party to an apprenticeship agreement;
- (4) Establishing requirements for compliance duration; and



- (5) Establishing penalties for non-compliance.

The Hawaii Carpenters Union, Laborers' International Union of North America Local 368, and Hawaii Building & Construction Trades Council, AFL-CIO, testified in support of this bill. DLIR and the Building Industry Association of Hawaii testified in opposition to this measure.

The economic downturn currently being faced across the nation, including in Hawaii, has resulted in both state and federal governments looking to public works projects as a near term means of stimulating the economy. As public works are expected to play a large role in immediate, as well as longer term, economic recovery efforts, it will be essential for the state to have a well-trained workforce skilled in the various construction trades. As many of these individuals gain their best knowledge of a particular trade through apprenticeship programs, providing incentives for contractors to offer and maintain these programs will work toward developing the necessary skilled workforce to carry on public works projects for years to come.

Your Committee has amended this bill by clarifying that:

- (1) For a bidder to receive a preference for a construction contract entered into under Hawaii's Procurement Law, the contractor must have a written agreement with an apprenticeship program registered with DLIR rather than simply being a party to an apprenticeship agreement;
- (2) The bidder or offeror must submit written proof of this written agreement with an apprenticeship program rather than written proof of being a party to an apprenticeship agreement; and
- (3) The bidder or offeror must certify monthly, in writing, that the bidder or offeror continues to have a written agreement with an apprenticeship program rather than simply being a party to an apprenticeship agreement; and
- (4) Penalties for non-compliance will be based on the bidder having a written agreement with an apprenticeship program rather than being a party to an apprenticeship agreement.



Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

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 S.B. No. 19, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 19, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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



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KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-fifth Legislature

**Record of Votes of the Committee on Labor & Public Employment**

<b>Bill/Resolution No.:</b> SB 19, SDI	<b>Committee Referral:</b> LAB, FIN	<b>Date:</b> 3-20-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
<b>The recommendation is to:</b> <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.	/			
6. KEITH-AGARAN, Gilbert S.C.	/			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.	/			
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.				✓
11. TAKUMI, Roy M.	/			
12. PINE, Kymberly Marcos	/			
<b>TOTAL (12)</b>	11	-	-	1
<b>The recommendation is:</b> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
<b>Vice Chair's or designee's signature:</b> _____ 				
<b>Distribution:</b> Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				