

LINDA LINGLE
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DARWIN L.D. CHING
DIRECTOR

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STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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March 2, 2009

To: The Honorable Marcus R. Oshiro, Chair
and Members of the House Committee on Finance

Date: Tuesday, March 3, 2009
Time: 1:00 p.m.
Place: Conference Room 308
State Capitol

From: Darwin L.D. Ching, Director
Department of Labor and Industrial Relations

Re: H.B. No. 1479, HD1 - Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. No. 1479, HD1 amends the Wages and Hours of Employees on Public Works, Chapter 104, Hawaii Revised Statutes ("HRS") to require a certified copy of an itemized list of fringe benefits be submitted to the contracting agency on a standardized reporting form.

This Act is effective July 1, 2009.

II. CURRENT LAW

Specific fringe benefit information is already reported and recorded, but kept confidential as proprietary information.

III. HOUSE BILL

The Department supports the intent of H.B. 1479, HB1 but has the following concerns:

1. The current certified payroll that is required under Section 104-3, already includes the basic hourly rate and the cost of fringe benefits in order to report the correct prevailing wage. Requiring a separate certified copy of fringe benefits, as this amendment reads, is redundant and is meaningless without the complete payroll information as currently required on the certified payroll.

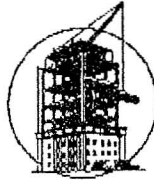
If there is a question that the entire prevailing wage amount has not been paid, the Wage Standards Division investigates confidential contractors' records including the cost of fringe benefits and the basic hourly wage payroll records.

We suggest the following minor amendments:

Line 5 & 6 on page 1

Replace "and a certified copy" with "including an itemized list" to read:

- “ . . . a provision that a certified copy of payrolls including an itemized list of the cost of fringe benefits shall be submitted weekly . . . ”
2. Requiring contractors to submit their certified payrolls and fringe benefits on a form supplied by the Department will impair many contractors in submitting the information on a timely basis because they will not be able to use their customary programs for payroll. We therefore suggest omitting all the new material on lines 7 and 8 on page 1.
 3. Requiring a standard form for use in reporting fringe benefits or certified payroll will require more time to get the word out for compliance and have contractors incorporate any form into their payroll programs, so we recommend extending the effective date to January 1, 2010.
 4. This measure is unnecessary and will further contribute to making bidding and working on public works more complicated and deter contractors from working on public works. When fewer contractors bid, this hurts the State's ability to get quality work at reasonable prices.



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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NOLAN MORIWAKI
President
Bricklayers & Ceramic Tile Setters
Local 1 & Plasterers/Cement
Masons Local 630

March 3, 2009

JOSEPH O'DONNELL
Vice President
Iron Workers Local 625

Honorable Representative Marcus R. Oshiro, Chair
Honorable Representative Marilyn B. Lee, Vice Chair
Members of the House Committee on Finance
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

DAMIEN T. K. KIM
Financial Secretary
International Brotherhood of
Electrical Workers Local 1166

ARTHUR TOLENTINO
Treasurer
Sheet Metal Workers I.A. Local 293

RE: IN SUPPORT OF HB 1479, HD1
RELATING TO LABOR.
Hearing: Tuesday, March 3, 2009, 1:00 p.m., Conf. Room 308

MALCOLM K. AHLG
Sergeant-At-Arms
Carpal, Linoleum, & Soft Tile
Local 1296

Dear Chair Oshiro, Vice Chair Lee and the House Committee on Finance:

ALD CASTANARES
Members & Fitters Local 675

For the Record my name is Buzz Hong the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

THADDEUS TOMEI
Elevator Constructors Local 125

The Council SUPPORTS the passage of HB 1479, HD1 requires a certified copy of a fringe benefit reporting form supplied by the department of labor and Industrial relations to be submitted weekly to the governmental contracting agency for review on public works projects. Requires an itemized list of fringe benefit costs paid for each employee by the general contractor or subcontractor to laborers and mechanics on public works projects.

JOSEPH BAZEMORE
Drywall, Tapers, & Finishers
Local 1944

Thank you for the opportunity to submit this testimony in support of HB 1479, HD1.

RICHARD TAGGERE
Glaziers, Architectural Metal &
Glassworkers Local Union 1889

Sincerely,

VAUGHN CHONG
Roofers, Waterproofers & Allied
Workers United Union of Roofers
Local 221

William "Buzz" Hong
Executive Director

MARY AYCOCK
Boilermakers, Ironship Builders
Local 627

WBH/dg

LYNN KINNEY
District Council 50
Painters & Allied Trades
Local 1791

JALANI MAHOE
Operating Engineers Local 3

EDWARD SEBRESOS
National Assoc. of
Roof Insulators
Allied Workers Local 132



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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

March 2, 2009

TO: THE HONORABLE REPRESENTATIVE MARCUS R. OSHIRO, CHAIR AND
MEMBERS OF COMMITTEE ON FINANCE

SUBJECT: H.B. 1479, RELATING TO LABOR

NOTICE OF HEARING

DATE: Tuesday, March 03, 2009
TIME: 1:00 P.M.
PLACE: Conference Room 308

Dear Chair Oshiro and Committee Members:

The General Contractors Association of Hawaii (GCA), an organization comprised of over five hundred and sixty (560) general contractors, subcontractors, and construction related firms, supports the passage of H.B. 1479, HD1, Relating to Labor.

The bill as amended will require the general contractor and sub contractor to submit an itemized list of fringe benefits that are paid to each employee. Currently the fringe benefits merely require a total dollar amount that of the fringe benefits, which makes it difficult for the DLIR, to determine if the total fringe benefit reported is actually fringe benefits.

Passage of this bill will enable the DLIR to quickly determine if the correct fringe benefits paid a part of the prevailing wage is correct.

The GCA supports the passage of H.B.1479 HD1, and recommends it passage.

Thank you for the opportunity to provide our views on this issue.

March 3, 2009

To: The Honorable Marcus Oshiro, Chair
and members of the Finance Committee

Date: March 3, 2009

Time: 1:00 pm

Place: Conference room 308
State Capitol

From: Myles Miyasato Big Island Representative
Operating Engineers Union Stabilization

Re: H.B. 1479 HD 1

I would like to speak in support of the purpose and intent of HB 1479 HD 1. As drafted, this bill will keep our public monies accountable and be available for public records as it should be. Presently all that is required is a check mark in a box to state that you are in compliance with the payment of fringe benefit wages. Only the hourly wages are listed as itemized payments to prove compliance.

The current fringe wages for our trade is \$22.13 an hour which comes out to \$885.20 per week in fringes only. When I review certified payrolls, the fringe wage usually has nothing left from the \$885.20 it's amazing how some employers can find benefits to cost the exact amount to the penny with no balance pay back to the employee.

I have had employees call me after being released from employment and not receiving any information about their supposed pension that the employer had been contributing into. Because there is no public record I cannot help them and can only tell them to go to the labor board and file a complaint. The problem is they are afraid to do this because they know there will be no chance for future employment with that company.

According to Administrative Rules 12-22-1 cost of a fringe benefit means the rate of contribution irrevocably made by a contractor to a trustee or to a third person pursuant to a fund, plan, or program in providing benefits. Irrevocable would mean that the balance of each employee's fringe wages should be included in their pay check weekly.

I urge the committee to pass H.B. 1479 HD 1. Thank you for this opportunity to testify.