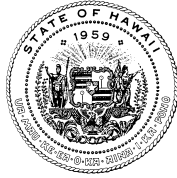


LINDA LINGLE
GOVERNOR



DARWIN L.D. CHING
DIRECTOR

COLLEEN Y. LaCLAIR
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**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 18, 2009

To: The Honorable Dwight Y. Takamine, Chair
and members of the Senate Committee on Labor

Date: Thursday, March 19, 2009

Time: 2:45 p.m.

Place: Conference Room 224
State Capitol

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

Re: H.B. No. 1479, H.D. 2 - Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. No. 1479, H.D. 2 amends the Wages and Hours of Employees on Public Works, Chapter 104, Hawaii Revised Statutes ("HRS") to require an itemized list of fringe benefits be included on the certified payroll submitted to the contracting agency.

This Act is effective July 1, 2020.

II. CURRENT LAW

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

III. HOUSE BILL

The Department does not support H.B. 1479, H.D. 2:

1. The Department has always treated the reporting of fringe benefits confidential as proprietary information of the business. This measure changes that policy. All

certified payrolls will require a listing of fringe benefits paid to each laborer or mechanic. The Department regularly reviews this information from contractors and subcontractors on public works during investigations.

2. This measure is not needed as indicated by an extensive random review involving contractors and subcontractors on public works jobs in fiscal year 2007. One hundred and seven random investigations of contractors and subcontractors on public works resulted in only four 1st Notices of Violations (NOV) issued with a total of \$8,236 in wages, overtime and penalties found due. In comparison to the nine Notices of Violations (six 1st NOV, three 2nd NOV) were issued as a result of the 26 complaints investigated yielding a total \$211,208 in wages, overtime and penalties. This translates to less than 4% of those randomly reviewed had violations, as opposed to 35% of complaint investigations. Even in the complaint environment we find mostly compliance. Figures in fiscal 2008 support this data.
3. Adding this additional requirement of listing specific fringe benefits to each laborer and mechanic on the public certified payroll will be a undue burden to most contractors and subcontractors on public works, especially small business. Adding yet another requirement to this already complicated law that already treats common overtime and wage payment issues differently than the rest of the Hawaii's employees does not support the economy during this particular economic downturn. With the mandatory penalty structure in Chapter 104, Wages and Hours of Employees on Public Works, this requirement is sure to cause an increase in penalties to both union and non-union contractors.



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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DEEUS TOMEI
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Marine Constructors Local 128

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Local 1944

WARD TAGGERE
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Architectural Metal &
Workers Local Union 1889

JOHN CHONG
President
Waterproofers & Allied
Trades United Union of Roofers
Local 221

BOB AYCOCK
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Local 827

BOB KINNEY
President
Counsellors & Allied Trades
Local 1791

BOB MAHOE
President
Civil Engineering Local 3

BOB SEBRESO
President
National Assoc. of
Frost Insulators
Local 132

March 19, 2009

Honorable Senator Dwight Y. Takamine, Chair
Honorable Senator Brian T. Taniguchi, Vice Chair
Members of the Senate Committee on Labor
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: **IN SUPPORT OF HB 1479, HD2**
Relating to Labor
Hearing: Thurs., March 19, 2009, 2:45 p.m. – Room 224

Dear Chair Takamine, Vice Chair Taniguchi and the Senate Committee
on Labor:

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.

The Council **SUPPORTS** the passage of HB 1479, HD2 requiring the
certified copy of payroll that is submitted to the governmental
contracting agency, include 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.

Thank you for the opportunity to submit this testimony in support
of HB 1479, HD2.

Sincerely,

William "Buzz" Hong
William "Buzz" Hong
Executive Director

WBH/dg