



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership
House Committee on Legislative Management
Representative James Kunane Tokioka, Chair
Representative Blake Oshiro, Vice Chair

SCR 132, SD1 – REQUESTING THE SENATE PRESIDENT
AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
TO ESTABLISH A TASK FORCE TO DETERMINE THE ECONOMIC VALUE OF
CONSTRUCTION IN HAWAII

• Tuesday, April 28, 2009
3:30 p.m.
Conference Room 309

Chair Tokioka, Vice Chair Oshiro and Members of the House Committee on Legislative Management:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union.

PRP strongly supports SCR 132, SD1 – Requesting the Senate President and the Speaker of the House of Representatives to Establish a Task Force to Determine the Economic Value of Construction in Hawaii. The construction industry is important to Hawaii's economy, contributing approximately \$3,400,000,000 to the State's economy and employing over six percent of the State's workforce in 2008. We support the resolution for the following reasons:

- Global/national credit crisis has worsened the outlook for construction in Hawaii
 - Commercial and resort building are practically at a standstill due to lack of financing options and higher equity and pre-sale requirements to ensure that a project is considered to be safe
- Residential construction will continue to slow down as wealth deteriorates due to the financial market crisis and people's apprehension to spend money during these times -- low consumer confidence.
- University of Hawaii Economic Research Organization (UHERO) forecasts a 10% drop in construction jobs in 2009 and an additional 7% in 2010.
- UHERO forecasts a 30% decline in overall construction spending during 2009-2010.
- UHERO estimates that the State Highway Modernization Plan and Oahu Rail Mass Transit project may provide a boost to the industry in the medium term, adding nearly \$2 billion in annual real contracting receipts and 6,000 additional jobs by 2013.
- According to the People's Pulse Survey, winter 2008, 65% of respondents felt that the construction industry was "very important" in generating jobs for the State of Hawaii.

- According to the People's Pulse Survey, winter 2008, 58% "strongly agree" that the construction industry supports others businesses and creates jobs in other related businesses.
- According to the People's Pulse Survey, winter 2008, 49% "strongly agree" that if the government helps the construction industry in bad economic times, it will help to improve Hawaii's economy overall.
- Statewide, roughly 40% of the 7,600 Hawaii Carpenter's Union (Local 745) members are unemployed.
- Neighbor islands are hit even harder as the Big Island has up to 75% of Hawaii Carpenter's Union (Local 745) members unemployed.

Thank you for the opportunity to share our views with you and we respectfully ask for your consideration on SCR 132, SD1.