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# A BILL FOR AN ACT

RELATING TO CONSTRUCTION SITES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawaii's economy is  
2 driven by thousands of businesses that provide essential goods,  
3 services, and jobs. However, an underground economy exists that  
4 threatens the ability of legitimate businesses to effectively  
5 compete in the marketplace. Underground business operations  
6 typically:

- 7           (1) Avoid licensing requirements;
- 8           (2) Pay wages in cash, avoiding payroll taxes,  
9           unemployment insurance, disability insurance, personal  
10           income tax, and paid family leave;
- 11           (3) Employ vulnerable workers, new immigrants, and  
12           economically disadvantaged individuals;
- 13           (4) Fail to pay minimum wages required by state and  
14           federal law;
- 15           (5) Fail to carry workers' compensation insurance; and  
16           (6) Avoid worker and workplace safety requirements.

17           The legislature further finds that underground business  
18 operations drive down wages, create harsh working conditions,



1 and undercut a legitimate business' profit margins. Underground  
2 business operations are a threat to the state's economy,  
3 workforce, and consumers.

4 The purpose of this Act is to create a construction site  
5 inspection task force to investigate and inspect construction  
6 sites for unlicensed contractors.

7 SECTION 2. Chapter 444, Hawaii Revised Statutes, is  
8 amended by adding a new section to be appropriately designated  
9 and to read as follows:

10 "§444- Construction site inspection task force. (a)

11 The director shall establish a construction site inspection task  
12 force attached to the department for administrative purposes.

13 The task force shall include:

14 (1) The director, or the director's designee, who shall  
15 serve as the chairperson of the task force;

16 (2) At least two representatives from the department,  
17 other than the director; and

18 (3) A representative from each county permitting  
19 department.

20 (b) The construction site inspection task force shall:

21 (1) Facilitate and encourage the development and sharing  
22 of information by the participating agencies necessary



1 to combat unlicensed contractor activity, including a  
2 shared automated information database system, the use  
3 of common business identification numbers, and a  
4 centralized debt-collection system;

5 (2) Improve the coordination of activities among the  
6 participating agencies;

7 (3) Develop methods to pool, focus, and target the  
8 enforcement resources of the participating agencies to  
9 deter unlicensed contractor activity and maximize  
10 recoveries from violators of applicable laws and  
11 rules; and

12 (4) Reduce enforcement costs wherever possible by  
13 eliminating duplicative audits and investigations.

14 (c) In addition, the task force may:

15 (1) Form joint enforcement teams to use the existing  
16 collective investigative and enforcement capabilities  
17 of the participating members, including inspectors  
18 appointed by the director or by participating  
19 agencies. The joint enforcement teams shall conduct  
20 site inspections on sites suspected of engaging in  
21 unlicensed contractor activity. The teams shall also



- 1           conduct random site inspections to ensure compliance  
2           with existing laws;
- 3           (2) Solicit the cooperation and participation of other  
4           state and local agencies in carrying out the  
5           objectives of the task force;
- 6           (3) Establish procedures for soliciting referrals from the  
7           public, including an advertised telephone hotline;
- 8           (4) Develop procedures to permit the use of civil  
9           sanctions in lieu of criminal actions wherever  
10           possible; and
- 11           (5) Evaluate the need for statutory changes to achieve the  
12           purposes of this section, including:
- 13           (A) Eliminating barriers to interagency information  
14           sharing;
- 15           (B) Improving the ability of the participating  
16           agencies to audit, investigate, and prosecute  
17           violations;
- 18           (C) Deterring violations and improving voluntary  
19           compliance;
- 20           (D) Establishing centralized, automated debt  
21           collection services for the participating  
22           agencies; and



1           (E) Emphasizing civil penalties instead of criminal  
2           ones whenever possible.

3           (d) For the purposes of this section, members of any joint  
4 enforcement team formed by the task force pursuant to subsection  
5 (c) (1) may enter at reasonable times, without prior notice, any  
6 property, public or private, for the purpose of investigating  
7 and inspecting the condition or operation of any construction  
8 site thereon.

9           (e) The task force shall submit an annual report to the  
10 legislature no later than twenty days before the convening of  
11 each regular session. The report shall include the following:

12           (1) The number of cases of violations and noncompliance  
13 under this chapter identified, audited, investigated,  
14 or prosecuted through civil action or referred for  
15 criminal prosecution;

16           (2) Actions taken by the task force to publicize its  
17 activities; and

18           (3) Recommendations for any legislation needed to  
19 accomplish the goals described in subsection (c) (5).

20           (f) Beginning July 1, 2010, for each biennial payment of  
21 the fees required by section 444-15, the licensee shall pay to  
22 the director an additional fee of \$20 that shall be deposited



1 into a separate account in the compliance resolution fund.  
2 Payments under this subsection shall be used to fund the  
3 operations of the task force."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect on July 1, 2020.



**Report Title:**

Construction Site Inspection Task Force

**Description:**

Establishes a Construction Site Inspection Task Force to be led by the Department of Commerce and Consumer Affairs to investigate and inspect construction sites for unlicensed contractors. Effective July 1, 2020. (SB2220 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

