
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, allowing the avoidance of payroll
9 taxes, unemployment insurance, disability insurance,
10 personal 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 of commerce and consumer
13 affairs for administrative purposes. The director, or the
14 director's designee, shall serve as chairperson of the
15 construction site inspection task force. The task force shall
16 include at least two representatives from the department of
17 commerce and consumer affairs other than the director. The task
18 force shall also include a representative from each county
19 permitting 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
2 shared automated information database systems, the use
3 of a common business identification number, 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 shall have the authority

15 to:

16 (1) Form joint enforcement teams to use the existing
17 collective investigative and enforcement capabilities
18 of the participating members, including inspectors
19 appointed by the director or by participating members.

20 The joint enforcement teams shall conduct site
21 inspections on sites suspected of engaging in
22 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 all of the
12 following:

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

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

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

21 (f) Beginning July 1, 2010, for every payment of fees into
22 the compliance resolution fund pursuant to section 26-9(o) as a



1 condition of a license issued under this chapter, the licensee
2 shall pay to the director an additional fee of \$20 that shall be
3 deposited into a separate account in the compliance resolution
4 fund. Payments under this subsection shall be used to fund the
5 operations of the task force."

6 SECTION 3. New statutory material is underscored.

7 SECTION 4. This Act shall take effect on July 1, 2010.



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. (HB2899 HD1)

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