



LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

RONALD BOYER
ACTING DIRECTOR

RODNEY A. MAILE
DEPUTY DIRECTOR

PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON
FINANCE

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

MONDAY, MARCH 29, 2010
6:00 P.M.

WRITTEN TESTIMONY ONLY

TESTIMONY ON SENATE BILL NO. 2220 S.D.1 H.D.1
RELATING TO CONSTRUCTION SITES

TO THE HONORABLE MARCUS R. OSHIRO, CHAIR,
AND TO THE HONORABLE MARILYN B. LEE, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 2220 S.D.1 H.D.1, Relating To Construction Sites. My name is Jo Ann Uchida, Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following comments on the bill.

Senate Bill No. 2220 S.D.1 H.D.1 amends Chapter 444, Hawaii Revised Statutes, the Contractor law, to establish a construction site inspection task force

to investigate and inspect construction sites for unlicensed contractors. The task force shall include the Department's Director or designee, two representatives from the Department, and a representative from each county permitting department. The task force, among other things, shall facilitate information sharing, improve the coordination of activities, and develop methods to pool resources to deter unlicensed contractor activity. The task force is authorized to form joint enforcement teams to conduct site inspections on sites where unlicensed contractor activity is suspected and to conduct random site inspections to ensure compliance with licensing laws.

Senate Bill No. 2220 S.D.1 H.D.1 also requires the task force to submit an annual report to the Legislature on 1) the number of cases identified, audited, investigated, or prosecuted; 2) the actions taken by the task force to publicize its activities; and 3) recommendations for any legislation. The bill also provides for a \$20 increase in Compliance Resolution Fund fees paid by licensed contractors to fund the operations of the task force.

RICO acknowledges that the purpose of the bill is laudable and appreciates efforts to facilitate more effective enforcement of State contracting laws. RICO notes, however, that the bill as originally drafted and the S.D.1 included representatives from the Department of Labor and the Department of Taxation and was modeled after similar legislation in California. In light of the fiscal impact on those departments, the H.D.1 reduced the participating agencies to the Department of Commerce and Consumer Affairs and the counties but left the basic mandate of

the Task Force unchanged. As such, the Task Force as set forth in the H.D.1 will not be able to accomplish much of what was envisioned in the original bill.

Moreover, the Department is aware that each of the counties now have their own fiscal challenges and as such is concerned about the whether the Task Force realistically can be implemented at this time. The current economic situation of the various government agencies do not appear to be conducive to adding additional responsibilities at this time. We therefore urge the Committee to take serious consideration of the budgetary constraints the Task Force participants face before creating new responsibilities.

Thank you for this opportunity to testify on Senate Bill No. 2220 S.D.1 H.D.1. I will be happy to answer any questions that the members of the Committee may have.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON FINANCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Monday, March 29, 2010
6:00 p.m.

**TESTIMONY ON SENATE BILL NO. 2220, S.D. 1, H.D. 1, RELATING TO
CONSTRUCTION SITES.**

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

My name is Denny Sadowski, Legislative Chair of the Contractors License Board ("Board"). Thank you for this opportunity to present testimony on Senate Bill No. 2220, S.D. 1, H.D. 1, which establishes a construction site inspection task force to target unlicensed contractor activity, including the creation of joint enforcement teams to conduct site inspections.

The Board supports the intent of this bill, as unlicensed activity continues to be a problem in the construction industry. We defer to the Department of Commerce and Consumer Affairs on whether it has the resources to undertake this responsibility at this time.

Thank you for the opportunity to testify on this measure.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

March 29, 2010

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

SUBJECT: S.B. 2220, SD1 HD1 RELATING TO CONSTRUCTION SITES.

NOTICE OF HEARING

DATE: Monday, March 29, 2010
TIME: 6:00 P.M.
PLACE: Conference Room 308

Dear Chair and Members of the Committee:

The General Contractors Association (GCA), an organization comprised of over five hundred and seventy (570) general contractors, subcontractors, and construction related firms, **supports** the passage of S.B. 2220, SD1 HD1 Relating to Construction Sites. This bill would create a construction site inspection task force to investigate and inspect construction sites for unlicensed contractors, illegal workers, and workplace safety violations.

The GCA feels that such a joint task force could more effectively and, in the long term, more economically deal with those that deliberately violate contractor licensing, labor and safety laws. There is also a provision to establish procedures for soliciting referrals from the public via telephone hotline and sharing of automated data systems. All of which should lead to more effective and timely responses to alleged unlicensed, illegal or unsafe construction site activities.

The GCA **supports** the passage of S.B. 2220, SD1 HD 1 Relating to Construction Sites.

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



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO
Gentry Pacific Design Center, Suite 215A * 560 N. Nimitz Highway, #50 * Honolulu, Hawaii 96817
(808) 524-2249 - FAX (808) 524-6893

NOLAN MORIWAKI

President

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

JOSEPH O'DONNELL

Vice President

Iron Workers Local 625

DAMIEN T.K. KIM

Financial Secretary

International Brotherhood of
Electrical Workers Local 1186

ART TOLENTINO

Treasurer

Sheet Metal Workers I.A. Local 293

MALCOLM K. AHLO

Sergeant At Arms

Carpet, Linoleum, & Soft Tile
Local 1296

REGINALD GASTANARES

Trustee

Plumbers & Fitters Local 676

THADDEUS TOMEI

Elevator Constructors Local 126

JOSEPH BAZEMORE

Drywall, Tapers, & Finishers
Local 1944

RICHARD TAGGERE

Glaziers, Architectural Metal &
Glassworkers Local 1944

GARY AYCOCK

Boilermakers, Ironship Builders
Local 627

LYNN KINNEY

District Council 50
Painters & Allied Trades Local 1791

EUGENE SOQUENA

Operating Engineers Local 3

DOUGLAS FULP

International Assoc. of Heat & Frost
Insulators & Allied Workers Local 132

RONAN KOZUMA

Hawaii Teamsters & Allied
Workers Local 996

PETER GANABAN

Laborers' International Union of
North America Local 368

VAUGHN CHONG

Roofers, Waterproofers & Allied
Workers United Union of Roofer
Local 221

March 29, 2010

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

RE: **IN SUPPORT OF SB 2220, SD1, HD1**
RELATING TO CONSTRUCTION SITES

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

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 **SB 2220, SD1, HD1** that 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.

Thank you for the opportunity to submit this testimony in support of **SB 2220, SD1, HD1**.

Sincerely,

William "Buzz" Hong
Executive Director

WBH/kb

Testimony In Support of
S.B. 2220 S.D.1, H.D.1
Relating to Construction Sites

By Al Lardizabal, Director of
Government Relations
Hawaii Laborers' Union

March 29, 2010
6:00 p.m.
State Capitol, Room 308

To the Committee on Finance

Representative Marcus Oshiro, Chairman and Members of the Committee on Finance:

The Hawaii Laborers' Union strongly supports this measure that attempts to actively address the problem of unlicensed and illegal construction activities in Hawaii. We support efforts to assist legitimate Hawaii contractors to compete on fair grounds.

We have a concern however, that the bill may be construed as a mandate for the counties to provide a representative from the permitting department and thus require funding. This should be clarified.

We would suggest that the public be invited to report observed unlicensed activities and invite representatives from construction associations and groups including union and non-union entities to assist the task force through information acquired from their own sources and site visitations.

We suggest too that a heavy fine be imposed on those culprits that break the laws to help pay for some of the expenses incurred by the task force. A small fine or slap on the wrist may be just the "cost of doing business" to unscrupulous contractors.

We appreciate the opportunity to submit this testimony.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

94-487 Akoki Street
Waipahu, Hawaii 96797

March 29, 2010

Honorable Marcus Oshiro, Chair
Committee on Finance
State Capitol, Room 308
Honolulu, HI 96813

RE: SB 2220, HD1 Relating to Construction Sites

Dear Chair Oshiro and Members of the Committee on Finance:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports SB 2220, HD1 Relating to Construction Sites

The purpose of the bill is to establish 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, illegal workers, and workplace safety violations. A multi-disciplinary team such as the one that would be established by the enactment of this bill could be very effective in checking on violations related to unlicensed activity, health and safety laws, and immigration laws on a construction site. The creation of the task force and the frequency of their inspections could be a significant deterrent to unlicensed and illegal activity.

We ask for your favorable consideration and passage of this bill.

Thank you for the opportunity to testify on this bill.

Karen I. Nakamura

Chief Executive Officer

BIA-Hawaii

The Honorable Marcus Oshiro, Chair
Committee on Finance
State House
State Capitol, Room 308
Honolulu, Hi 96813

Ref: SB2220, SD1, HD1, Relating to Construction Sites, Mar 29, Room 308, 6p.m.

My name is Scotty Anderson and for the past six years have served as a public member of the State Contractors License (CLB) Board, and since July as its Chair. Prior to this, I have spent over 30 years involved with sales to the construction industry.

Our counties and our State are strapped for money. Our citizens don't want tax or fee increases. SB 2220 is a vehicle to raise money for both counties and the State without any increase in taxes or fees. It is revenue positive.

Currently unlicensed work in the construction area is costing our State and counties millions of dollars in uncollected taxes and fees.

Licensed contractors pay GET tax, permit fees, various forms of insurance, license fees etc.

We have an underground economy that is cheating both the construction industry and the citizens of Hawaii by:

- a) not paying their GET tax
- b) not having proper insurance
- c) not applying for proper permits
- d) not using properly licensed electricians or plumbers
- e) not paying proper wages with proper benefits

When faced with the same problems the State of California acted, and enacted an Enforcement agency that is eliminating unlicensed activity, collecting large fines, and making money for the State.

This task force includes not only the construction trades industry but safety and immigration to name a few as well.

Hawaii needs to address this growing problem that creates unfair competition in the industry and cheats our citizens at the same time.

I appreciate the committee's attention to this matter and stand ready to assist in any way possible.

Scotty Anderson
Chair, State Contractors License Board
306-5697