

# HB1434, HD2

**Measure Title:** RELATING TO PUBLIC WORK PROJECTS.

**Report Title:** Public Work Projects; Hours and Wages; Violations

**Description:** Clarifies that a single violation of the prevailing wage law refers to each separate project where the Department of Labor and Industrial Relations finds a contractor in violation.(HB1434 HD2)

**Companion:**

**Package:** None

**Current Referral:** CPN, JDL



**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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HONOLULU, HAWAII 96813  
[www.hawaii.gov/labor](http://www.hawaii.gov/labor)  
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Email: [dliir.director@hawaii.gov](mailto:dliir.director@hawaii.gov)

March 14, 2011

To: The Honorable Rosalyn H. Baker, Chair  
and Members of the Senate Committee on Commerce and Consumer Protection

Date: Tuesday, March 15, 2011  
Time: 9:00 a.m.  
Place: Conference Room 229, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations

**Re: H.B. No. 1434, H.D. 2, Relating to Public Works**

**I. OVERVIEW OF PROPOSED LEGISLATION**

H.B. 1434, H.D. 2, amends Chapter 104, Hawaii Revised Statutes ("HRS") by changing the way notices of violations of the prevailing wage law are determined from investigation to project.

This law will take effect upon approval.

**II. CURRENT LAW**

Currently notices of violation ("NOV") are issued by investigation. Investigations can have several projects and result in a first NOV, although each project violation results in a monetary penalty. After the 3<sup>rd</sup> NOV the contractor is suspended and not eligible to bid on government contracts for 3 years.

**III. HOUSE BILL**

The DLIR supports this measure that enhances the enforcement capability of the department to ensure that contractors working on state contracts comply with Hawaii's prevailing wage law. The department would also like to point out that the vast majority of potential violations only come to the attention of the department due to complaints filed by representatives of employee organizations. Moreover, with the Reduction-in-Force (RIF) and other budgetary restraints the department has great difficulty completing investigations in a timely manner resulting in few contractors being suspended from doing any work with the state due to three violations within the statutory time limit.

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Email: [info@gcawaii.org](mailto:info@gcawaii.org)  
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**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

The General Contractors Association (GCA), an organization comprised of over five hundred and eighty (580) general contractors, subcontractors, and construction related firms, **strongly opposes** the passage of H.B. 1434, HD2.

The GCA agrees that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

The GCA believes the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. The GCA supports additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

The GCA **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**  
*Executive Director*  
Tel: 808.543.0011  
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**NORA A. NOMURA**  
*Deputy Executive Director*  
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**DEREK M. MIZUNO**  
*Deputy Executive Director*  
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The Twenty-Sixth Legislature, State of Hawaii  
The Senate  
Committee on Commerce and Consumer Protection

Testimony by  
Hawaii Government Employees Association  
March 15, 2011

H.B. 1434, H.D. 2 – RELATING TO  
PUBLIC WORKS PROJECTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1434, H.D. 2, which seeks to clarify that a single violation of the prevailing wage law refers to each separate project where the Department of Labor and Industrial Relations finds a contractor in violation. We believe it is in the public's interest to have such serious violations classified as separate violations and not to be bundled as they have been under current law.

Thank you for the opportunity to testify in support of H.B. 1434, H.D. 2.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



TESTIMONY OF REGINALD V. CASTANARES, JR.

President

The Hawaii Building and Construction Trades Council, AFL-CIO

**IN STRONG SUPPORT OF HB1434, HD2**

BEFORE THE SENATE:

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Mar. 15, 2011; at 9 AM

Conference Room 229

Aloha Chair Baker, Vice-Chair Taniguchi and Committee Members,

My name is Reggie Castanares; I have the privilege to serve the Hawaii Building and Construction Trades Council of the AFL-CIO as its President. Our organization and Affiliates' represent the largest association of the construction trade workers in Hawaii with 16 specialty crafts and trades labor organizations

We **Strongly Support HB 1434, HD2**, which clarifies that contractors shall be issued a separate state labor Notice of Violation for each government construction project where the Dept. of Labor has found the contractor in violation of the State's HRS Chapter 104 Prevailing Wage Labor Laws governing public works projects.

Currently each of an offenders' previous DOL Notice of Violations, lapses after two years and will not be considered toward the "three strikes" debarment provision. Since each state Prevailing Wage violation investigation can take more than a year or sometimes two to complete, it has been difficult for repeat offenders or any contractor to accumulate even "two strikes" much less the "three strikes" needed for disbarment. They have learned to use this two year requirement for closing an investigation of a prevailing wage violation to their advantage.

Page 2:

For these reasons the Hawaii Building and Trades Council,

**Strongly Supports HB 1434, HD2.**

Thank you allowing me to testify on this important matter.

Reggie Castanares, President

Hawaii Building and Trades Council

Testimony of Glenn Ida  
Representing,  
The Plumbers and Fitters, Local 675

**In Support of HB 1434, HD2**

Before the Senate:  
Committee on Commerce and Consumer Protection

Tuesday, Mar.15, 2011  
9 AM, Conference Room 229

Aloha Chair Baker, Vice-Chair Taniguchi and Members,

My name is Glenn Ida; I represent the 1300 plus active members and about 600 retirees of the Plumbers and Fitters Union, Local 675.

We **Strongly Support HB 1434, HD2**, which clarifies that contractors shall be issued a separate state labor Notice of Violation for each government construction project where the Dept. of Labor has found the contractor in violation of the State's HRS Chapter 104 Prevailing Wage Labor Laws governing public works projects.

Currently each of an offenders' previous DOL Notice of Violations, lapses after two years and will not be considered toward the "three strikes" debarment provision. Since each state Prevailing Wage violation investigation can take more than a year or sometimes two to complete, it has been difficult for repeat offenders or any contractor to accumulate even "two strikes" much less the "three strikes" needed for disbarment. They have learned to use this two year requirement for closing an investigation of a prevailing wage violation to their advantage.

Therefore, the Plumbers and Fitters Local 675,  
**Strongly Supports H.B. 1434, HD2**

Thank you the opportunity to testify.

Glenn Ida  
808-295-1280





# International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003  
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

## HB1434 HD2: RELATING TO PUBLIC WORKS PROJECTS

TO: SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
VIA FAX: 586-6659

For Hearing on Tuesday, March 15, 2011, at 9:00 a.m., in Conference Room 229

RE: TESTIMONY IN STRONG SUPPORT OF HB 1434 HD2

Honorable Chair Baker, Vice Chair Taniguchi, and Committee members,

The International Brotherhood of Electrical Workers Local Union 1186 represents over 3,200 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Kaneohe, Hickam, and at every military installation in Hawaii. IBEW Local 1186 also represents over 110 signatory electrical contracting companies that perform most of the electrical work in the state.

We strongly support HB 1434 HD2, which clarifies that contractors shall be issued a separate state labor Notice of Violation (NOV) for each government construction project where the Department of Labor has found the contractor in violation of the state's Chapter 104 prevailing wage labor laws governing public works projects.

Repeat offenders that rack up three Dept. of Labor *Notices of Violations* within a two-year period face debarment from future government work for three years, but each of an offender's previous NOV violations lapses from their "three-strike" debarment count after two years. In practice, it has been very difficult for repeat offenders, or any contractor, to accumulate even two strikes, much less the three strikes in two years needed to be debarred.

Since each state prevailing wage labor investigation can take over one to two years, repeat offenders have learned they can stall and take advantage by running the clock out on the two-year window requirement for closing investigations and getting cited for all three-strikes needed for debarment – even after committing multiple prevailing wage offenses involving different types of prevailing wage laws, over a long period of time, and at multiple projects.

We urge the Senate Commerce and Consumer Protection Committee to safeguard working people, make repeat offenders finally take prevailing wage laws seriously, and protect honest contractors, by leveling the playing field and passing HB1434 HD2. Thank you for providing us with this opportunity to submit testimony.

Mahalo and aloha.

**Damien Kim**  
Business Manager – Financial Secretary  
International Brotherhood of  
Electrical Workers, Local Union 1186



Local Union 1260

**International Brotherhood of Electrical Workers**

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Telephone (808) 941-9445

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**LANCE M. MIYAKE**  
Business Manager-Financial Secretary

**LOREN TAGUCHI**  
President

March 14, 2011

Senator Rosalyn H. Baker  
Chair, Committee on Commerce and Consumer Protection  
The Senate  
The State of Hawaii

Dear Senator Baker,

RE: HB 1434, HD2

The IBEW Local Union 1260 support and request that HB 1434, HD2 through the Committee on Commerce and Consumer Protection be submitted to the Senate for the enactment of this bill.

Although the prevailing wage law does not affect IBEW Local Union 1260 directly, we are in support of this bill. Abusers of the prevailing wage law hurt all of the working class of this State, which in turn hurt their families who they support.

Please help the working class families and local businesses with the passing of this bill and make everyone be on the same "playing field" when bidding for jobs.

Sincerely,

Lance M. Miyake  
Business Manager – Financial Secretary



# JAS. W. GLOVER, LTD.

GENERAL CONTRACTORS

License No. ABC-3

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

## NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Jas. W. Glover, Ltd. **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is there are no documented work definitions besides the periodical wage bulletins. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to provide work definitions and to speed up investigations to enforce the prevailing wage provisions already provided in the law.

Jas. W. Glover, Ltd. **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,

John Romanowski  
Vice President

Honolulu

P.O. Box 579 • Honolulu, HI 96809  
tel: (808) 591-8977 • fax: (808) 591-9174

Hilo

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Kona

P.O. Box 4116 • Kailua-Kona, HI 96745  
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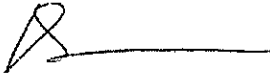
Lihue

P.O. Box 1929 • Lihue, HI 96766  
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**SIMMONS STEEL CORPORATION**  
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March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

FROM: Kermit Simmons, Vice President 

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Simmons Steel Corporation **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

Simmons Steel Corporation **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

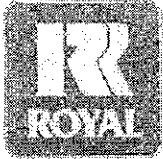
Thank you for considering our concerns on the above measure.

Leonard K.P. Leong  
Vice President

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.



NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Royal Contracting Co., Ltd. strongly opposes the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

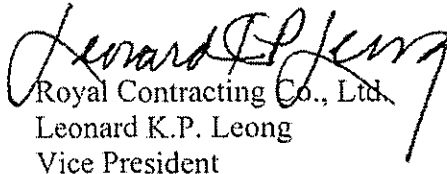
Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

Royal Contracting Co., Ltd. strongly opposes the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,

  
Royal Contracting Co., Ltd.  
Leonard K.P. Leong  
Vice President



**RALPH S. INOUYE CO LTD**  
**GENERAL CONTRACTOR**

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Honolulu, Hawaii 96819

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F: 808.833.5971

License No. ABC-457  
Founded In 1962

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND MEMBERS OF  
THE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

My name is Lance Inouye and I am President of Ralph S. Inouye Co., Ltd. (RSI), General Contractor and member of the General Contractors Association of Hawaii (GCA). RSI opposes the passage of H.B. 1434, HD2.

RSI agrees that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

RSI believes the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

RSI opposes the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on H.B. 1434, HD2.

Sincerely,

RALPH S. INOUYE CO., LTD.

Lance M. Inouye  
President & CEO



87-2020 Farrington Highway ■ Waianae, Hawaii 96792 ■ Tel: 808 668-4561 ■ FAX: 808 668-1368 ■ Website: www.pvtland.com

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

**PVT Land Company, Ltd. strongly opposes the passage of H.B. 1434, HD2.**

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

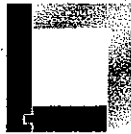
We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

**PVT Land Company, Ltd. strongly opposes the passage of H.B. 1434, HD2 and requests that this bill not be passed.**

Thank you for considering our concerns on the above measure.

Very truly yours,

Stephen E. Joseph  
Vice-President



CURTIS LAW  
CONSTRUCTION

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND MEMBERS OF THE  
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011

TIME: 9:00a.m.

PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

CURTIS LAW CONSTRUCTION strongly opposes the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

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CURTIS LAW CONSTRUCTION strongly opposes the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,

Curtis E. Law  
President





# TOMCO CORP.

*General Contractors*

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March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND MEMBERS OF THE  
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

**Tomco Corp. strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

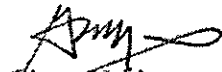
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We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

**Tomco Corp. strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,

  
Glenn Ushio,  
President  
Tomco Corp.

500 Alakawa Street #100A, Honolulu, Hawaii 96817  
Ph. (808) 845-0755 Fax (808) 845-1021  
License # ABC 16941



**S & M SAKAMOTO, INC.**  
**GENERAL CONTRACTORS**

March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

S & M Sakamoto, Inc. **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

S & M Sakamoto, Inc. **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Dennis M. Ideta  
Senior Vice President



LED COR CONSTRUCTION HAWAII LLC  
1003 Bishop Street, Suite 1250  
Honolulu, HI 96813  
Phone: 808-540-0777  
Fax: 808-524-6803  
Contractor License Number: ABC - 25954

March 14, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 924, HD2 RELATING TO INSURANCE.  
NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

Ledcor Construction Hawaii LLC **supports the intent** of HB 924, HD2, but not the version proposed in HD2.

The GCA has been working with the BIA on an amendment and together, they have developed an amendment that addresses the construction industry concerns. The amendment is attached to the testimony of Karin Holma, Esq. on behalf of GCA and BIA.

The Group Builders decision by the Intermediate Court of Appeals in May 2010 provided insurance carriers with a huge financial windfall. Under Group Builders, insurance companies are not required to provide insurance coverage for bodily injury or property damage that arise out of construction defects, even though contractors and developers paid for the insurance coverage.

Over the last ten years four GCA members, Albert C. Kobayashi, Inc, Hawaiian Dredging Construction Company, Shioi Construction Inc, and Ralph S. Inouye, Inc. collectively paid more than \$20 million for the commercial general liability insurance policies and are now told that the coverage for which they paid does not exist. Even though they paid their premiums, if they have no coverage, they are at risk for potentially millions more.

I believe that the court's decision in Group Builders is unfair, because as a result, some insurance companies are not honoring their contractual obligations. Each party to a contract should honor its contractual obligations.

Thank you for the opportunity to testify on this very important problem.

A handwritten signature in black ink, appearing to read "Richard Solie".

Richard Solie  
Accounting Manager



March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND MEMBERS OF THE  
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee:

Koga Engineering & Construction, Inc. **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

Another problem with this bill is that it does not provide for any procedure for the contractor found in violation of the prevailing wage provision to appeal the decision of the hearings officer.

We believe the real problem is the lengthy process for conducting and completing the investigation once the alleged violation has been reported. We would support additional staffing and funding, subject to State budget constraints of course, for the Department of Labor and Industrial Relations to speed up investigations to enforce the prevailing wage provisions already provided in the law.

Koga Engineering & Construction, Inc. **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Yours truly,

A handwritten signature in black ink, appearing to read "Glenn M. Nohara", is written over a horizontal line.

Glenn M. Nohara  
Chairman



March 15, 2011

TO: THE HONORABLE SENATOR ROSALYN H. BAKER, CHAIR AND  
MEMBERS OF THE COMMITTEE ON COMMERCE AND CONSUMER  
PROTECTION

SUBJECT: H.B. 1434, HD2 RELATING TO PUBLIC WORK PROJECTS.

NOTICE OF HEARING

DATE: Tuesday, March 15, 2011  
TIME: 9:00a.m.  
PLACE: Conference Room 229

Dear Chair Baker and Members of the Committee,

LYZ, Inc. **strongly opposes** the passage of H.B. 1434, HD2.

We agree that the prevailing wage should always be paid when applicable and no contractor should be allowed to skirt the law. However, the proposed change in the law is unfair to the contractor who has numerous public works jobs going on at the same time. If an employee of that contractor works on three projects and he or she is not paid the correct amount, the contractor has had no notice or opportunity to correct the violation before he may be subject to suspension from doing any new public works projects for a period of three years.

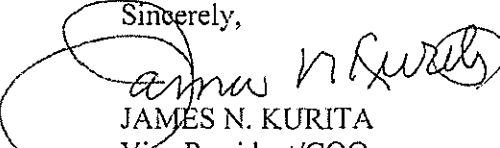
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LYZ, Inc **strongly opposes** the passage of H.B. 1434, HD2 and requests that this bill not be passed.

Thank you for considering our concerns on the above measure.

Sincerely,



JAMES N. KURITA  
Vice President/COO