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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, allowing the avoidance of payroll  
9 tax, unemployment insurance, workers' compensation,  
10 disability insurance, personal income tax, and paid  
11 family leave;
- 12           (3) Employ vulnerable workers, new immigrants, and  
13 economically disadvantaged individuals;
- 14           (4) Fail to pay minimum wages required by state and  
15 federal law; and
- 16           (5) 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 agencies, including inspectors  
19 appointed by the director or by participating  
20 agencies. The joint enforcement teams shall conduct  
21 site 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 incidence of violations and noncompliance under  
14 this chapter identified, audited, investigated, or  
15 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, 2011, 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, 2011.

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INTRODUCED BY:

*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*Karl Moor*  
*[Signature]*  
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JAN 21 2011



**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.

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

