

Honolulu, Hawaii

Feb 14 , 2012

RE: H.B. No. 2711

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2711 entitled:

"A BILL FOR AN ACT RELATING TO A LIVING WAGE FOR WORKERS ON SERVICE CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to provide wage protection to employees of public contractors by requiring the contractors to:

- (1) Pay their employees wages that provide an annual income equal to the poverty guidelines for Hawaii published by the United States Department of Health and Human Services, or a greater amount; and
- (2) Allow their employees to have access to and join labor organizations.

The Hawaii Laborers' Union, United Public Workers, AFSCME, Local 646, AFL-CIO, ILWU Local 142, and two concerned individuals testified in support of this measure. The Chamber of Commerce of Hawaii, Associated Builders and Contractors Hawaii Chapter, General Contractors Association of Hawaii, and Building Industry Association of Hawaii testified in opposition to this measure. The Department of Labor and Industrial Relations provided comments.



While employees of federal contractors have been provided wage protections since 1965 with the enactment of the McNamara-O'Hara Service Contracts Act, which required minimum wages to be paid on certain federal contracts, your Committee finds that service employees of contractors with state or county contracts are afforded no such protections. Although current Hawaii law expressly states that contracted services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work, the law also exempts nearly all employees who might possibly benefit from the law and lacks sufficient enforcement provisions.

Your Committee finds that service employees of contractors with state or county contracts require greater wage protection and that contractors doing business with the State or counties and receiving taxpayer monies for public projects should provide a living wage to their employees.

Your Committee has amended this measure by:

- (1) Clarifying that compliance with state government labor laws is specific to Hawaii State government labor laws;
- (2) Deleting the provision stipulating the Department of Labor and Industrial Relations as an enforcement agency over contracts for services as the Department does not enforce the terms and conditions of such contracts;
- (3) Deleting the provision that prohibits a contractor from making any act or statement that directly or indirectly states or implies the contractor's preference or non-preference for the unionization of its employees, or for recognizing any bona fide labor organization as the exclusive representative of its employees, if at any time during the contract period a labor organization or an employee of the contractor seeks to organize the contractor's employees;
- (4) Inserting a statutory reference to the streamlined union certification process that currently exists in Hawaii law in the provision that requires the Director of Labor and Industrial Relations to select a neutral party to conduct a review of employee authorization cards;
- (5) Inserting a savings clause; and



- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2711, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

Karl Rhoads

KARL RHOADS, Chair



HSCR 371-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2711	Committee Referral: LAB, FIN	Date: 2-3-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. OKAMURA, Tom				
9. SAIKI, Scott K.				/
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.	/			
12. FONTAINE, George R.		/		
13. JOHANSON, Aaron Ling		/		
TOTAL (13)	9	2	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				