

Honolulu, Hawaii

April 5, 2012

RE: S.B. No. 2412
S.D. 2
H.D. 2

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

Sir:

Your Committees on Consumer Protection & Commerce and
Judiciary, to which was referred S.B. No. 2412, S.D. 2, H.D. 1,
entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

beg leave to report as follows:

The purpose of this measure is to promote the prompt payment
of subcontractors on both government and private-sector
construction projects by, among other things:

- (1) Adopting provisions that encourage timely payments to
subcontractors; and
- (2) Providing for interest penalties for late payments.

The Plumbers and Fitters Union, Local 675, and Ironworkers
Stabilization Fund supported this bill. The Contractors License
Board; Department of Design and Construction of the City and
County of Honolulu; Department of Budget and Fiscal Services of
the City and County of Honolulu; Hawaiian Electric Company; Hawaii
Electric Light Company; Maui Electric Company; Building Industry
Association of Hawaii; General Contractors Association of Hawaii;
S&M Sakamoto, Inc.; King & Neel, Inc.; LYZ, Inc.; Healy Tibbitts
Builders, Inc.; Lindemann Construction Inc.; and Tomco Corp.
opposed this measure.



After careful consideration, your Committees have amended this bill by, among other things:

- (1) Deleting the provisions relating to performance bonds;
- (2) Deleting the provisions relating to interest on delayed payments of periodic and final payments to subcontractors, after receipt of same by contractors;
- (3) Deleting the provisions requiring contractors to fully pay subcontractors who complete 100 percent of their subcontracts, under certain circumstances;
- (4) Deleting the provisions relating to the percentage of retainage on payments to the subcontractor by the contractor;
- (5) Deleting the provisions relating to the owner, contractor, and subcontractor concerning allowable partial payment, limitations of retainage, interest on delayed final payment, notice of completion, and acceptance of work;
- (6) Deleting provisions relating to the publishing of the notice of completion of the contracted-for improvements;
- (7) Requiring the contractor to pay the subcontractor within ten days of receiving a qualifying invoice from the subcontractor and providing for interest at the rate of one and one-half percent on delinquent payments;
- (8) Changing the effective date to July 1, 2012; and
- (9) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection & Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2412, S.D. 2, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 2412, S.D. 2, H.D. 2.



Respectfully submitted on
behalf of the members of the
Committees on Consumer
Protection & Commerce and
Judiciary,



GILBERT KEITH-AGARAN, Chair



ROBERT N. HERKES, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: SB 2412 SDR HD1	Committee Referral: ERB, CPC/JUD	Date: 3/22/12		
<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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	/			
2. YAMANE, Ryan I. (VC)	/			
3. BROWER, Tom	/			
4. CABANILLA, Rida T.R.				/
5. CARROLL, Mele				/
6. COFFMAN, Denny				/
7. ITO, Ken				/
8. KEITH-AGARAN, Gilbert S.C.	/			
9. LUKE, Sylvia				/
10. McKELVEY, Angus L.K.				/
11. SOUKI, Joseph M.	/			
12. TSUJI, Clift	/			
13. CHING, Corinne W.L.				/
14. MARUMOTO, Barbara C.	/			
15. THIELEN, Cynthia		/		
TOTAL (15)	7	1		7
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				

State of Hawaii
House of Representatives
The Twenty-sixth Legislature

HSCR 1605-12

Record of Votes of the Committee on Judiciary

Bill/Resolution No.: SB 2412 SD2 HD1	Committee Referral: ERB, CPC/JUD	Date: 3/29/12		
<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)				
JUD Members	Ayes	Ayes (WR)	Nays	Excused
1. KEITH-AGARAN, Gilbert S.C. (C)	✓			
2. RHOADS, Karl (VC)	✓			
3. BROWER, Tom	✓			
4. CABANILLA, Rida T.R.				✓
5. CARROLL, Mele				✓
6. COFFMAN, Denny				✓
7. HERKES, Robert N.	✓			
8. ITO, Ken				✓
9. LUKE, Sylvia				✓
10. McKELVEY, Angus L.K.				✓
11. SOUKI, Joseph M.	✓			
12. TSUJI, Clift	✓			
13. FONTAINE, George R.	✓			
14. MARUMOTO, Barbara C.	✓			
15. THIELEN, Cynthia		✓		
TOTAL (15)	8	1	0	6
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u> <i>Kal Hosh</i> </u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				