

STAND. COM. REP. NO.

2142

Honolulu, Hawaii

FEB 13 2012

RE: S.B. No. 2412
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2412 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTS,"

begs leave to report as follows:

The purpose and intent of this measure is to provide for the prompt payment of subcontractors by shortening the time in which subcontractors must receive progress and final payment from contractors on government and private construction contracts, and to provide for interest penalties for late payments.

Your Committee received testimony in support of this measure from the Ironworkers Stabilization Fund, Subcontractors Association of Hawaii, and Steel Fabricators and Erectors of Hawaii. Your Committee received testimony in opposition to this measure from the City and County of Honolulu Department of Design and Construction, Building Industry Association of Hawaii, and General Contractors Association of Hawaii.

Your Committee finds that the amendments proposed by this measure would require parties to government and private sector construction contracts to comply with certain time constraints to allow subcontractors to receive prompt payment for work they have done on construction contracts.

Your Committee understands the concerns that the requirements of this measure may not be achievable on complex construction projects, and that existing laws and rules may already address

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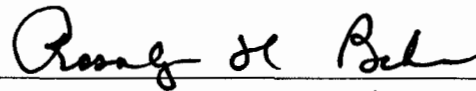


this issue. However, your Committee also understands that some subcontractors are still experiencing delays in payment. Your Committee therefore concludes that further discussion on this measure is warranted.

Your Committee has amended this measure by inserting an effective date of July 1, 2050, to allow for further discussion.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2412, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2412, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



