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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON  
ECONOMIC REVITALIZATION & BUSINESS

TWENTY-SIXTH STATE LEGISLATURE  
REGULAR SESSION, 2011

TUESDAY, FEBRUARY 8, 2011  
8:00 A.M.

TESTIMONY ON HOUSE BILL NO. 363  
RELATING TO CONSTRUCTION SITES

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,  
AND TO THE HONORABLE ISAAC W. CHOY, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 363, Relating To Construction Sites. My name is Jo Ann Uchida of the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following comments on the bill.

House Bill No. 363 extends the Construction Site Inspection Task Force ("CSITF"), created by Act 121, Session Laws of Hawaii 2010, for one year,

requires a final CSITF report, and appropriates monies to fund the work of the CSITF.

The Department, pursuant to Act 121, convened the CSITF last year. The Act had an effective date of July 1, 2010, and required a report to be submitted to the Legislature no later than 60 days prior to the 2011 regular session. The report was submitted to the legislature on November 24, 2010. A copy of the report is available electronically at [http://hawaii.gov/dcca/reports/dcca\\_reports](http://hawaii.gov/dcca/reports/dcca_reports).

The CSITF convened four times over a five-month period. Also, because many of the issues relating to the CSITF dealt with law enforcement matters, a permitted interaction group was created in accordance with Haw. Rev. Stat. 92-2.5.

Pursuant to Act 121, the CSITF was comprised of representatives from the Department of Commerce and Consumer Affairs, Department of the Attorney General, Department of Labor and Industrial Relations' Disability Compensation Division, Department of Labor and Industrial Relations' Occupational Safety and Health Division, Department of Labor and Industrial Relations' Unemployment Insurance Division, Department of Taxation, County of Maui Public Works Department, and City and County of Honolulu Department of Planning and Permitting. The County of Maui covered the travel costs associated with the participation of its representative in the CSITF meetings. Other neighbor island counties may have been willing to attend CSITF meetings, but expressed concerns about the travel costs.

The report discussed the work of the California Economic and Employment Enforcement Coalition (EEEC), the California Contractor's Board, as well as the work of the CSITF participant agencies, discussed the extent to which regulatory partnerships are used in California and how they would work in Hawaii, and contained nine (9) findings and ten (10) recommendations. In addition, as part of its annual training, RICO invited CSITF agencies and their enforcement staff to participate in a joint, one-day cross training session to familiarize staff with the work of the various enforcement agencies.

CSITF members now have a shared contact list that has already proved useful in a recent case involving an unlicensed contractor who has a large outstanding tax obligation.

The CSITF has completed its review and submitted its recommendations. The Department intends to implement, to the extent possible, some of the CSITF recommendations. As such, the Department does not believe that the use of additional government time and resources to continue the CSITF is warranted at this time. If the Committee is inclined to continue the CSITF, the Department suggests that the Committee consider reformulating the composition and objectives of the CSITF in a manner consistent with the CSITF's findings.

Thank you for this opportunity to testify on House Bill No. 363. I will be happy to answer any questions that the members of the Committee may have.

# ***SAH - Subcontractors Association of Hawaii***

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February 8, 2011

Testimony To: House Committee on Economic Revitalization & Business  
Representative Angus L.K. McKelvey, Chair

Presented By: Tim Lyons  
President

Subject: H.B. 363 – RELATING TO CONSTRUCTION SITES

Chair McKelvey and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. SAH is composed of nine separate and distinct subcontracting organizations including:

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We are in support of this bill.

The purpose of the Construction Site Task Force was to look at the unlicensed contractor situation and have further discussion in order to determine the feasibility and appropriateness of additional efforts. Unfortunately, the interim report is rather disappointing to the extent that perhaps there was a fault in the task force in that it lacks industry representation in order to better communicate the extent of the problem, the nature of the problem and the importance of the problem. Therefore, while we do support this bill we would ~~also~~ suggest an amendment to the composition of the Construction Task Force adding a minimum of three (3) additional members, all to be from members of the construction industry or their representatives.

Based on the above, we highly recommend the continuance of this Task Force as it delves into this historical and long standing problem.

Thank you for the opportunity to testify.