

Honolulu, Hawaii  
APR 25 2014,

RE: S.B. No. 2260  
S.D. 2  
H.D. 2  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2260; S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO WAGES AND HOURS ON PUBLIC WORKS,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Specify that no provision of chapter 104, Hawaii Revised Statutes, may be contravened or set aside by private contract;
- (2) Increase the penalties imposed on a contractor who interferes with or delays a Department of Labor and Industrial Relations investigation to determine compliance with the wages and hours of employees on public works law to \$10,000 per project and \$1,000 per day;



- (3) Hold a general contractor secondarily liable for the payment of back wages assessed against contractors on a public works construction project;
- (4) Specify that any payment of back wages and penalties made by a governmental contracting agency shall not be deemed to be a breach of contract and shall not excuse the contractor from completing the project for the contract price and by the contract completion deadline;
- (5) Specify that a notification of violation shall be final and conclusive unless the contractor files a written notice of appeal with the Director of Labor and Industrial Relations within twenty-one days after a copy was sent to the contractor;
- (6) Through June 30, 2018, increase the suspension period from three to five years for a third violation by a person or firm who violates the state law relating to wages and hours of employees on public works;
- (7) Through June 30, 2018, add a governmental contracting agency and the general contractor, in the case of a suspended subcontractor, as entities that the Director of Labor and Industrial Relations must notify of any suspension order; and
- (8) Through June 30, 2018, require reports to the Legislature from the Department of Labor and Industrial Relations on enforcement information regarding suspensions, back wages, and fines imposed and collected.

Your Committee on Conference finds that when contractors comply with the State's wages and hours of employees on public works law, codified as chapter 104, Hawaii Revised Statutes, there is a level playing field for bidding on state and county projects. This measure assists the Department of Labor and Industrial Relations in enforcing chapter 104, Hawaii Revised Statutes, and encourages contractors to comply with the law.

Your Committee on Conference has amended this measure by:

- (1) Removing language that would have held a general contractor secondarily liable for the payment of back



wages assessed against contractors on public works construction projects;

- (2) Removing language that specified that any payment of back wages and penalties made by a governmental contracting agency shall not be deemed to be a breach of contract and shall not excuse the contractor from completing a project for the contract price and by the contract completion deadline;
- (3) Removing language that would have increased the suspension period from three to five years for a third violation by a person or firm who violated the state law relating to wages and hours of employees on public works;
- (4) Removing the requirement for the Department of Labor and Industrial Relations to submit reports to the Legislature on enforcement information regarding suspensions, back wages, and fines imposed and collected;
- (5) Inserting an effective date of July 1, 2014, removing the sunset date for various provisions, and noting that this measure shall apply to all contracts entered into on or after the effective date of this measure; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2260, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2260, S.D. 2, H.D. 2, C.D. 1.

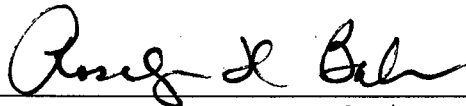


Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

  
MARK M. NAKASHIMA, Co-Chair

  
ROSALYN H. BAKER, Chair

  
KYLE F. YAMASHITA, Co-Chair

  
CLAYTON HEE, Co-Chair



