

Honolulu, Hawaii

JAN 31 2014

RE: S.B. No. 2260  
S.D. 1

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

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2260 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to assist the Department of Labor and Industrial Relations in enforcement of prevailing wage law under chapter 104, Hawaii Revised Statutes, by:

- (1) Increasing the length of suspension from three years to five years;
- (2) Clarifying the effective date of suspension; and
- (3) Specifying that suspension for falsification of records or delay or interference with an investigation is immediate.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations; Department of Accounting and General Services; International Brotherhood of Electrical Workers, Local 1186, AFL-CIO; Hawaii Laborers' Union; and The Pacific Resource Partnership. Your Committee received testimony in opposition to this measure from the General Contractors Association of Hawaii and Building Industry



Association of Hawaii. Your Committee received comments on this measure from the Hawaii Regional Council of Carpenters.

Your Committee finds that under chapter 104, Hawaii Revised Statutes, the suspension period for a third violation of prevailing wage law, falsification of records, or delay or interference with an investigation is three years. Due to the length of time needed for an investigation and the due process procedures available for a contractor, the Department of Labor and Industrial Relations has found that a contractor could delay these proceedings to the point that a three year suspension period is of little consequence. Your Committee further finds that this measure assists the Department of Labor and Industrial Relations in enforcing the prevailing wage law and encourages contractors to comply with the law by ensuring that a contractor who deliberately violates the law will serve a suspension period that acts as more of a deterrent.

Your Committee notes that it is clear from testimony received that the Department of Labor and Industrial Relations needs more staff to effectively administer the prevailing wage law. Although staffing of the Department of Labor and Industrial Relations is beyond the purview of your Committee, your Committee believes it is important to note this issue for additional consideration by your Committee on Judiciary and Labor.

Your Committee has amended this measure by:

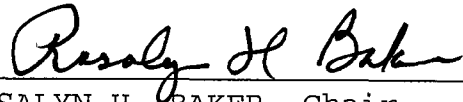
- (1) Clarifying the effective date of suspension for a third violation of prevailing wage law by a person or firm;
- (2) Specifying who the Director of Labor and Industrial Relations shall notify of any suspension order;
- (3) Inserting a sunset date of June 30, 2018;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2260, S.D. 1, and be referred to the Committee on Judiciary and Labor.

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




ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

|  |  |                         |          |          |
|--|--|-------------------------|----------|----------|
| Bill / Resolution No.:*<br><b>SB 2200</b>  | Committee Referral:<br><b>CPN, JDL</b> | Date:<br><b>1/29/14</b> |          |          |
| <input type="checkbox"/> The committee is reconsidering its previous decision on this measure.<br>If so, then the previous decision was to: _____  |  |                         |          |          |
| The Recommendation is:<br><input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 |  |                         |          |          |
| Members  | Aye                                    | Aye (WR)                | Nay      | Excused  |
| BAKER, Rosalyn H. (C)  | ✓                                      |                         |          |          |
| TANIGUCHI, Brian T. (VC)   | ✓                                      |                         |          |          |
| NISHIHARA, Clarence K.   |  |                         |          | ✓        |
| WAKAI, Glenn   | ✓                                      |                         |          |          |
| SLOM, Sam  | ✓                                      | ✓                       |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
|  |  |                         |          |          |
| <b>TOTAL</b>   | <b>3</b>                               | <b>1</b>                | <b>0</b> | <b>1</b> |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted   |  |                         |          |          |
| Chair's or Designee's Signature:   |  |                         |          |          |
| <b>Distribution:</b> Original     Yellow     Pink     Goldenrod<br>File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy   |  |                         |          |          |

\*Only one measure per Record of Votes