



**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 5, 2014

To: The Honorable Karl Rhoads, Chair,  
The Honorable Sharon E. Har, Vice Chair, and  
Members of the House Committee on Judiciary

Date: February 7, 2014  
Time: 2:00 p.m.  
Place: Conference Room 325, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 2413 Relating to Labor**

**I. OVERVIEW OF PROPOSED LEGISLATION**

Amends the Hawaii prevailing wage law to include public-private partnerships in the definition of a contracting agency and within the coverage of Chapter 104, HRS, Wages and Hours of Employees on Public Works.

The Department supports this provision.

**II. CURRENT LAW**

The current definition of a "Governmental contracting agency" does not contain language specifically addressing public-private agreements.

**III. COMMENTS ON THE HOUSE BILL**

The Wages and Hours of Employees on Public Works law applies to "every contract in excess of \$2,000 for construction of a public work project to which a governmental contracting agency is a party; provided that this chapter shall not apply to experimental and demonstration housing developed pursuant to section 46-15 or housing developed pursuant to chapter 201H if the cost of the project is less than \$500,000 and the eligible bidder or eligible developer is a private nonprofit corporation."

The department lends its support if this provision makes it clearer that a governmental contracting agency includes any public-private partnership.

Testimony of Glenn Ida  
Representing  
The Plumbers and Fitters United Association, Local 675  
1109 Bethel St. Lower Level  
Honolulu, Hi. 96813

Committee on Judiciary  
Rep. Karl Rhoads, Chair  
Rep. Sharon Har, Vice-Chair  
Friday, Feb. 7, 2014  
2:00 PM, Room 325

Re: Support of HB2413, Relating to Labor.

Aloha Chair Rhoads, Vice-Chair Har and Members of the Committee,

My name is Glenn Ida representing the 2000 active members and retirees of the Plumbers and Fitters UA, Local 675. Local 675 is an affiliate of the Hawaii Building and Construction Trades Council.

Local 675 supports HB2413, Relating to Labor, which applies provisions relating to prevailing wages for public construction work to public-private partnerships.

We believe that HB2413 provides, that when a governmental contracting agency enters into a public -private partnership for the development of a public works project, Hawaii's prevailing wage laws should be applied.

Therefore Local 675 supports HB2413.

Thank you for this opportunity to testify.

Mahalo, Glenn Ida  
808-295-1280



Testimony of John White  
The Pacific Resource Partnership

House Committee on Judiciary  
Representative Karl Rhoads, Chair  
Representative Sharon E. Har, Vice Chair

HB 2413 – RELATING TO LABOR  
Friday, February 7, 2014  
2:00 PM  
Conference Room 325

Aloha Chair Rhoads, Vice Chair Har and Members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP **supports** HB 2413 – Relating to Labor, a bill that applies provisions relating to prevailing wages for public construction work to public-private partnerships.

According to Smart Cities Prevail, a non-profit organization that provides information, research and education on how prevailing wage standards on public construction projects benefit taxpayers, local governments and working families, prevailing wages benefit not just the hard-working men and women who earn them, but the community as a whole – often saving tax dollars in the process.

The organization lists the following benefits of prevailing wages for public works projects. The same benefits will accrue when applied to **public-private partnerships**. Prevailing wage policies:

- Create Middle Class Jobs
  - Public works projects paying prevailing wage attract quality, local experienced construction workers who deliver high quality work on time and on budget.
  - Professional trades people tend to be better trained, highly productive and more safety-conscious, and create a safer working environment for everyone on site.
  - Projects paying prevailing wages serve as an escalator to the middle class.

- Grow the Local Economy
  - Prevailing wages support middle class incomes that boost consumer spending.
  - Families supported by prevailing wage incomes often own their own homes, which provide local businesses with a stable, long-term customer base.
  - Each dollar paid in prevailing wages produces \$1.50 in economic activity<sup>1</sup> meaning more customers for local businesses and a thriving community.
- Benefit Taxpayers
  - Projects built with prevailing wage laws can save taxpayers millions of dollars because they are more likely to come in on time and on budget.
  - Companies with low-wage contracts hire low-wage and low-skilled workers. In practice this can mean greater reliance on the ability of inspectors to catch errors and omissions before roads, bridges, and buildings get completed, increasing the likelihood of taxpayer outlay over the long run.
  - When companies are not required to pay a prevailing wage, more people are paid very low or even poverty level wages. This often forces them onto welfare, food stamps or other government services, hurting taxpayers and a community's quality of life.
- Build General Funds
  - When people have more spending money, local shops and businesses grow, as does sales tax revenue for local governments.
  - Workers earning prevailing wages tend to own homes locally, and that means a larger, stronger property tax base.
  - Enhanced revenue for local governments builds general funds and prevents the need for layoffs and cuts to services.
- Control Construction Costs
  - Public works prevailing wage projects average \$6 per square foot less expensive than non-prevailing wage public works projects.<sup>2</sup>
  - Because workers on prevailing wage projects tend to have better training, those projects deliver 20% more value-added per worker than non-prevailing wage projects.

<sup>1</sup> Mark Zandi, Chief Economist, Moody's Analytics, <https://www.economy.com/mark-zandi/documents/Senate-Finance-Committee-Unemployment%20Insurance-041410.pdf>

<sup>2</sup> Phillips, Peter, Ph.D., A Comparison of Public School Construction Costs In Three Midwestern States That Have Changed Their Prevailing Wage Laws in the 1990s, February, 2001. [http://www.smartcitiesprevail.org/resources/research\\_casestudies.html#phillips1](http://www.smartcitiesprevail.org/resources/research_casestudies.html#phillips1)

For these reasons, we strongly support HB 2413. Thank you for the opportunity to share our comments on this important issue with you.

**LATE**

**HAWAII OPERATING ENGINEERS  
INDUSTRY STABILIZATION FUND**



*Uniting our strengths and working together  
for a better tomorrow.*

Affiliated AFL-CIO  
OPEIU - 3 - AFL-CIO (3)

February 6, 2014

TO: The Honorable, Karl Rhoads, Chair  
The Honorable Sharon E. Har, Vice Chair and  
Members of the House Committee on Judiciary

Date: February 07, 2014  
Time: 2:00 p.m.  
Place: Conference Room 325, State Capitol

FROM: Kimberly Ribellia, Government Liaison  
Hawaii Operating Engineers Industry Stabilization Fund

RE: Support of House Bill 2413 – Relating to Labor

Good Afternoon, my name is Kimberly Ribellia, Government Liaison, of the Hawaii Operating Engineers Industry Stabilization Fund (HOEISF), a labor management fund representing 4000 unionized members in heavy engineering site work and 500 general contractors specializing in heavy site and vertical construction.

On behalf of Stabilization fund, I would like to state our **support** of House Bill 2413 which applies provisions relating to prevailing wages for public construction work to public-private partnerships.

House Bill 2413 clarifies the law to state that prevailing wages will be paid when a government agency enters into an in public-private partnership.

Again, the stabilization fund supports the passage of House Bill 2413. Thank you for consideration of this matter.

**LATE**

The House of Representatives  
The Twenty Seventh Legislature  
Committee on Labor and Public Employment  
January 31, 2014, 9:00 a.m.  
Room 309

Statement of the Hawaii Regional Council of Carpenters on  
H.B. 2413 Relating to Labor

The clarification made in HB 2413 is timely, and does not expand the coverage of HRS Chapter 104. The Bill should be passed, allowing work on any refinements needed.

As State and county governments are necessarily exploring new ways to finance public works, the law should be clarified accordingly. Public-private partnerships are one means of financing being pursued, and may be structured in such a way that a government plan or interest is served, utilizing government resources, but the contracting for construction services may be done by a private party. Making a proactive clarification as proposed in the Bill can serve to avoid misunderstandings and/or legal disagreement later.

While it can be said that all construction described above is covered by current language in Chapter 104, clarification is worthwhile. In 2006 the legislature clarified a Chapter 104 administrative rule and put that language in statute, applying to a private party contracting for construction services under different conditions. The legislature separately clarified that Chapter 104 prevailing wages apply to the Certificate of Participation construction of public schools by a private developer. In both cases clarifications were put in place before rather than after a problem emerged.

Chapter 104 prevailing wage requirements are intended to level the playing field for bidders on public works, and prevent our own tax dollars from pushing wages down in our State.

Thank you for considering our comments on H.B. 2413.

**LATE**

**HB2413**

Submitted on: 2/6/2014

Testimony for JUD on Feb 7, 2014 14:00PM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Al Lardizabal	Hawaii Laborers' Union	Support	Yes

Comments: The Hawaii Laborers' Union supports HB2413 which amends the Hawaii Prevailing wage law to include "public-private partnerships" within the definition of of a contracting agency and within the Chapter 104 HRS, Wages and Hours of Employees on Public Works. The Wages and Hours of Employees on Public Works Law is applicable to "every contract in excess of \$2000 for construction of a public work project to which a government agency is a party." Simply because there is a partnership, does not diminish the fact that the project is a public one. Thank you for the opportunity to submit this testimony.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

# Hawai'i Construction Alliance

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P.O. Box 179441  
Honolulu, HI 96817  
(808) 348-8885

February 7, 2014

The Honorable Karl Rhoads, Chair  
The Honorable Sharon E. Har, Vice Chair  
and members  
Committee on Judiciary  
Hawai'i State House of Representatives  
Honolulu, Hawai'i 96813

Dear Chair Rhoads, Vice Chair Har, and members:

The Hawai'i Construction Alliance is in **support** of HB2413, relating to labor. HB2413 would apply provisions relating to prevailing wages for public construction work to public-private partnerships.

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Hawai'i Masons Union, Local 1 and Local 630; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local 3. Together, the four member unions of the Hawai'i Construction Alliance represent over 15,000 working men and women in the four basic crafts of Hawai'i's construction industry.

HB2413 inserts "public-private partnerships" into the definition of "governmental contracting agency" in HRS §104-2. Many state and county agencies are exploring public-private partnerships to carry out much-needed projects, and we find this clarification to be an important step toward ensuring that prevailing wages are paid to workers involved in public-private partnerships. This clarification is also consistent with the purpose of Chapter 104, which includes leveling the playing field for bidders on public works projects and ensuring that public works spending does not push wages down here in the State of Hawai'i.

Mahalo for the opportunity to submit these comments in support of HB2413.

Aloha,



Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)





# International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003  
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

## LATE TESTIMONY

February 7, 2014

VIA FAX 586-8504

TO: **HOUSE COMMITTEE ON JUDICIARY**  
For Hearing on Thursday, February 7, 2014, at 2:00 p.m., in Conf. Rm. 325

RE: **TESTIMONY IN STRONG SUPPORT OF HB 2413**

Honorable Chair Rhoads, Vice Chair Har, and Committee Members,

The **International Brotherhood of Electrical Workers Local Union 1186** represents over 3,400 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Hickam, Kaneohe, and military facilities throughout Hawaii. IBEW Local 1186 also represents over 110 signatory electrical contracting companies that perform most of the electrical work in our state.

**We strongly support HB 2413.** Projects and services that used to be provided by government are increasingly being done in partnership with private enterprise. Public-private partnership projects would not exist without substantial government involvement. This mechanism should not be used as a loophole to avoid compliance with prevailing wage laws on public works projects using public funds.

HB 2413 clarifies that Hawaii's prevailing wage laws for public works projects applies to any project involving a government agency in a public-private partnership agreement. This application is consistent with the current definition of "governmental contracting agency" which includes "person or entity that causes either directly or indirectly the building or development of a public work".

Thank you for giving us this opportunity to testify in strong support of HB 2413.

Mahalo and aloha,

**Damien Kim**  
Business Manager - Financial Secretary  
International Brotherhood of  
Electrical Workers, Local Union 1186