



STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE  
ON  
WAYS AND MEANS  
ON  
February 25, 2014

S.B. 3039, S.D. 1

RELATING TO PUBLIC WORKS

Chair Ige and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 3039, S.D. 1.

The Department of Accounting and General Services supports the intent of S.B. 3039, S.D. 1, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget, and defers to the Department of Labor and Industrial Relations on the substantive provisions of this measure.

Thank you for the opportunity to submit written testimony on this matter.



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

830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
[www.labor.hawaii.gov](http://www.labor.hawaii.gov)  
Phone: (808) 586-8842 / Fax: (808) 586-9099  
Email: [dliir.director@hawaii.gov](mailto:dliir.director@hawaii.gov)



February 24, 2014

To: The Honorable David Y. Ige, Chair,  
The Honorable Michelle N. Kidani, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: February 25, 2014

Time: 9:15 a.m.

Place: Conference Room 211, State Capitol

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

**Re: S.B. No. 3039 SD1 Relating to Public Works**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This measure allows the department to add two Labor Law Enforcement Specialist (LLES) positions to assist in the enforcement of the Wages and Hours of Employees on Public Works (prevailing wages), Chapter 104, Hawaii Revised Statutes (HRS). The DLIR notes that general funded LLES positions are also able to enforce chapters 378, Part II and Part III, 387, 388, 390 and 396.

The proposal appropriates \$200,000 from the general fund for the positions.

The Department appreciates the consideration to provide additional resources to enforce labor laws, whether special or general funded, as long as the enactment of the measure does not supplant the priorities identified in the supplemental budget request.

**II. CURRENT LAW**

The Wage Standards Division currently has four Labor Law Enforcement Specialists (LLES) investigator positions statewide qualified to investigate Chapter 104 investigations. The current backlog of 250 pending prevailing wage cases has pressed supervisors and the branch chief to also do investigations. The backlog disrupts the supervisors' and investigators' responsibility for enforcement of five other laws the Division enforces.

### **III. COMMENTS ON THE SENATE BILL**

This proposal would restore two of the five positions lost by Wage Standards Division in the 2009 reduction-in-force that directly affected the enforcement of the prevailing wage law. In addition, recent changes in the law (Act 160, 2011 SLH), have changed the investigation process of prevailing wage investigations that resulted in addressing investigations by project rather than employer. These events together resulted in a backlog of 250 pending prevailing wage investigations of 50 contractors.

Prevailing wage investigations are complex investigations for senior investigators. Historically these claims represented about five percent of complaints filed in one fiscal year and took up twenty-five percent of an investigators time. In FY 2013, the percent of total complaints filed under prevailing wage law increased to 33% of the total complaints filed under the Compliance Branch and the Division has dedicated our senior investigator to these complaints. Using the skill of this investigator as a standard, the backlog on prevailing wage claims is at least four years. The complex nature of prevailing wage claims makes it difficult to complete more than 10 claims a year per investigator. If the four investigators did only prevailing wage claims and some complaints are resolved by employers because of those investigations, the current resolution rate of 63 could be maintained and the backlog of 250 cases might be addressed.

The department offers the following information for the Committee's consideration:

Two general funded LLES positions would require an appropriation of \$70,128 per annum. Two special funded LLES IV positions, capable of undertaking chapter 104 investigations, would require an appropriation of \$170,482 per annum.

NEIL ABERCROMBIE  
GOVERNOR



Testimony of  
GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
FORD N. FUCHIGAMI  
RANDY GRUNE  
AUDREY HIDANO  
JADINE URASAKI

IN REPLY REFER TO:  
(808) 587-2165

**LATE**

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

February 25, 2014  
9:15 a.m.  
State Capitol, Room 211

**S.B. 3039, S.D. 1**  
**RELATING TO PUBLIC WORKS**

Senate Committee on Ways and Means

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The Department of Transportation (DOT) appreciates the intent of S.B. 3039, S.D. 1, which provides \$200,000 in general revenues for two Specialist IV positions in the Department of Labor and Industrial Relations to enforce wage and hour laws while working on all public construction projects.

Thank you for the opportunity to provide testimony.



Testimony of Cindy McMillan  
The Pacific Resource Partnership

Senate Committee on Ways and Means  
Senator David Y. Ige, Chair  
Senator Michelle N. Kidani, Vice Chair

SB 3039, SD1 - Public Works  
Tuesday, February 25, 2014  
9:15 AM  
Conference Room 211

Aloha Chair Ige, Vice Chair Kidani 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 SB 3039, SD1, which appropriates funds for two additional labor law enforcement specialist IV positions in the department of labor and industrial relations to assist the enforcement of Hawaii's wage and hour law on public construction projects.

The Department's Wage Standards Division is severely understaffed, and it is extremely difficult for the Department to keep up with the enforcement efforts required by state statute. PRP would welcome the additional capacity to assist with the enforcement of Hawaii's wage and hour laws on public construction projects.

Thank you for the opportunity to share our views with you and we kindly ask for your favorable consideration of SB 3039, SD1.

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcawhawaii.org](mailto:info@gcawhawaii.org)  
Website: [www.gcawhawaii.org](http://www.gcawhawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 25, 2014

TO: HONORABLE DAVID IGE, CHAIR, HONORABLE MICHELLE KIDANI, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **S.B. 3039, SD1, RELATING TO PUBLIC WORKS.** Appropriates funds for two additional labor law enforcement specialist IV positions in the department of labor and industrial relations to assist the enforcement of Hawaii's wage and hour law on public construction projects. (SD1).

HEARING

DATE: Tuesday, February 25, 2014  
TIME: 9:15 a.m.  
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over approximately hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

S.B. 3039, SD1 proposes to appropriate from general funds two additional labor law enforcement specialist IV positions to assist enforce Hawaii's wage and hour law under HRS Chapter 104. The need for two additional labor law enforcement specialists appears necessary and this measure proposes funding of \$200,000 for fiscal year 2014-2015. These positions would allow DLIR the proper resources to complete investigations to enforce prevailing wage provisions already provided in the law.

In lieu of S.B. 2260, SD1 and 2261, SD1, which proposes to among other things, increase suspension periods, increase fines and penalties, and make a general contractor secondarily liable for the violations of their subcontractor for nonpayment of prevailing wages, GCA would recommend the Committee strongly consider this measure in its place.

The GCA is strongly opposed to provisions in S.B. 2261, which would make the general contractor secondarily liable for payment of back wages and penalties impose on his subcontractor's notification of a violation or decision.

Thank you for the opportunity to testify on this measure.

**2014 Officers****President**

**Brian K. Adachi**  
BKA Builders, Inc.

**President-Elect**

**Richard Hobson, Jr.**  
Gentry Homes, Ltd.

**Vice President**

**Craig Washofsky**  
Servco Home & Appliance Distribution

**Treasurer**

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**Evan Fujimoto**  
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**Special Appointee-Builder**

**Paul D. Silen**  
Hawaiian Dredging Construction Co., Inc.

**Special Appointee-Builder**

**Mark Kennedy**  
HASEKO Construction Management  
Group, Inc.

**Special Appointee-Associate**

**Dean Uchida**  
SSFM International, Inc.

**Immediate Past President**

**Greg Thielens**  
Complete Construction Services Corp.

**Chief Executive Officer**

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BIA-Hawaii

**2014 Directors****Anthony Borge**

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**Carleton Ching**

Castle & Cooke Hawaii, Inc.

**Chris Cheung**

CC Engineering & Construction, Inc.

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C&J Contracting, Inc.

**Eric Bass**

D.R. Horton, Schuler Division

**Gary T. Okimoto**

Honolulu Wood Treating

**Lili Shintani**

Alan Shintani, Inc.

**Mark Hertel**

Inter-Island Solar Supply, Oahu-Maui-  
Hawaii-Kauai

**Marshall Hickox**

Homeworks Construction, Inc.

**Michael Watanabe**

JW, Inc.

**Ryan Engle**

Bays Lung Rose & Holma

**Stephen Hanson**

simplicityHR by ALTRES

**Testimony to the Senate Committee on Ways and Means****Tuesday, February 25, 2014****9:15 a.m.****State Capitol - Room 211****RE: S.B. 3039 S.D. 1, Relating to Public Works**

Dear Chair Ige, Vice-Chair Kidani, and members of the Committee:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii **supports** S.B. 3039 S.D. 1, appropriates funds for two additional labor law enforcement specialist IV positions in the department of labor and industrial relations to assist the enforcement of Hawaii's wage and hour law on public construction projects.

These new positions would assist the DLIR's Wage Standards Division in enforcing Chapter 104, HRS, by having more personnel investigating violations. This measure would alleviate the need for contractors to be secondarily liable for the violations of their subcontractor for nonpayment of prevailing wages, as proposed in H.B. 2322.

We appreciate the opportunity to share with you our views.



**HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST**  
1617 Palama Street Honolulu, HI 96817 Ph: 808-845-3238 Fax: 808-845-8300 URL: [www.hilecet.org](http://www.hilecet.org)

**TESTIMONY BY PETER H. M. LEE  
HAWAII LECET**

THE SENATE  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair  
Senator Michelle N. Kidani, Vice Chair

NOTICE OF DECISION MAKING

DATE: Tuesday, February 25, 2014  
TIME: 9:15 a.m.  
PLACE: Conference Room 211  
State Capitol  
415 South Beretania Street

**TESTIMONY ON SENATE BILL NO. 3039, SD1 - RELATING TO PUBLIC WORKS.**

TO THE HONORABLE DAVID IGE, CHAIR; MICHELLE KIDANI, VICE CHAIR, AND MEMBERS OF THE WAYS AND MEANS COMMITTEE:

My name is Peter H. M. Lee, and I am the Construction Compliance Officer at Hawaii Laborers-Employers Cooperation and Education Trust (LECET). Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Mahalo for the opportunity to testify in strong support to Senate Bill No. 3039, SD1, which establishes the wage and hour for public works projects special fund and establishes and funds additional labor law enforcement specialist IV positions to assist the enforcement of Hawaii's wage and hour law on public construction projects. Specifies a funding mechanism for the special fund and requires an annual report. Exempts the department of transportation's airports division from the special fund fee.

Since 1995, I have worked closely with DLIR's Wage Standards Division (WSD) in enforcing HRS 104, and preventing WAGE THEFT on public works construction projects. Through the years I have witnessed WSD investigators dwindle down due to attrition, budget cuts and/or furloughs. To say the least, WSD is severely understaffed.





## HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

1617 Palama Street Honolulu, HI 96817 Ph: 808-845-3238 Fax: 808-845-8300 URL: [www.hilecet.org](http://www.hilecet.org)

Not only does WSD enforces HRS 104 relating to wages and hours of employees on State or county public works construction projects, but they are also tasked to administer the following Statutes...

- Chapter 378, Part II, HRS, relating to lie detector tests in employment
- Chapter 378, Part III, HRS, relating to suspension, discharge, or discrimination due to a work related injury, on-site drug screening, or use of sick leave
- Chapter 387, HRS, relating to minimum wage and overtime
- Chapter 388, HRS, relating to unpaid wages and timely payment of wages
- Chapter 390, HRS, relating to child labor
- Chapter 398, HRS, relating to Hawaii family leave

Due to the severe understaffing, and the fact that WSD is tasked to enforce other labor laws, most HRS 104 complaints have taken year(s) to be assigned, investigated, and completed.

Mahalo for the opportunity to provide testimony in **strong support** of Senate Bill No. 3039, SD1.