

Honolulu, Hawaii  
March 17, 2016

RE: S.B. No. 2723  
S.D. 1  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2723, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENFORCEMENT OF WAGE LAWS,"

begs leave to report as follows:

The purpose of this measure is to increase the fines for contractors and subcontractors who violate the wage and hour requirements for public works projects. Specifically, this measure increases the monetary fines as follows:

- (1) For a first violation, from \$25 to \$1,000 per offense; and
- (2) For a second violation within two years of the first notice of violation, from \$100 to \$10,000 for each offense.

The Department of Labor and Industrial Relations and Hawaii Construction Alliance supported this measure. The General Contractors Association; King & Neel, Inc.; Oahu Plumbing & Sheet Metal, Ltd.; LYZ Inc.; Isemoto Contracting Co. Ltd.; Alan Shintani, Inc.; Healy Tibbitts Builders, Inc.; Ralph S. Inouye Co. Ltd.; Can-Am Coatings, Inc.; BIA-Hawaii; Dorvin D. Leis Co., Inc.; and Willocks Construction Corporation opposed this measure. The Subcontractors Association of Hawaii and The Chamber of Commerce Hawaii provided comments.



Your Committee has amended this measure by:

- (1) Changing the penalty for a second violation within two years of the first notice of violation to 50% of back wages found due, plus \$5,000 for each offense;
- (2) Changing the penalty for a third violation within three years of the second notice of violation to full back wages found due, plus \$10,000 for each offense; and
- (3) Changing its effective date to July 1, 2016.

Your Committee heard concerns regarding the penalty changes made by this measure and notes that the Department of Labor and Industrial Relations has administrative procedures in place to determine whether the facts warrant a violation.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2723, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2723, S.D. 1, H.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



MARK M. NAKASHIMA, Chair



State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HCL 1057-16

**Record of Votes of the Committee on Labor & Public Employment**

Bill/Resolution No.: <span style="font-size: 18pt; font-weight: bold;">SB 2723 SD1</span>	Committee Referral: <span style="font-size: 18pt; font-weight: bold;">LAB, JUD, FIN</span>	Date: <span style="font-size: 18pt; font-weight: bold;">3/11/16</span>
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. KEOHOKALOLE, Jarrett (VC)	/			
3. AQUINO, Henry J.C.	/			
4. HAR, Sharon E.				/
5. ICHIYAMA, Linda	/			
6. JOHANSON, Aaron Ling	/			
7. LoPRESTI, Matthew S.	/			
8. SAN BUENAVENTURA, Joy A.	/			
9. TAKUMI, Roy M.	/			
10. YAMASHITA, Kyle T.	/			
11. TUPOLA, Andria P.L.		/		
TOTAL (11)	9	1		1

The recommendation is:     Adopted     Not Adopted  
 If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature: \_\_\_\_\_

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