

STAND. COM. REP. NO. 1707-16

Honolulu, Hawaii

April 8, 2016

RE: S.B. No. 2723
S.D. 1
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 2723, S.D. 1, H.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 changes the monetary fines as follows:

- (1) For a first violation, from a minimum of \$25 to \$1,000 per offense;
- (2) For a second violation occurring within two years of the first notice of violation, whether on the same contract or another, from \$100 or the amount of back wages due to 50 percent of back wages due, plus an additional \$5,000 for each offense; and
- (3) For a third violation occurring within three, rather than two years, of the second notification of violation, from two times the amount of back wages due or \$200, to the full amount of back wages due, plus an additional \$10,000 for each offense.



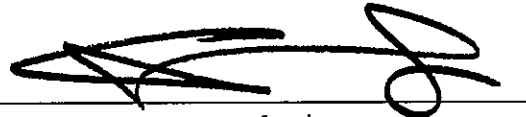
The Department of Labor and Industrial Relations testified in support of this measure. Dorvin D. Leis Co., Inc.; LYZ, Inc.; Royal Palm Construction & Landscaping, Inc.; Ship Repair Association of Hawaii; Pacific Shipyards International; Isemoto Contracting Co., Ltd.; General Contractors Association of Hawaii; Ohana Military Communities; S & M Sakamoto, Inc.; King & Neel, Inc.; Lindemann Construction Inc.; Robert M. Kaya Builders, Inc.; Nan, Inc.; Healy Tibbitts Builders, Inc.; Building Industry Association of Hawaii; Contract Furnishers of Hawaii, Inc. DBA Office Pavilion; Hawaii Construction Alliance; and an individual testified in opposition to this measure. The Subcontractors Association of Hawaii and Chamber of Commerce Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Changing the monetary penalties for first, second, and third violations of the wage and hour law to unspecified amounts;
- (2) Changing its effective date to July 1, 2030, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2723, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2723, S.D. 1, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



SYLVIA LUKE, Chair



