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

State of Hawaii House of Representatives The Twenty-eighth Legislature

Record of Votes of the Committee on Finance

Bill/Resolution No.:	Committee Referral:		Date:	
SB2723 SD1. HD1	LAB, JUD,	FIN	N 04/01/16	
☐ 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)				
FIN Members	Ayes	Ayes (WI	R) Nays	Excused
1. LUKE, Sylvia (C)				
2. NISHIMOTO, Scott Y. (VC)				
3. CACHOLA, Romy M.				
4. CULLEN, Ty J.K.				
5. DeCOITE, Lynn				
6. JOHANSON, Aaron Ling				
7. JORDAN, Jo		,		
8. KEOHOKALOLE, Jarrett				
9. KOBAYASHI, Bertrand		•		
10. LoPRESTI, Matthew S.	/			
11. LOWEN, Nicole E.		/		
12. ONISHI, Richard H.K.			·	
13. TOKIOKA, James Kunane				
14. YAMASHITA, Kyle T.	/	/		
15. POUHA, Feki				
16. WARD, Gene				
				-
TOTAL (16)	- 14			
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White)—Committee Duplicate (Yellow) - Chief Clerk's Office Duplicate (Pink) - HMSO				