

STAND. COM. REP. NO.

2061

Honolulu, Hawaii

FEB 08 2016

RE: S.B. No. 2723

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred S.B. No. 2723 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to increase the maximum penalties for government contractors who violate the State's wages and hours of employees on public works law to:

- (1) A penalty of not more than \$1,000 for a first offense; and
- (2) A penalty of ten percent of the contract amount for the second offense.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Pacific Resource Partnership, Hawaii Construction Alliance, Hawaii Regional Council of Carpenters, and one individual. Your Committee received testimony in opposition to this measure from the General Contractors Association of Hawaii and Subcontractors Association of Hawaii. Your Committee received comments on this measure from the Chamber of Commerce Hawaii.

Your Committee finds that the existing penalties for government contractors who violate the State's wages and hours of employees on public works law, codified as chapter 104, Hawaii Revised Statutes, are insufficient in deterring certain

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contractors from underpaying employees. When contractors comply with chapter 104, Hawaii Revised Statutes, there is a level playing field for bidding on state and county projects. Implementation of this measure assists the Department of Labor and Industrial Relations in enforcing chapter 104, Hawaii Revised Statutes, and encourages government contractors to comply with the law.

Your Committee has amended this measure by:

- (1) Requiring a government contractor who violates chapter 104, Hawaii Revised Statutes, to pay a penalty that is equal to ten percent of the amount of back wages due or \$1,000 per offense, whichever is greater, for the first offense, rather than a penalty of not more than \$1,000;
- (2) Requiring a government contractor who violates chapter 104, Hawaii Revised Statutes, to pay a penalty equal to the amount of back wages due or \$10,000 for each offense, whichever is greater, for the second offense, rather than ten percent of the contract amount; and
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion.

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

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



GILBERT S.C. KEITH-AGARAN, Chair



