

STAND. COM. REP. NO.

2366

Honolulu, Hawaii

FEB 18 2016

RE: S.B. No. 2724  
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. 2724 entitled:

"A BILL FOR AN ACT RELATING TO PREVAILING WAGES,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Expand the types of projects that must comply with wage and hour requirements under chapter 104, Hawaii Revised Statutes, including construction projects on public lands regardless of whether the work is paid from public funds, and projects for which public lands are used as security for financing;
- (2) Exempt certain projects from chapter 104, Hawaii Revised Statutes;
- (3) Establish requirements that apply in situations involving private lessees of public land who contract for certain projects on public land; and
- (4) Require every lease issued by the Board of Land and Natural Resources to contain a provision requiring that all contracts for construction on the land be subject to the requirements of chapter 104, Hawaii Revised Statutes, imposed on public work projects.



Your Committee received testimony in support of this measure from the Hawaii State AFL-CIO; Hawai'i Construction Alliance; Pacific Resource Partnership; Operating Engineers, Local Union No. 3; Hawaii Regional Council of Carpenters; International Union of Bricklayers and Allied Craftworkers, Local #1 of Hawaii; Hawai'i Coalition for Immigrant Rights; and one individual. Your Committee received testimony in opposition to this measure from the Department of Land and Natural Resources and General Contractors Association of Hawaii. Your Committee received comments on this measure from the Department of Labor and Industrial Relations.

Your Committee finds that prevailing wages ensure that workers are paid appropriate wages. However, chapter 104, Hawaii Revised Statutes, pertaining to wages and hours worked on public works, is not applicable to state lands that are leased to private developers. As a result, the workers on these projects often receive less than what they are due for their skills and labor. Implementation of this measure will ensure that workers on public lands are paid prevailing wages and encourage a more productive workforce, resulting in projects that are constructed efficiently, safely, and with quality craftsmanship.

Your Committee has amended this measure by:

- (1) Amending the definition of "governmental contracting agency" to include any public-private partnership;
- (2) For public work projects subject to chapter 104, Hawaii Revised Statutes, but not directly caused by a governmental contracting agency, retaining the authority of the Director of Labor and Industrial Relations, rather than other entities; to enforce chapter 104, Hawaii Revised Statutes;
- (3) Deleting the requirement that every lease issued by the Board of Land and Natural Resources contain a provision requiring that all contracts for construction on the land be subject to the requirements of chapter 104, Hawaii Revised Statutes, imposed on public work projects;
- (4) Inserting language to clarify that the Director of Labor and Industrial Relations has authority to terminate a



contractor's or subcontractor's right to proceed with work for failure to pay agreed wages;

- (5) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 2724, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2724, 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



