

Honolulu, Hawaii

MAR 04 2016

RE: S.B. No. 2724  
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2724, S.D. 1, 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 expand the application of wage and hour requirements for employees on public works.

Specifically, this measure:

- (1) Expands 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) Exempts certain projects from chapter 104, Hawaii Revised Statutes; and
- (3) Establishes requirements that apply in situations involving private lessees of public land who contract for certain projects on public land.

Your Committee received written comments in support of this measure from the Hawaii Construction Alliance; Hawaii Regional Council of Carpenters; Hawaii State AFL-CIO; International Union



of Bricklayers and Allied Craftworkers, Local #1 of Hawaii; Operating Engineers, Local Union No. 3; and Pacific Resource Partnership.

Your Committee received written comments in opposition to this measure from the Department of Land and Natural Resources; Building Industry Association of Hawaii; and General Contractors Association of Hawaii.

Your Committee received written comments on this measure from the Department of Labor and Industrial Relations.

Your Committee finds that the purpose of chapter 104, Hawaii Revised Statutes, is to ensure that prevailing wages are paid to, and reasonable work hours are required of, laborers and mechanics on all public work projects where the contract for construction of the public work project exceeds \$2,000. However, chapter 104, Hawaii Revised Statutes, is not applied to state lands that are leased to private developers. As a result, the workers on these projects often receive less than the prevailing wages required by chapter 104, Hawaii Revised Statutes. Your Committee further finds that this measure is intended to ensure that all development, construction, renovation, and maintenance upon state land or the use of state land to secure financing for development, construction, renovation, or maintenance shall constitute a "public work" to which the requirements of chapter 104, Hawaii Revised Statutes, apply.

Your Committee notes, however, the written comments submitted by the Department of Labor and Industrial Relations regarding the applicability of chapter 104, Hawaii Revised Statutes, to projects on state land, wherein the Department states, "[The Department of Labor and Industrial Relations] believes that the very broad, existing definition in chapter 104 already covers the intended purpose of the measure, but also believes dialogue pertaining to this matter is beneficial for the public good and is eager to participate in the discussions as the measure moves through the legislative process."


Your Committee has amended this measure by appropriating funds to the Department of Labor and Industrial Relations for effectuation of this measure and overall enforcement of chapter 104, Hawaii Revised Statutes.



Should this measure be heard by other standing committees, your Committee respectfully requests that the stakeholders work on addressing the issues raised in the written comments submitted on this measure, such as determining what lands should be subject to this measure and what departments or agencies should be involved. Your Committee recognizes that there are a number of unresolved issues regarding this measure. However, it is your Committee's intent that these issues be resolved as the measure moves forward.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2724, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2724, S.D. 2.

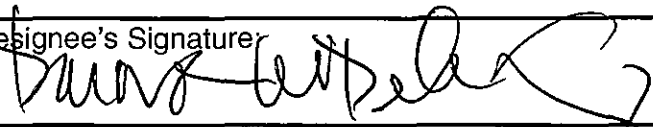
Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
\_\_\_\_\_  
JILL N. TOKUDA, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Ways and Means**  
**WAM**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2724, SD1	SDL, WAM	3/2/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	-			/
GALUTERIA, Brickwood	-	/		
HARIMOTO, Breene	/			
INOUE, Lorraine R.	/			
RIVIERE, Gil			/	
TANIGUCHI, Brian T.	/			
WAKAI, Glenn	-	/		
SLOM, Sam			/	
<b>TOTAL</b>	8		2	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:      Original      Yellow      Pink      Goldenrod				
File with Committee Report      Clerk's Office      Drafting Agency      Committee File Copy				

\*Only one measure per Record of Votes