

Honolulu, Hawaii

FEB 14 2017

RE: S.B. No. 615
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 615 entitled:

"A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a maritime industry grant program within the Department of Labor and Industrial Relations (Department) for the Department to award grants to qualified shipyards;
- (2) Establish eligibility requirements for the award of grants and reporting requirements for the maritime industry grant program;
- (3) Exempt the grants from chapters 42F, 103D, and 103F, Hawaii Revised Statutes; and
- (4) Appropriate funds to the Department for the awarding of grants under the maritime industry grant program.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Office of the Auditor, and Pacific Shipyards. Your Committee received comments on this measure from the State Procurement Office.



Your Committee finds that this measure builds upon the success of a pilot project that was collaboratively designed and implemented in 2015 by the Department to develop local talent for maritime welding and ship repair. The impetus of this pilot project was an insufficient number of local, qualified workers that forced employers to import mainland talent at high costs and turnover rates. The pilot project provided recruitment services, internships, and an accelerated maritime welding course that resulted in thirteen trainees being hired by the shipyard. This measure enables the Department to expand the pilot project so that more local, qualified workers can be recruited to fill more high-skilled occupations in the shipyard.

Your Committee notes the testimony of Pacific Shipbuilders and finds that the amendments proposed in that testimony may require further consideration.

Your Committee has amended this measure by:

- (1) As recommended by the Department:
 - (A) Expanding the grant program to allow training providers, in addition to qualified shipyards, receive grants;
 - (B) Deleting language that would have allowed grants to be used for capital improvement projects, because the Department lacks the authority to implement those projects;
 - (C) Deleting language that would have allowed grants to be used to purchase machinery and equipment, because the Department lacks the expertise to determine the feasibility of those purchases;
 - (D) Removing the requirement that the Department's report to the Legislature include the actual economic and workforce development benefits realized from the award of each grant, because the Department lacks the expertise to determine such projections; and
 - (E) Allowing, rather than requiring, the Department to adopt rules to implement the grant program;



- (2) Requiring that grant recipients comply with all state and federal laws prohibiting discrimination;
- (3) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (4) 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. 615, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 615, 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



