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GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



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March 31, 2017

To: The Honorable Jill N. Tokuda Chair,  
The Honorable Donovan M. Dela Cruz, Vice Chair, and  
Members of the Senate Committee on Ways and Means

Date: Friday, March 31, 2017  
Time: 9:30 a.m.  
Place: Conference Room 211, State Capitol

From: Linda Chu Takayama, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. No. 208 HD2 SD1 Relating to Labor**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal seeks to amend section 386-123, Hawaii Revised Statutes (HRS), to authorize the DLIR Director to issue and serve stop-work orders to employers not in compliance with §§386-121 and 386-99, and establishes penalties, enforcement, and protest procedures.

This proposal also seeks to amend chapter 388, HRS by adding three new sections to part I and amend §388-10 to issue orders of wage payment violations and establish penalties, enforcement, and protest procedures.

DLIR supports the intent of HB208 HD2SD1 to help ensure all employers have the required workers' compensation coverage and comply with Hawaii's payment of wages as mandated by law, and offers comments and suggestions below to improve the measure.

**II. CURRENT LAW**

Section 386-123, HRS, holds the employer liable for penalties (not less than \$500 or \$100 for each employee) for failure to comply with section 386-121, HRS, which requires employers to secure workers' compensation coverage.

There is no administrative stop-work order in chapter 388. There is a provision that authorizes the court to issue an injunction against the employer for violations in §388-9 and a provision for criminal penalties under §388-10(b). However, the evidentiary burden and process to use these two provisions is such that the Department rarely uses them. In addition, often the employer will be out of business or bankrupt before DLIR is able to use these provisions. Currently, chapter 388 makes the employer liable for unpaid wages and interest at 6% per year, but does not provide an administrative penalty.

### **III. COMMENTS ON THE HOUSE BILL**

DLIR supports the intent of HB208 HD2SD1 to help ensure all employers have the required coverage as mandated by law. DLIR strongly supports Part II of the measure pertaining to chapter 388 and notes the Wage Standards Division already has a very similar administrative process for chapter 104, Hawaii's Prevailing Wages Law.

DLIR suggests that Part 1 contain only the requested modifications found in the SD1 of the measure to the circuit court injunction provision. This existing statutory language allows the Director to enjoin the employer from carrying on business in the State. DLIR recommends reducing the existing statutory timeline of 30 days of non-compliance to 14 days in order to expedite compliance. Additionally, we would recommend clarifying where a lawsuit is filed, especially relating to out-of-state employers. DLIR offers the following amendment to the second paragraph of §386-123:

In addition, if any employer is in default under section 386-121 for a period of [~~thirty~~] fourteen days, the employer may be enjoined, by the circuit court of the circuit in which the employer's principal place of business is located[~~7~~] in the State or where the violation occurred, from carrying on the employer's business anywhere in the State so long as the default continues, such action for injunction to be prosecuted by the attorney general or any county attorney if so requested by the director.

DLIR notes that §386-99 referenced in the measure contains antiquated provisions and recommends deleting the last sentence and replacing "regulation" with "rule" wherever it appears.

# Hawai'i Construction Alliance

P.O. Box 179441  
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(808) 348-8885

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March 29, 2017

The Honorable Jill N. Tokuda, Chair  
The Honorable Donovan M. Dela Cruz, Vice Chair  
and members  
Senate Committee on Ways and Means  
415 South Beretania Street  
Honolulu, Hawai'i 96813

**RE: Support for HB208 HD2 SD1, Relating to Labor**

Dear Chair Tokuda, Vice Chair Dela Cruz, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Laborers' International Union of North America, Local 368; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We **support HB208 HD2 SD1**, which would authorize the Director of Labor and Industrial Relations or the Director's designee to issue and serve on an employer a stop-work order prohibiting the use of employee labor by the employer until the employer complies with certain provisions regarding security for payments of workers' compensation coverage for employees; authorize the Department of Labor and Industrial Relations to issue an order of wage payment violation to the employer in violation of provisions regarding payment of wages and other compensation; and establish penalties, enforcement, and protest procedures related to stop-work orders and orders of wage payment violations.

The Hawai'i Construction Alliance has been extremely concerned by the increasing problem of unscrupulous employers not following laws designed to protect the health and safety of Hawai'i workers, in particular, Section 386, the Workers' Compensation chapter.

It is far too common for employers in Hawai'i — particularly in the construction industry — to not provide their employees with temporary disability insurance and workers' compensation coverage. Often, this is due to employers fraudulently misclassifying workers as "independent contractors" or willfully neglecting to provide such coverage in an attempt to cut costs and retain profits. This sort of behavior is unacceptable and actively harms Hawai'i workers and families.

Last year, the legislature passed HB2363, which was signed into law as Act 187. This bill, among other things, increased fines for employers who did not have Workers' Compensation coverage. At the time, we believed that increasing fines would serve as a sufficient deterrent to cause unscrupulous contractors to think twice before flouting the law.

Unfortunately, unscrupulous contractors continue to operate – as was discovered at the recent raids at the Maile Sky Court and Polynesian Plaza construction projects in Waikīkī. Thus, we strongly believe that the Department of Labor and Industrial Relations ought to be given another enforcement tool – the issuance of stop-work orders – to further deter bad actors and to prevent workers who aren't provided coverage from being placed into unsafe situations.

Stop-work orders would be a “last-resort” option for DLIR, but we believe that this type of tool will be effective in preventing workers from being made to work without proper coverage. Several other states have the ability to issue stop-work orders to employers who do not have proper workers' compensation coverage. By virtue of these states' abilities to issue stop-work orders, their workers enjoy more protections and, by extension, safer job sites. We believe Hawai'i workers deserve the same.

In closing, **we strongly ask for your committee's favorable action on HB208 HD2 SD1.**

Mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is written in a cursive, flowing style.

Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)



**Alan Shintani INC.**  
GENERAL CONTRACTOR ABC 13068

Testimony of  
Alan Shintani, President  
Alan Shintani, Inc.

THE SENATE  
THE TWENTY-NINTH  
LEGISLATURE REGULAR  
SESSION OF 2017

COMMITTEE ON WAYS AND MEANS  
Senator Jill N. Tokuda, Chair  
Senator Donovan M. Dela Cruz, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 31, 2017  
TIME: 9:30 am  
PLACE: Conference Room 211

**TESTIMONY ON HB 208, HD2, SD1 RELATING TO LABOR**

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee,

Since 1984, Alan Shintani, Inc. has been providing the best solutions by offering a range of quality general contractor services and construction management for homes, commercial buildings, and government projects in a timely and cost-efficient manner. ASI has earned a solid reputation in Hawaii by continuously striving to succeed in all its construction endeavors through innovative and consistent means of construction services.

Alan Shintani, Inc. supports HB 208, HD2, SD1, Relating to Labor, which authorizes the Director of Labor and Industrial Relations or the Director's designee to issue and serve on an employer a stop-work order prohibiting the use of employee labor by the employer until the employer complies with certain provisions regarding security for payments of workers' compensation coverage for employees. This measure authorizes the Department of Labor and Industrial Relations to issue an order of wage payment violation to the employer in violation of provisions regarding payment of wages and other compensation. This measure also establishes penalties, enforcement, and protest procedures related to stop-work orders and orders of wage payment violations.

Failure to stop employers from evading workers' compensation laws and paying appropriate wages only rewards unscrupulous employers over employers who follow the law. Stop-work order provisions in HB 208 will incentivize employers to follow the law and make cheating an unprofitable business model in Hawaii.

For these reasons, I support HB 208, HD2, SD1. Thank you for allowing me to testify.

  
Alan Shintani

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 29, 2017 11:47 PM  
**To:** WAM Testimony  
**Cc:** bwilson@hrcc-hawaii.com  
**Subject:** Submitted testimony for HB208 on Mar 31, 2017 09:30AM

**HB208**

Submitted on: 3/29/2017

Testimony for WAM on Mar 31, 2017 09:30AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brooke Wilson	Hawaii Regional Council of Carpenters	Support	No

Comments: The Hawaii Regional Council of Carpenters strongly supports HB 208 H.D.2, S.D. 1, which would authorize the Department of Labor and Industrial Relations Director or the Director's designee to issue a stop-work order prohibiting the continued use of employee labor until the employer complies with the law. Stop-work orders would be a "last-resort" option for DLIR, but we believe that this type of tool will be effective in preventing workers from being made to work without proper coverage. We note that several other states can issue stop-work orders to employers who do not have proper workers' compensation coverage, including: \* California (Cal. Labor Code §3710); \* Connecticut (Conn. Gen. Stat §31-76a); \* Florida (Fla. Stat. §440.107); \* Massachusetts (Mass. Gen. Laws. Ch. 152, §25C); \* New Jersey (N.J. Rev. Stat. §34:20-1); \* New York (N.Y. Work Comp Law §141-A); and \* Washington State (Wash. Rev. Code §51.48.022). By these states' abilities to issue stop-work orders, their workers enjoy more protections and, by extension, safer job sites. We believe our local workers deserve the same. Thank you for the opportunity to voice our opinion.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

Testimony of  
Christopher Delaunay, Government Relations Manager  
Pacific Resource Partnership

Senate Committee on Ways and Means  
Senator Jill N. Tokuda, Chair  
Senator Donovan M. Dela Cruz, Vice Chair

HB 208, HD2, SD1 – Relating to Labor  
Friday, March 31, 2017  
9:30 A.M.  
State Capitol – Room 211

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

In an effort to ensure a level playing field for employers who do follow the workers' compensation and payment of wages laws in the State of Hawaii, Pacific Resource Partnership (PRP) **strongly supports HB 208, HD2, SD1 with amendments.**

This bill authorizes the Department of Labor and Industrial Relations (DLIR) Director or Director's designee to issue a stop-work order prohibiting the continued use of employee labor until the employer complies with Hawaii's workers' compensation laws. This bill also authorizes DLIR to issue an order of wage payment violation to the employer who is in violation of provisions regarding payment of wages and other compensation.

Under existing law, an employer failing to comply with workers' compensation laws in the State of Hawaii is liable for a penalty of not less than \$500 or of \$100 for each employee for every day the employer fails to comply with the law. Harsher penalties are needed to deter large, medium, and small employers from ignoring Hawaii's workers' compensation laws. Unscrupulous employers will continue to work unlawfully, even when fines are issued, because, currently, the benefits of cheating outweigh the risk. A stop-work order is the best remedy for this problem for the following reasons:

- **Failure to stop employers from ignoring workers' compensation laws will only reward unscrupulous employers.** Employers who do not cover their employees with workers' compensation insurance have an economic and illegal advantage over employers who operate their businesses legitimately. Their services and products will be cheaper than the employer who adheres to the law. As such, a stop-work order will incentivize employers to pay their workers' compensation insurance and make cheating an unprofitable business model in the State of Hawaii.



**(Continued From Page 1)**

- **Employers should not be required to pay higher premiums because delinquent employers are not following the law.** Large numbers of employers not paying their fair share of workers' compensation exposes the special compensation fund to greater risks of having to pay workers' compensation to employees who are not covered by their delinquent employers. Inadequate funding in the special compensation fund could drive up the costs of workers' compensation for Hawaii employers.
- **Stop-work orders protect the employer and employee.** A stop-work order can stop work before an uninsured employee is injured on the job. This could protect the employer from additional liabilities and protect the employee from uninsured injuries.
- **Stop-work orders are not a unique concept.** Several states such as Connecticut, Florida, Massachusetts, New Jersey, New York, and Washington State have stop-work orders for violating workers' compensation laws. Also, stop-work orders are not a unique concept in Hawaii. The City and County of Honolulu has a stop-work order for health and safety violations, Department of Commerce and Consumer Affairs has a cease and desist order for unlicensed activity; however, the DLIR, which is the department with jurisdiction over workers' compensation, does not have stop-work order powers to stop the work of unscrupulous employers who are in violation of Hawaii's workers' compensation laws.

Also, the second part of the bill authorizes DLIR to issue administrative fines to employers in violation of provisions related to the failure to pay employee wages. Administrative penalties will incentivize employers to pay employee wages in accordance with the law.

To improve this bill, PRP offers the [attached SD2 amendments](#) for this Committee's consideration along with the following summary:

- 1) Page 1, Section 1, our proposed amendment creates a new section providing the Department of Labor and Industrial Relations (DLIR) Director with the authority to assess a penalty of \$1,000 per day against an employer for each day that it conducts business operations that are in violation of a stop-work order. For a stop-work order to be effective, there needs to be some type of penalty against an employer who violates a stop-work order. Connecticut and Florida have similar penalties for employers in violation of their stop-work orders (see attached chart).
- 2) Page 1, Section 2, is more of a technical amendment that deletes language referencing section 386-99, Hawaii Revised Statutes. This language references a posting requirement which was removed by the Judiciary and Labor Committee on March 15, 2017.
- 3) Page 2, Section 2, subsection (b) would allow DLIR seven days to issue a written decision to all parties after a hearing versus only three hours. We believe that three hours does not provide the department with a reasonable amount of time to issue a written decision to all parties by registered or certified mail.



**(Continued From Page 2)**

It's in the best interest of the State of Hawaii to stop the work of unscrupulous employers who are in violation of Hawaii's workers' compensation laws, and who are profiting at the expense of employers and employees who follow the law. We, therefore, respectfully request your support on HB 208, HD2, SD1 with PRP's proposed SD2 amendments.

Thank you for this opportunity to submit written testimony.

About PRP

*Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.*

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# A BILL FOR AN ACT

RELATING TO LABOR.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

## PART I

SECTION 1. Section 386, Hawaii Revised Statutes, is amended by adding a new section to Part IV to read as follows:

"§386- Failure to Observe a stop-work order. The director shall assess a penalty of \$1,000 per day against an employer for each day that it conducts business operations that are in violation of a stop-work order issued pursuant to 386-123."

SECTION 2. Section 386-123, Hawaii Revised Statutes, is amended to read as follows:

"§386-123 Failure to give security for compensation; penalty; injunction[-]; stop-work order; fines. (a) If an employer fails to comply with section 386-121, [~~or fails to comply with section 386-99,~~] the director or the director's designee shall provide the employer with written notice requiring the employer to provide evidence, satisfactory to the director or director's designee, of having secured any necessary

insurance or self-insurance in accordance with section 386-121 within three business days. If an employer fails to provide evidence of insurance or self-insurance within three business days, the director or the director's designee shall issue and serve the employer a stop-work order that prohibits the use of employee labor by the employer until the employer is in compliance with section 386-121. The stop-work order shall become effective immediately upon service. Any employee who is affected by the work stoppage shall be paid by the employer for the time lost, not to exceed ten days, pending compliance by the employer.

(b) An employer may protest a stop-work order by making and filing with the director a written request for a hearing within twenty days after service of the stop-work order. The hearing shall be held within thirty days from the date of filing the request. The director shall notify the employer of the time and place of the hearing by mail. At the conclusion of the hearing, the stop-work order shall be affirmed or dismissed, and within ~~[three hours]~~ seven days after the hearing, the director shall issue a written decision to all parties by registered or certified mail. If any party is aggrieved by the decision of the director or the designated hearings officer, the party may appeal in the manner provided in chapter 91 to the circuit court after filing a surety bond or letter of credit with the director

in an amount equal to ten per cent of the penalty amount;  
provided that the operation of a stop-work order shall not be  
stayed on appeal unless specifically ordered by a court of  
competent jurisdiction in accordance with section 91-14(c).

(c) At the time the stop-work order is issued and served  
pursuant to this section, the director or the director's  
designee shall also issue and serve a penalty requiring the  
employer [~~shall be liable for~~] who violates section 386-121 to  
pay a penalty of not less than \$500 or of \$100 for each employee  
for every day [~~during which such failure continues,~~] the  
employer is not in compliance, whichever sum is greater, to be  
recovered in an action brought by the director or the director's  
designee in the name of the State, and the amount [~~se~~] that is  
collected shall be paid into the special compensation fund  
created by section 386-151. The director may, however, in the  
director's discretion, for good cause shown, remit all or any  
part of the penalty in excess of \$500; provided that the  
employer in default complies with section 386-121. With respect  
to such actions, the attorney general or any county attorney or  
public prosecutor shall prosecute the same if so requested by  
the director.

In addition, if any employer is in default under section  
386-121 for a period of [~~thirty~~] fourteen days, the employer may  
be enjoined, by the circuit court of the circuit in which the

employer's principal place of business is located[7] or the circuit where the violation occurred, from carrying on the employer's business anywhere in the State so long as the default continues, such action for injunction to be prosecuted by the attorney general or any county attorney if so requested by the director.

(d) Stop-work orders and any penalties imposed shall be effective against any successor entity that has one or more of the same principals or officers as the corporation, association, partnership, limited liability company, sole proprietorship, or other legal business entity against which the stop-work order was issued."

## PART II

SECTION 3. Chapter 388, Hawaii Revised Statutes, is amended by adding three new sections to part I to be appropriately designated and to read as follows:

**"§388-A Order of wage payment violation;**  
**appeal.** (a) When the department of labor and industrial relations, as a result of the department's own investigation, finds that a violation of this chapter or administrative rules adopted under this chapter has been committed and not corrected, or a penalty under section 388-10(a)(2) has not been paid, the department shall issue an order of wage payment violation to the

employer in violation. The order shall include any penalty assessed pursuant to section 388-10(a).

(b) The order of wage payment violation shall be final and conclusive unless within twenty days after a copy of the order of wage payment violation has been sent to the employer, the employer files a written notice of appeal with the director in writing.

(c) A hearing on the written notice of appeal shall be held pursuant to chapter 91, by a hearings officer appointed by the director, within thirty days of the filing of the notice of appeal. A decision stating the findings of fact and conclusions of law shall be rendered by the hearings officer within thirty days after the conclusion of the hearing.

(d) Any party to an appeal under this chapter may obtain judicial review of the decision issued by the hearings officer in the manner provided under chapter 91.

**§388-B Remittance of penalties.** Until the order of wage payment violation becomes final, the director may withdraw or modify the order of wage payment violation or remit all or any part of a penalty assessed if good cause is shown; provided that the employer in default complies with this chapter and the administrative rules adopted under this chapter.

**§388-C Enforcement of the order of wage payment violation.** The director may file in the circuit court in the

jurisdiction in which the employer does business, a certified copy of the final order of wage payment violation. The court shall render a judgment in accordance with the final order of wage payment violation and notify the parties of the judgment. The judgment shall have the same effect, and all proceedings in relation to the judgment shall be the same, as though the judgment had been rendered in an action duly heard and determined by the court, except that there shall be no appeal from the judgment."

SECTION 4. Section 388-10, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) Civil. Any employer who fails to pay wages in accordance with this chapter without equitable justification or violates this chapter or the administrative rules adopted under this chapter shall be liable [~~to~~]:

- (1) To the employee~~[, in addition to the wages legally proven to be due,]~~ for a sum equal to the amount of unpaid wages and interest at a rate of six per cent per year from the date that the wages were due~~[.];~~ and
- (2) For a penalty of not less than \$500 or \$100 for each violation, whichever is greater. The penalty shall be deposited into the general fund."

### **PART III**

SECTION 5. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on January 7, 2059.



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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 31, 2017

TO: HONORABLE JILL TOKUDA, CHAIR, HONORABLE DONOVAN DELA CRUZ, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS AND MEANS

SUBJECT: **COMMENTS REGARDING H.B. 208, HD2, SD1 RELATING TO LABOR.**  
Authorizes the Director of Labor and Industrial Relations or the Director's designee to issue and serve on an employer a stop-work order prohibiting the use of employee labor by the employer until the employer complies with certain provisions regarding security for payments of workers' compensation coverage for employees. Authorizes the Department of Labor and Industrial Relations to issue an order of wage payment violation to the employer in violation of provisions regarding payment of wages and other compensation. Establishes penalties, enforcement, and protest procedures related to stop-work orders and orders of wage payment violations. Takes effect 1/7/2059. (SD1)

Decision Making

DATE: March 31, 2017  
TIME: 9:00 a.m.  
PLACE: Room 211

Dear Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

**The GCA appreciates the work with proponents to ensure that proper safeguards are put in place to protect all parties involved in the issuance of a Stop Work Order.** The current SD1 draft affords reasonable due process if an employer is accused of such non-compliance. Further the Committee report by the Senate Committee on Judiciary and Labor noted that the intent of the bill was reflected in testimony by the Department of Labor and Industrial Relations who said in their "oral testimony that in cases where multiple entities are working at the same site, such as a subcontractor and general contractor, that a stop-work order and other applicable penalties would be issued against only the entity in violation of chapter 386, Hawaii Revised Statutes." It is important that the law is clear that if there is one contractor on the job that is in non-compliance with their workers compensation it does not stop the entire project but only essentially stops the violator from its work.

It is important to note that under current law, the DLIR has the ability to request that the Attorney General petition the Court to enjoin a business from carrying on its business if an employer is in default of their workers compensation for a period of thirty days. See HRS Section 386-123. In addition, the Department of Commerce and Consumer Affairs through its Regulated Industries Complaint Office, known as RICO, has the ability to cite for unlicensed activity, including non-compliance with workers compensation insurance and order a project to cease and desist. The City and County of Honolulu also has a similar ordinance which allows them to order a project to be stopped if it is based on public health and safety. See Revised Ordinances of Honolulu, Article 7, Section 18-7.5.

Thank you for the opportunity to present our views on this matter and for ensuring proper safeguards for the employee, employer and the public at large.



ALLIED BUILDERS SYSTEM

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Testimony of  
RAM Corporation dba  
Allied Builders System  
Justin Izumi, Vice President

THE SENATE  
THE TWENTY-NINTH  
LEGISLATURE REGULAR  
SESSION OF 2017

COMMITTEE ON WAYS AND MEANS  
Senator Jill N. Tokuda, Chair  
Senator Donovan M. Dela Cruz, Vice Chair

NOTICE OF HEARING

DATE: Friday, March 31, 2017  
TIME: 9:30 am  
PLACE: Conference Room 211

**TESTIMONY ON HB 208, HD2, SD1 RELATING TO LABOR**

Aloha Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee,

Founded in 1970, RAM Corporation dba Allied Builders System is a locally owned and operated general contracting firm. Fundamental to our corporate philosophy is a deep-rooted commitment to act responsibly and provide exceptional value in service to our clients, their design teams and industry partners.

Allied Builders System supports HB 208, HD2, SD1, Relating to Labor, which authorizes the Director of Labor and Industrial Relations or the Director's designee to issue and serve on an employer a stop-work order prohibiting the use of employee labor by the employer until the employer complies with certain provisions regarding security for payments of workers' compensation coverage for employees. This measure authorizes the Department of Labor and Industrial Relations to issue an order of wage payment violation to the employer in violation of provisions regarding payment of wages and other compensation. This measure also establishes penalties, enforcement, and protest procedures related to stop-work orders and orders of wage payment violations.

Failure to stop employers from evading workers' compensation laws and paying appropriate wages only rewards unscrupulous employers over employers who follow the law. Stop-work order provisions in HB 208 will incentivize employers to follow the law and make cheating an unprofitable business model in Hawaii.

For these reasons, we support HB 208, HD2, SD1. Thank you for allowing us to testify.