

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 14, 2017

To: The Honorable Tom Brower, Chair,
The Honorable Nadine K. Nakamura, Vice Chair, and
Members of the House Committee on Housing

Date: Tuesday, February 14, 2017
Time: 9:00 a.m.
Place: Conference Room 423, State Capitol

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

Re: H.B. No. 831 Relating to Public Works

I. OVERVIEW OF PROPOSED LEGISLATION

HB831 increases the exemption from Hawaii's prevailing wage law, Wages and Hours of Employees on Public Works Law, chapter 104, Hawaii Revised Statutes (HRS), for the Hawaii Housing Finance & Development Corporation (HHFDC) chapter 201H, HRS, housing projects from \$500,000 to \$5 million dollars.

DLIR opposes the measure.

II. CURRENT LAW

Section 104-2, HRS, requires all public works construction in excess of \$2,000 to pay laborers and mechanics working on the job site the prevailing wages set by the DLIR Director, although housing projects with a cost under \$500,000 developed under chapter 201H, HRS, by a non-profit corporation are exempt from, chapter 104, HRS.

The exclusion for housing projects under the HHFDC and its predecessors was first enacted in 1990 as part of Act 294 (SLH 1990, Regular Legislature). There are no current projects that DLIR is aware of that qualify for the exemption. This narrow, existing exemption aims to exclude volunteer programs like Habitat for Humanity or small individual projects that have minimal access to any State or county benefits.

III. COMMENTS ON THE HOUSE BILL

Hawaii's prevailing wage law was enacted to prevent public construction projects from destabilizing the local construction industry. By taking wages out of the equation, prevailing wages organize competition around quality, productivity, and efficiency without touching off a "race to the bottom" as contractors underbid one another by lowering the rate of pay earned by their workers. The goal is that, with everyone playing on a level field, contractors seek to maximize their workers' output and their own ability to manage work better than their competition.

Harry Kim
Mayor



Neil S. Gyotoku
Housing Administrator

Lance M. Niimi
Assistant Housing Administrator

County of Hawai'i
Office of Housing and Community Development

50 Wailuku Drive • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685
Existing Housing: (808) 959-4642 • Fax (808) 959-9308
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February 10, 2017

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and Committee Members
Committee on Housing

Twenty-Ninth Legislature
Regular Session of 2017

SUBJECT: House Bill 831
Hearing Date: February 14, 2017
Time: 9:00am
Conference Room: 423

The Office of Housing and Community Development (OHCD) **supports** House Bill 831 which increases from \$500,000 to \$5,000,000 the cost threshold for experimental and demonstration housing developed by the counties, or housing developed by the Hawaii Housing Finance and Development Corporation, to be exempted from the wages and hours laws for public works.

Much of the affordable housing in Hawai'i County is developed by our local nonprofits who prefer to use volunteer labor and donated materials to provide very low-income rental housing units. Often they are stifled in their efforts by Section 104-2, because the project exceeds the \$500,000 threshold and requires them to pay prevailing wages. The OHCD agrees with HB 831 to raise the threshold to \$5,000,000 which will allow smaller nonprofits to participate in affordable housing development while protecting union labor and wages with low-income housing tax credit projects, which can be exorbitant.

The OHCD asks that you support affordable housing and support HB831. Thank you for your careful consideration of the positive impacts of this bill.

A handwritten signature in black ink, appearing to read "Neil S. Gyotoku", written over a horizontal line.

Neil S. Gyotoku
Housing Administrator



SAH - Subcontractors Association of Hawaii

1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 14, 2017

Testimony To: House Committee on Housing
Representative Tom Brower, Chair

Presented By: Tim Lyons, President

Subject: H.B. 831 – RELATING TO PUBLIC WORKS.

Chair Brower and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we oppose this bill. The SAH represents the following nine separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We would suppose the goal of this bill is to lower the cost of building experimental and demonstration housing by exempting it from the prevailing wage by raising the threshold from the current \$500,000.00 to \$5,000,000.00.

We submit to you that if all other state and county projects in excess of \$2000.00 require prevailing wage then these kinds of projects as well, should require prevailing wage otherwise you are providing the distinct possibility of lower than standard construction techniques and unfair competition as union contractors will still have to pay the prevailing wage but the non-union contractors will not. This bill then effectively takes less than \$5,000,000.00 projects and moves them from one sector of the construction industry to the other.

Based on the above we cannot support this bill and while we think it's an admirable goal to reduce the cost of housing, we think it has many other intended or unintended consequences that we cannot support.

Thank you.

Hawai'i Construction Alliance

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

February 12, 2017

The Honorable Tom Brower, Chair
The Honorable Nadine K. Nakamura, Vice Chair
and members
House Committee on Housing
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong opposition to HB831, Relating to Public Works

Dear Chair Brower, Vice Chair Nakamura, 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 write in strong opposition to HB831. Our members do an exemplary job of building all types of public works projects, including housing, at prevailing wage rates. We are disappointed that supporters of this proposal did not approach us or any of our member organizations to discuss their goals or objectives prior to the introduction of this bill.

Therefore, at this time, we recommend that this bill be held or deferred by your committee.

Mahalo,



Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiconstructionalliance.org

Testimony of
Christopher Delaunay
Pacific Resource Partnership

LATE

HOUSE OF REPRESENTATIVES
THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

COMMITTEE ON HOUSING
Representative Tom Brower, Chair
Representative Nadine K. Nakamura, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 14, 2017
TIME: 9:00am
PLACE: Conference Room 423

Aloha Chair Brower, Vice Chair Nakamura, and Members of the Committee:

PRP respectfully **opposes** HB 831, Relating to Public Works, which increases from \$500,000 to \$5,000,000 the cost threshold for an experimental and demonstration housing developed by the counties or housing developed by the Hawaii Housing Finance and Development Corporation to be exempted from the wages and hours laws for public works.

Thank you for allowing us to testify on HB 831 and we respectfully request this bill be held in committee.

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.



IRONWORKERS STABILIZATION FUND

February 13, 2017



Tom Brower, Chair
Committee on Housing
House of Representative
State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Dear Honorable Chair Brower and Members of the Committee on Housing:

Re: Strong Opposition for HB 831 – Relating to Public Works

We are in strong opposition of HB 831, Relating to Public Works, which increases the threshold from \$500,000 to \$5,000,000 for Hawaii Finance Development Corporation to be exempted from wage and hours laws for public works.

This bill will have an adverse effect to the working men and women of Hawaii. It will allow any project to pay less than Fair Labor Standards set up by the State Legislature to allow people to make a decent living. It will also ensure that the job will not be built by people who are trained in the job. Additionally, it may lead to substandard work that will jeopardize the public living in the project.

We believe this bill will not assist in creating more quality housing, but create housing that are substandard and will need to be condemn.

As such, we strongly oppose this measure for the working men and women of Hawaii. Thank you for your time and consideration.