

STAND. COM. REP. NO.

1462

Honolulu, Hawaii

MAR 22 2019

RE: H.B. No. 158
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Government Operations and Labor, Culture and the Arts, to which was referred H.B. No. 158, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LABOR LAW COMPLIANCE FOR GOVERNMENT CONTRACTS,"

beg leave to report as follows:

The purpose and intent of this measure is to require that contractors for government service contracts submit certified payrolls to demonstrate compliance with wage and hour requirements.

Your Committees received testimony in support of this measure from the Department of Accounting and General Services; Hawaii Regional Council of Carpenters; Hawaii Laborers-Employers Cooperation and Education Trust; Hawai'i Construction Alliance; and Hawaii Laborers Union, Local 368. Your Committees received comments on this measure from the Department of Labor and Industrial Relations.

Your Committees find that in contrast to government-sponsored public works projects, where construction wages can be clearly verified through submission of certified payrolls, there is currently no mechanism to ensure that workers on government service contracts are also being paid correctly. This measure



requires contractors to maintain and submit certified payrolls, which will help ensure that workers are paid the correct wages and receive adequate compensation for what can be hazardous and difficult work.

However, your Committees have heard and acknowledge the testimony of the Department of Labor and Industrial Relations, Department of Accounting and General Services, and Hawaii Laborers-Employers Cooperation and Education Trust expressing concerns regarding the implementation and enforcement of this measure and whether the overly broad language in this measure may have unintended consequences on certain other contracts. Amendments to this measure are therefore necessary.

Your Committees respectfully encourage the Department of Labor and Industrial Relations, Department of Accounting and General Services, Hawaii Laborers-Employers Cooperation and Education Trust to continue working together to further refine the language amending section 103-55, Hawaii Revised Statutes, and specifically address whether a weekly requirement to pay mechanics and laborers is an appropriate standard industry practice.

Your Committees have amended this measure by:

- (1) Requiring a contractor or subcontractor to pay all mechanics and laborers employed on a job site the full amount of their wages and not less often than once a week;
- (2) Permitting the governmental contracting agency to withhold from the contractor so much accrued payments that are necessary to pay the difference between required wages and wages received to the mechanics and laborers;
- (3) Requiring the contractor to maintain payroll records for all laborers and mechanics and submit certified copies of payroll records every week to the governmental contracting agency for review;
- (4) Specifying penalties for contractors who fail to properly keep, provide information regarding, or submit payroll records; and



- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Government Operations and Labor, Culture and the Arts that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 158, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 158, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Government Operations and Labor, Culture and the Arts,

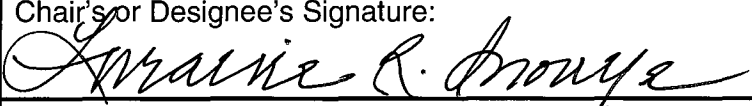

BRIAN T. TANIGUCHI, Chair


LAURA H. THIELEN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:		
HB158 HDI	GVO/LCA, WAM	3/19/2019		
<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
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
BAKER, Rosalyn H.	✓			
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt				✓
TOTAL	4			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

