

DAVID Y. IGE
GOVERNOR

JOSH GREEN
LIEUTENANT GOVERNOR



SCOTT T. MURAKAMI
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

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March 25, 2019

To: The Honorable Chris Lee, Chair,
The Honorable Joy A. San Buenaventura, Vice Chair, and
Members of the House Committee on Judiciary

Date: Wednesday, March 27, 2019
Time: 2:05 p.m.
Place: Conference Room 325, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 1082 S.D. 2 H.D. 1 RELATING TO WAGES

I. OVERVIEW OF PROPOSED LEGISLATION

SB1082 SD2H1 amends the Payment of Wages and Other Compensation Law, Chapter 388, Hawaii Revised Statutes (HRS), by adding a new section to enforce general contractor liability in the construction industry when a subcontractor's employees are not paid their wages for projects not subject to Chapter 104. The measure also authorizes enforcement actions by the Director or a joint labor-management cooperation committee to recover funds for workers.

DLIR supports the intent of this measure and proposes an amendment.

II. CURRENT LAW

Chapter 388, HRS, prescribes how and when private employers must pay their employees, including requiring employers to pay all wages due to the employer's employees at least twice a month and within seven days after the end of each pay period except under certain exceptions. The DLIR enforces these laws for employees of all private employers in the State.

III. COMMENTS ON THE SENATE BILL

The Department supports the intent of this measure as it intends to support the enforcement of wage laws. DLIR recognizes that the liability for wages in construction projects, especially large ones, may involve subcontractor's subcontracting other subcontractors. DLIR notes that a similar, but not identical concept, is contained in

Chapter 386, Hawaii's Workers' Compensation Law, which has a "statutory employer" concept under the definition of employee that allows an injured employee for a subcontractor without workers' compensation coverage to proceed up to the next contractor with workers' compensation coverage. This concept was upheld by the Hawaii Supreme Court.

The Department notes the following:

- If enacted, the measure could cause two remedies to operate at the same time: 1. An administrative process under the auspices of chapter 388 or a civil action by the Director, and 2. An action in any court of competent jurisdiction.
- This measure also limits the employee's ability to collect the penalties and interest due under Chapter 388, HRS. The new section provides only the Director or a labor-management committee can bring a claim, which takes away a claimant's ability to bring an action under 388-11 (Employees remedies), HRS, and obtain penalties and interest owed to them under 388-10 (Penalties), HRS.

The Department proposes an amendment for Page 2, Lines 11 to 16. The Department proposes removing references to Chapter 387, Chapter 388, and a civil action because the measure is adding a new section to Chapter 388, which would make the references redundant and unnecessary. With the Department's amendment, Page 2, Lines 11 to 16 would read as follows:

"The director may enforce liability for unpaid wages established by subsection (a) against a general contractor. The general contractor's liability shall be limited to unpaid wages, including any interest owed; or"

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

House Committee on Judiciary
The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice Chair

SB 1082, SD2, HD1 Relating to Wages

Wednesday, March 27, 2019
2:05 P.M.
Conference Room 325

Aloha Chair Lee, Vice Chair San Buenaventura, and Members of the Committee:

Pacific Resource Partnership (PRP) **strongly supports** SB 1082, SD2, HD1 which would hold unscrupulous general contractors accountable for supporting or ignoring the unfair labor practices of their subcontractors who fail to pay wages owed to their employees.

SB 1082, SD2, HD1 will modernize the law to address new and complicated marketplace abuses that are occurring in the construction industry. Under current law, general contractors are not held accountable for the unfair labor practices of their subcontractors, which includes the nonpayment of wages. For instance, at the Maile Sky Court construction site in Waikiki, the general contractor working on the site utilized subcontractors who were underpaying employee wages. The subcontractor received a number of fines from state and federal agencies, however, the general contractor involved in the scheme received no penalties related to payroll fraud that occurred at the construction site. This job should have gone to one of the law-abiding subcontractors who bid on this work. Unfortunately, in the end, the general contractor benefitted from the subcontractor's unfair labor practices by obtaining cheap labor without any consequences.

SB 1082, SD2, HD1 provides adequate protections to law abiding and vigilant contractors. The general contractor is the single entity that has the most knowledge of every aspect of the project. If the general contractor does his/her due diligence upfront, they will ensure that unscrupulous subcontractors are not on the job and avoid liability. Moreover, SB 1082, SD2, HD1 provides general contractors with the power to demand a subcontractor's employee payroll records and project award information to ensure that their subcontractors are in compliance with the law. General contractors may withhold any of all future payments to the subcontractor unless the requested information is submitted promptly.

If general contractors are held liable for their cheating subcontractors, they will take extra precautions to hire responsible subcontractors. This will benefit honest contractors, workers and their families, tax-payers and the public as a whole. Therefore, we strongly ask for your committee's favorable action on SB 1082, SD2, HD1. Thank you for this opportunity to testify.



SAH - Subcontractors Association of Hawaii

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

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

March 27, 2019

LATE

Testimony To: House Committee on Judiciary
Representative Chris Lee, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1082, SD 2, HD 1 – RELATING TO WAGES.

Chair Lee and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The Subcontractors Association represents the following nine separate and distinct contracting associations and they are:

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

This bill imposes some very heavy responsibilities upon general and subcontractors and ones that we believe are not entirely fair, especially on private work.

Certainly while we subscribe to the theory that the general contractor has to do due diligence on all of his subcontractors, this bill imposes some liabilities on the general contractor that we believe go far beyond reasonableness. For the general contractor to be able to stay on top of the financial condition of 15 or even 19 different subcontractors during the course of the job with perhaps several different jobs going on at once is a very heavy burden. Additionally, under the bill, the general contractor is also responsible for the financial condition of not only his subcontractors but also the subcontractors at any tier, in other words, the subs of subs. In most cases the general contractor doesn't have much of a choice as to who that subcontractor picked as their subcontractors, so they have no direct link to the financial stability or condition of those subcontractors. We would also foresee prolonged payment issues to all subcontractors until the general contractors are sure their liabilities were free and clear. Payment issues between subs and generals are already a huge issue.

At the very least we can foresee general contractors withholding payment to all subcontractors on a job based on the real, perceived or contrived excuse of missing payroll information. While Section (i) requires payment in a "timely manner" it does not specify what that is. Timely to a general contractor who is holding someone else's money could be 90 or 120 days. Timely to a subcontractor who needs to pay bills is 30 days.

We would also ask that the Committee pause just a minute and review all the information a sub has to deliver to a general as prescribed by 387-6 HRS (subsection f, page 2). These are:

- (1) The name, address, and occupation of each employee;
- (2) The amount paid each pay period to each employee;
- (3) The hours worked each day and each workweek by each employee;
- (4) The rate or rates of pay of each employee and basis thereof, whether paid by the hour, shift, day, week, salary, piece, commission, or other basis; gross wages; deductions; allowances, if any, claimed as part of the minimum wage; and net wages; and more specifically,
- (5) The employee's total hours worked;
- (6) The employee's regular and overtime hours;
- (7) The employee's straight-time compensation;
- (8) The employee's overtime compensation;
- (9) Any other compensation, including allowances, if any, claimed as part of the minimum wage;
- (10) The employee's total gross compensation;
- (11) The amount and purpose of each deduction
- (12) The employee's total net compensation;
- (13) The date of payment;
- (14) The pay period covered; and
- (15) The rate or rates of pay and basis thereof, whether paid by the hour, shift, day, week, salary, piece, commission, or other basis, including overtime rate or rates of pay. For employees paid a piece rate, the record shall indicate the applicable piece rate or rates of pay, and the number of pieces completed at each piece rate.

This is for each and every employee of the sub or the sub of a sub!

While we can emphasize with the individual employee who might have been left with unpaid wages, we are not sure it is entirely the general contractors fault for those kinds of problems. Bonds and insurance should be able to take care of those kinds of situations without imposing these undue burdens on the contractor.

Based on the above, we think this bill is ill advised.

Thank you.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300 · URL: hilecet.org

LATE

March 26, 2019

**HAWAII STATE HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY
Honorable Chris Lee, Chair
Honorable Joy A. San Buenaventura, Vice Chair**

DATE: Wednesday, March 27, 2019
TIME: 2:05 PM
PLACE: Conference Room 325
State Capitol
415 South Beretania Street

RE: SUPPORT FOR SB1082 SD2 HD1 - RELATING TO WAGES

Aloha Chair Lee, Vice Chair San Buenaventura, and members of the Committee on Judiciary:

The Hawaii Laborers-Employers Cooperation and Education Trust (LECET) is a labor-management partnership between the 5000+ members of the Hawaii Laborers' International Union of North America Local 368 and its 250+ unionized contractors. The Laborers' International Union of North America is the largest construction union in the United States with over 600,000 members.

Hawaii LECET SUPPORTS SB1082 SD2 HD1, which would hold general contractors accountable for their subcontractors who fail to pay the proper wages owed to their employees. Hawaii LECET asks for your consideration and support of SB1082 SD2 HD1.

With respect,

Hawaii Laborers-Employers Cooperation
and Education Trust

LATE

**TESTIMONY BEFORE THE
HOUSE COMMITTEE ON JUDICIARY**

**S.B. 1082, SD2, HD1
Relating to Wages**

Wednesday, March 27, 2019
2:05 P.M., Agenda Item # 4
State Capitol, Conference Room 325

Testimony with Comments Requesting Amendments

Max Hannemann
Labor Relations Manager
Hawaiian Electric Companies

Aloha Chair Lee, Vice San Buenaventura, and Members of the Committee,

My name is Max Hannemann and I am testifying on behalf of the Hawaiian Electric Company, Inc., Maui Electric Company, Limited and Hawai'i Electric Light Company, Inc. (collectively, "the Hawaiian Electric Companies") **with comments and a requested amendment to S.B. 1082, SD1, HD1, Relating to Wages.**

The Hawaiian Electric Companies are public utility companies, highly regulated by the State of Hawaii through the Hawaii Public Utilities Commission. Due to this government regulation, the Hawaiian Electric Companies respectfully request that we be treated similar to "employees of the State or any political subdivision of the State" in the application of this bill. Per *Standing Committee Report No. 1040 (2019)* by the Senate Committee on Judiciary, the bill is intended to "address unfair labor practices between general contractors and subcontractors including nonpayment of wages." The Hawaiian Electric Companies have contracts that involve oversight by the Public Utilities Commission and the company is held to a very high standard with respect to contracting



with external parties. The bill's intent was not meant to apply to regulated utilities, nor any state or county entities, but instead to private contractual parties.

The Hawaiian Electric Companies respectfully request your consideration of the following amendment (underscoring language added):

(e) This section does not apply to work performed by an employee of the State or any political subdivision of the State, or in any instance where a regulated utility is performing work as a general contractor to perform utility related services.

Thank you for this opportunity to submit comments and request an amendment to S.B. 1082, SD1, HD1.



LATE

**TESTIMONY TO THE HOUSE COMMITTEE ON JUDICIARY
State Capitol, Conference Room 325
415 South Beretania Street
2:05 PM**

March 27, 2019

RE: S.B. 1082 SD 2, HD 1, RELATING TO WAGES

Chair Lee, Vice Chair San Buenaventura, & members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii is **opposed** to S.B. 1082 SD 2, HD 1, which proposes to make general contractors entering into or under contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and owner.

Many of our members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control of the financial stability or condition of the sub-contractors business operations. The bill would impose an extreme financial burden on small general contractors, and have a negative impact on our industry.

We are opposed to S.B. 1082 SD 2, HD 1, and appreciate the opportunity to express our views on this matter.

LATE

**TESTIMONY OF RYAN K. KOBAYASHI
GOVERNMENT AND COMMUNITY RELATIONS DIRECTOR
HAWAII LABORERS UNION LOCAL 368**

COMMITTEE ON JUDICIARY

NOTICE OF HEARING

DATE: Wednesday, March 27, 2019
TIME: 2:05 p.m.
PLACE: Room 325

TESTIMONY IN SUPPORT OF SB1082 SD2 HD1 RELATING TO WAGES

ALOHA COMMITTEE CHAIR San Buenaventura and committee members

My name is Ryan K. Kobayashi, Government and Community Relations Director for the Hawaii Laborers Union, Local 368. The Hawaii Laborers Union is made up of over 5000 working and retired members across the State of Hawaii. We **SUPPORT SB1082 SD2 HD1** which would hold general contractors accountable for their subcontractors who fail to pay the proper wages owed to their employees.

The Hawaii Laborers Union respectfully asks your committee's consideration and support for SB1082 SD2 HD1 Relating to Wages.

Mahalo for the opportunity to testify.



HAWAII REGIONAL COUNCIL OF CARPENTERS

LATE

House Committee on Judiciary
The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice Chair

Statement of the Hawaii Regional Council of Carpenters
Support for SB 1082, SD2, HD1

Aloha Chair Lee, Vice Chair San Buenaventura, and Members of the Committee:

The Hawaii Regional Council of Carpenters **strongly supports SB 1082, SD2, HD1**, which would make general contractors entering into or under contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and owner.

We are grateful for the legislature's recent efforts to increase accountability for employers both inside and outside of the construction industry to ensure that Hawaii workers are fairly protected. Such efforts included raising fines for employers in the construction industry who do not pay proper prevailing wages (SB 2723 2016), increasing penalties for employers in all industries who fail to provide TDI and Workers' Compensation coverage to their employees (HB 2363 2016), and allowing the Attorney General to obtain an injunction against a business in default of workers' compensation and allowed DLIR to issue an "order of wage payment violation" against employers who deny pay to their workers (HB 208 2017).

While these efforts have certainly increased protections for Hawaii workers, they have also left open other avenues for unscrupulous employers to engage in payroll and tax fraud by hiring shady subcontractors.

One such scheme was revealed at the Maile Sky Court construction site in Waikiki. In this case, the general contractor working on the site utilized subcontractors who were underpaying employee wages and not providing necessary benefits and safety standards. The subcontractor received a number of fines from state and federal agencies, however, the general contractor involved in the scheme received no penalties related to the payroll fraud happening on the site.

As a result, the general contractor accrued all of the financial benefits of the fraudulent scheme without repercussion: his use of a shady subcontractor allowed him to underbid legitimate local contractors, to report and pay lower taxes, and avoid liability for the unpaid wages. Had the arrangement involved not been caught by state or federal agencies, he could have repeated the scheme elsewhere in the state without any consequences, to the detriment of the local construction community.

SB 1082, SD2, HD1 provides a needed remedy to ensure that general contractors don't turn a blind eye to the shady activities of their subcontractors. The bill seeks to make general contractors liable for unpaid wages of their subcontractors, and provides a tool to general contractors to be able to require their subcontractors to furnish payroll records and other relevant documents upon request, so that a general contractor can ensure all subcontractors' workers are being paid properly in compliance with the law. Over the past several weeks, we have met with other industry stakeholders who expressed a desire for a number of amendments to the bill. We appreciate the work of the House Labor Committee to incorporate a number of mutually-agreeable amendments into the HD1 version.

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188

HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576

KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376

MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961

KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

We have continued our discussions with other industry stakeholders, and have agreed to two further amendments, which we would encourage your committee to consider at this time:

- 1) Removing the phrase “that result from or is caused by retainage by the general contractor” from Page 1, Lines 16-17, and the definition of “retainage” from Page 6, Lines 1-4.
- 2) Removing the phrase “The general contractor’s liability shall be limited to unpaid wages, including any interest owed” from Page 2, Lines 14-16.

Thank you for the opportunity to voice our opinion on this important matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Judiciary
Wednesday, March 27, 2019 at 2:05 P.M.
Conference Room 325, State Capitol**

LATE

RE: SB 1082 SD 2 HD 1, RELATING TO WAGES

Chair Lee, Vice Chair San Buenaventura, & Members of the Committee:

The Chamber of Commerce Hawaii (“The Chamber”) is **opposed** to SB 1082 SD 2 HD 1, which proposes to make general contractors entering into or under contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and owner.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

Many small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control of the financial stability or condition of the sub-contractors business operations. The bill would impose an extreme financial burden on small general contractors, and have a negative impact on the construction industry.

We are opposed to SB 1082 SD 2 HD 1, and appreciate the opportunity to express our views on this matter.

March 27, 2019

The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura , Vice Chair
and members
House Committee on Judiciary
415 South Beretania Street
Honolulu, Hawai'i 96813

RE: Strong Support for SB1082 SD2 HD1, Relating to Wages

Dear Chair Lee, Vice Chair Buenaventura, 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.

The Alliance strongly supports SB 1082, which would hold unscrupulous general contractors accountable for supporting, or ignoring, the unfair labor practices of their subcontractors who fail to pay wages owed to their employees. SB 1082 will modernize the law to address new and complicated marketplace abuses that are occurring in the construction industry.

Under current law, general contractors are not held accountable for the unfair labor practices of their subcontractors, which includes the nonpayment of wages. For instance, at the Maile Sky Court construction site in Waikiki, the general contractor working on the site utilized subcontractors who were underpaying employee wages. The subcontractor received a number of fines from state and federal agencies, however, the general contractor involved in the scheme received no penalties related to payroll fraud that occurred at the construction site. This \$25 million job should have gone to a law-abiding subcontractor who employed local laborers. Unfortunately, that job was lost to an out-of-state subcontractor who employed out-of-state workers who paid no taxes, and knowingly attempted to evade federal and state labor laws.

In fact, what we see occurring across the state is the same type of "paper" general contractors that were caught at Maile Sky Court, who deliberately subcontract work to contractors who purposefully employ out-of-state workers who are afraid, unable, or unwilling to report the illegal activities occurring on these jobsites. When a general contractor does not have any direct link to the financial stability or condition to the subcontractors on the jobsite, what would stop a general from hiring a subcontractor who knowingly utilizes illegal immigrants and pays them slave wages?

SB 1082 provides protection to law abiding and vigilant contractors. The general contractor is the single entity that has the most knowledge of every aspect of the project. If the general contractor does his/her due diligence upfront, they will ensure that unscrupulous subcontractors are not on the job and avoid liability.

Moreover, SB 1082 provides general contractors with the power to demand a subcontractor's employee payroll records and project award information to ensure that their subcontractors are in compliance with the law. General contractors may withhold any of all future payments to the subcontractor unless the requested information is submitted promptly. If general contractors are held liable for their cheating subcontractors, they will take extra precautions to hire responsible subcontractors. This will benefit honest contractors, workers and their families, tax-payers and the public as a whole.

Therefore, we strongly ask for your committee's favorable action on SB1082 SD2 HD1.

Mahalo,

A handwritten signature in black ink, appearing to read "Nathaniel Kinney". The signature is fluid and cursive, with a large, stylized initial "N" and "K".

Nathaniel Kinney
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiiconstructionalliance.org

LATE



March 27, 2019

The Honorable Chris Lee, Chair
The Honorable Joy A. San Buenaventura, Vice-Chair
House Committee on Judiciary
State House of Representatives
State Capitol
Honolulu, HI 96813

RE: **S.B. 1082, S.D. 2, H.D.1 Relating to Wages**
Hearing: March 27, 2019, 2:05 p.m., Conference Room 325

Dear Chair Lee, Vice Chair San Buenaventura and Members of the House Judiciary Committee:

My name is Debbie Luning, Director of Governmental Relations and Community Relations for Gentry Homes, testifying in **strong opposition to S.B. 1082**, as amended.

The purpose of this bill is to make general contractors entering into or under private construction contracts in the State liable for the debt incurred by subcontractors for unpaid work due to claimants for performance of labor under the contract. Gentry Builders, a subsidiary of Gentry Homes, would be negatively impacted by the overreaching provisions of this bill.

It appears that this measure is intended to address a recent construction project involving an unscrupulous general contractor who knowingly subcontracted with similarly unscrupulous subcontractors. While we empathize with all of the unpaid workers who were involved in this project, we agree with testimony submitted by the Electrical Contractor's Association of Hawaii, which states in part: "creating new law to accommodate one predatory general contractor at the expense of all general contractors is not good law. This measure places additional burdens to those general (prime) contractors and subcontractors that have conducted business within the laws and increases the liability for them to conduct business."

Our company has been blessed to have worked with amazing subcontractors over the years, the majority of whom have been building homes with us for decades. In fact, because we've worked together for such a long period of time, we consider each other to be "family" and there is an unwritten code of trust, as well as an expectation that jobs will be performed with excellence and workers will get paid. If this bill passes, we would be forced to regularly view our subcontractors' employee payroll records to ensure that we don't get stuck "holding the bill" in the unlikely event that workers go unpaid. It would be very burdensome to track not only the financial condition of subs, but also the subs of subs. General contractors seldom have any control over who a sub might hire. Tracking the financial condition of subs, as well as their subs, would be impractical, time-consuming and burdensome, creating an inordinate amount of additional paperwork for our accounting staff. Moreover, as a general contractor, we pay our subs for the work they perform and believe that we should not have to be responsible for the management of their funds. We also believe that there are laws currently in place to protect employees without having to impose additional undue burdens on general contractors.

For these reasons, we respectfully request that this bill be held in Committee.

Sincerely,

GENTRY HOMES, LTD.

Debra M. A. Luning
Director of Governmental Relations and
Community Affairs

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
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Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

LATE

Uploaded via Capitol Website

March 27, 2019

TO: HONORABLE REP. CHRIS LEE, CHAIR, REP. JOY A. SAN BUENAVENTURA,
VICE CHAIR, AND THE MEMBERS OF THE HOUSE COMMITTEE ON JUDICIARY

SUBJECT: TESTIMONY IN SUPPORT OF SB1082 SD2 HD1 RELATING TO WAGES.

Hearing

DATE: Wednesday, March 27, 2019
TIME: 2:05 p.m.
PLACE: Conference Room 325
Hawaii State Capitol

Dear Rep. Chris Lee, Chair, Rep. Joy A. San Buenaventura, Vice Chair, and the members of the House Committee on Judiciary:

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 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.

GCA supports SB1082 SD2 HD1 which amends the Payment of Wages and Other Compensation Law, Chapter 388, Hawaii Revised Statutes (HRS), by adding a new section to enforce general contractor liability in the construction industry when a subcontractor's employees are not paid their wages on private sector work projects. The measure also authorizes enforcement actions by the Director of the Department of Labor and Industrial Relations or a joint labor-management cooperation committee to recover funds for workers.

As the committee is well aware, we have worked tirelessly over the last few months with stakeholders, including our labor counterparts, to find an equitable solution.

While we support SB1082 SD2 HD1, we do have one specific area of concern with the current draft. On page 4, subsection (d) it currently reads:

(d) An action brought pursuant to this section shall be filed within one year after the day on which the person did or performed the last labor for which the claim is made for the work covered by the-direct contract between the owner and general contractor.

To avoid interpretation differences of the term "actual completion" including project abandonment possibilities, we suggest using the same language as used for the condition precedent of subsection (b) which reads:

“within ninety days from the date on which the person did or performed the last labor for which claim is made, but not later than forty-five days after the date of completion”

GCA supports SB1082 SD2 HD1 with the proposed amendment. Thank you for the opportunity to share our support.

**COMPLETE
CONSTRUCTION
SERVICES
CORP.**

GENERAL CONTRACTING
& DEVELOPMENT
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LATE

**TESTIMONY TO THE HOUSE COMMITTEE ON JUDICIARY
State Capitol, Conference Room 325
415 South Beretania Street
2:05 PM**

March 27, 2019

RE: S.B. 1082 SD 2, HD 1, RELATING TO WAGES

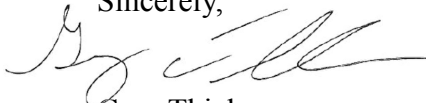
Chair Lee, Vice Chair San Buenaventura, & members of the committee:

I am writing in **STRONG OPPOSITION** to SB1082 that would make General Contractors responsible for the unpaid wages of their subcontractors.

This bill is unparalleled in that it looks to make a completely separate and independent business legally liable for another independent business. Should a restaurant be responsible for a food delivery companies payroll? Should a baker be legally liable for the payroll of his flour supplier? Of course not. They are all independent businesses and responsible for themselves.

Employees wages on construction projects are already protected by existing lien laws. If further protection is warranted, exploring expansion of these laws would be a far better place to start. Please do not allow this bad bill to become law.

Sincerely,



Greg Thielen
President/RME



From: Carolyn Loeffler <cloeffler@interpac.net>
Sent: Wednesday, March 27, 2019 9:19 AM
To: JUDtestimony
Subject: S.B. 1082 HD1-OPPOSE

My name is Carolyn Loeffler and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

This bill would impact many small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

While it is unfair to the employee who does not get paid, it is more unfair to place that entire burden on the general contractor, who has no control over how a sub may conduct its business or may not even have a contractual relationship with their sub's sub. Insurance and bonds offer remedy in these types of situations.

While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition

Carolyn Loeffler
Loeffler Construction, Inc.
1451 Kinoole Street
Hilo, HI 96720
(808)935-4422
Fax: (808)961-5588
cloeffler@interpac.net

sanbuenaventura2 - Kevin

From: Osborn Naweli <ozzysconstruction@gmail.com>
Sent: Wednesday, March 27, 2019 9:18 AM
To: JUDtestimony
Subject: Opposing SB 1082 HD1

LATE

My name is Osborn K Naweli, owner of Ozzy's Construction, Inc- and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition.

OZZY'S CONSTRUCTION, INC.
905 KALANIANAOLE HWY
KAPAA QUARRY PLACE, #D2503
KAILUA HI 96734-4645
Office: (808) 259-9859
Website: www.ozzysconstruction.com
Email: ozzysconstruction@gmail.com
www.rent-a-candumpsters.com
www.ozzysconstruction.com
www.alohapottys.com

Hours of Operation:

Monday 8am-2:30pm
Tuesday 7am-2:30pm
Wednesday 8am-2:30pm
Thursday 8am-2:30pm
Friday 7am-2:30pm
Saturday: By Appointments only
Sunday: CLOSED/HOLIDAYS

"Building Your Home On A Solid Foundation"

Matthew 7:24-27
Building on a Solid Foundation

"Anyone who listens to my teaching and follows it is wise, like a person who builds a house on solid rock.

LATE

From: Dean Uchida <duchida@ssfm.com>
Sent: Wednesday, March 27, 2019 9:16 AM
To: JUDtestimony
Subject: Testimony in Opposition to SB 1082 HD 1

My name is Dean Uchida and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition.

Dean Y. Uchida | Senior Project Manager, Strategic Services Group



501 Sumner Street, Suite 620 | Honolulu, Hawaii 96817
T 808.531.1308 | D 808.628.5836 | M 808.282.5753 | F 855.329.7736
duchida@ssfm.com | www.ssfm.com

Disaster Recovery (Amid Disasters)

NOTICE: This communication and any attachments ("this message") may contain confidential information for the sole use of the intended recipient(s). Any unauthorized use, disclosure, viewing, copying, alteration, dissemination or distribution of, or reliance on this message is strictly prohibited. If you have received this message in error, or you are not an authorized recipient, please notify the sender immediately by replying to this message, delete this message and all copies from your e-mail system and destroy any printed copies.

LATE

From: Marshall Hickox <marshall@homeworkshawaii.com>
Sent: Wednesday, March 27, 2019 9:09 AM
To: JUDtestimony
Subject: opposing SB 1082 HD1

My name is Marshall Hickox, I am a general contractor who has practiced in Hawaii for over 20 years- and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition.

Marshall R. Hickox
President and Chief Administrative Officer
Homeworks Construction Inc.



808.955.2777 work
808.955.2778 fax
808.864.5522 mobile

mrh@homeworkshawaii.com

2111 South Beretania Street
Honolulu, Hawaii 96826
www.homeworkshawaii.com

From: Jessica Omoto <jesm1@hawaiiintel.net>
Sent: Wednesday, March 27, 2019 6:01 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Jessica Omoto
98-402 Koauka Loop Apt 2215
Aiea, HI 96701
jesm1@hawaiiintel.net

sanbuenaventura2 - Kevin

From: Craig Washofsky <craig.washofsky@servco.com>
Sent: Wednesday, March 27, 2019 12:03 PM
To: JUDtestimony
Subject: Opposition to SB 1082 HD1



Aloha,

I'm Craig Washofsky, President of Servco Home and Commercial Products and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

I've worked with contractors for my entire career and I understand S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

This bill would impact many small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

While it is unfair to the employee who does not get paid, it is more unfair to place that entire burden on the general contractor, who has no control over how a sub may conduct its business or may not even have a contractual relationship with their sub's sub. Insurance and bonds offer remedy in these types of situations.

While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition.

Sincerely,

Craig

Craig Washofsky
Sent from my iPhone
Sorry for any typos

From: Gary Sufrin <gary@insolidhawaii.com>
Sent: Wednesday, March 27, 2019 10:53 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Gary Sufrin
667 Kaumakani St
Honolulu, HI 96825
gary@insolidhawaii.com



From: Richard Clary <rcb@rclarybuilders.com>
Sent: Wednesday, March 27, 2019 10:04 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

We oppose S.B. 1082 HD1, it would too much burden on General Contractors.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

While it is unfair to the employee who does not get paid, it is more unfair to place that entire burden on the general contractor, who has no control over how a sub may conduct its business or may not even have a contractual relationship with their sub's sub. Insurance and bonds offer remedy in these types of situations.

While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Richard Clary
47-335 Ahuimanu Rd
Kaneohe, HI 96744
rcb@rclarybuilders.com

From: Steven Gangwes <skgangwes@drhorton.com>
Sent: Wednesday, March 27, 2019 8:43 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

In my humble opinion, this is another example of the Legislature not understanding business or the basics of the issue that they are pushing unnecessary new laws to correct what they deem is righting and wrong.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Steven Gangwes
1519 Nuuanu Ave Unit 12
Honolulu, HI 96817
skgangwes@drhorton.com

LATE

From: Osborn Naweli <ozzysconstruction@gmail.com>
Sent: Wednesday, March 27, 2019 8:32 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

So UNFAIR!!! If this bill passes many GC's will shut their doors.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Osborn Naweli
905 Kalaniana'ole Hwy Spc 2503
Kailua, HI 96734
ozzysconstruction@gmail.com

From: Tyler Nekoba <Tyler@Distributors-Inc.com>
Sent: Wednesday, March 27, 2019 7:23 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

I oppose this as it affects payments to companies such as ours that supply these projects as well. As a distributor we too have obligations to employee's and other vendors that stretch out far beyond Hawaii.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Tyler Nekoba
2825 Koapaka St Unit B-2
Honolulu, HI 96819
Tyler@Distributors-Inc.com

From: Brian Moore <brian.moore@centralpacificbank.com>
Sent: Wednesday, March 27, 2019 7:24 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Brian Moore
1487 Hiikala Pl # 7
Honolulu, HI 96816
brian.moore@centralpacificbank.com

From: Dean Uchida <duchida@ssfm.com>
Sent: Wednesday, March 27, 2019 7:01 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Dean Uchida
98-1762 KUPUKUPU ST
Aiea, HI 96701
duchida@ssfm.com

LATE

From: Craig Washofsky <craigw@servco.com>
Sent: Wednesday, March 27, 2019 5:54 AM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

Aloha Chair Nishimoto,

As the President of Servco Home & Commercial Products, I have worked with many, many contractors over my career. While most are financially sound, I can't imagine many of them would have the resources to be held liable for wages their subs owe to their workers.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for taking the time to consider my concerns.

Craig

Sincerely,

Craig Washofsky
825 Alahaki St
Kailua, HI 96734
craigw@servco.com

From: Michael Lum <mlum@mlpacific.com>
Sent: Tuesday, March 26, 2019 11:34 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

S.B. 1082 HD1 will raise costs because a General Contractor will need to increase its cost to cover the possibility of a sub not paying its wages.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay its people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Michael Lum
PO Box 25757
Honolulu, HI 96825
mlum@mlpacific.com

LATE

From: Ronald Romero <hipowersolar.rr@gmail.com>
Sent: Tuesday, March 26, 2019 9:51 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

While it is unfair to the employee who does not get paid, it is more unfair to place that entire burden on the general contractor, who has no control over how a sub may conduct its business or may not even have a contractual relationship with their sub's sub. Insurance and bonds offer remedy in these types of situations.

While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Ronald Romero
PO Box 2217
Aiea, HI 96701
hipowersolar.rr@gmail.com

From: Faith Yamagishi <faith@grahambuilders.com>
Sent: Tuesday, March 26, 2019 7:11 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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Sincerely,

Faith Yamagishi
1144 Young St
Honolulu, HI 96814
faith@grahambuilders.com

From: Jaime McKinney <mika@atlasconstruction808.com>
Sent: Tuesday, March 26, 2019 6:04 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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Sincerely,

Jaime McKinney
3340 Halelani Dr
Honolulu, HI 96822
mika@atlasconstruction808.com

From: Michele DAmico <michele@homeworkshawaii.com>
Sent: Tuesday, March 26, 2019 6:04 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

Working with many small residential contractors this would place unfair burden on them financially if they are held responsible for all workers to be paid. If this bill is passed many small contractors would most likely no longer include those trades under their contract and the client would have to contractually have separate contracts with each subcontractor. This would in turn create undue burden to the homeowner or owner.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Michele DAmico
PO Box 22578
Honolulu, HI 96823
michele@homeworkshawaii.com

LATE

From: Evan Fujimoto <evan@grahambuilders.com>
Sent: Tuesday, March 26, 2019 5:51 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

Many BIA-Hawaii members are small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Sincerely,

Evan Fujimoto
5616 Haleola St
Honolulu, HI 96821
evan@grahambuilders.com

From: Paul Sheffield <rktx@hawaii.rr.com>
Sent: Tuesday, March 26, 2019 5:53 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

I believe it is unfair to hold the General Contractor liable for his Subcontractor's employee wages when he has no control over whether the Subcontractor pays his employees. This constitutes an undue burden on the General Contractor.

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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Sincerely,

Paul Sheffield
131 Kuulei Rd
Kailua, HI 96734
rktx@hawaii.rr.com



From: Ron Romero <ron@hi-powersolar.com>
Sent: Tuesday, March 26, 2019 5:50 PM
To: JUDtestimony
Subject: OPPOSE S.B. 1082 HD1 to Prevent Unreasonable and Unfair Financial Burdens on General Contractors

Dear Chair Nishimoto,

BIA-Hawaii is opposed to S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

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Sincerely,

Ron Romero
PO Box 2217
Aiea, HI 96701
ron@hi-powersolar.com



From: Justin Smith <jt@jt-smith.com>
Sent: Wednesday, March 27, 2019 12:23 PM
To: JUDtestimony
Subject: Testimony opposing S.B. 1082 HD1

My name is Justin Smith and I am writing to oppose S.B. 1082 HD1, as it would unreasonably and unfairly burden general contractors. This bill is bad for the construction industry and bad for business, especially smaller companies.

S.B. 1082 HD1 would make a general contractor entering into private, non-public contracts in Hawaii for work on buildings or structures liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and the owner. In other words, if the GC's sub doesn't pay it's people, then that GC is liable for that sub's payroll. Furthermore, if the GC's sub hires another sub, that GC would also be liable for those wages the sub's sub doesn't pay.

This bill would impact many small general contractors who do not have the financial capacity to be responsible for all of the liabilities of the various sub-contractors and sub-sub-contractors on their projects. They also have no control over the financial stability or condition of the sub-contractors' business operations. The bill would impose an extreme financial burden on all general contractors, small or big, and have a negative impact on our industry.

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While S.B. 1082 is intended to remedy the wrong-doing of one bad general contractor, the repercussions and unintended consequences will resonate industry-wide.

Thank you for the opportunity to submit my testimony in opposition.

