

# Hawai'i Construction Alliance

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February 20, 2019

The Honorable Brian Taniguchi, Chair  
The Honorable Les Ihara Jr., Vice Chair  
and members  
Senate Committee on Labor, Culture and the Arts  
415 South Beretania Street  
Honolulu, Hawai'i 96813

**RE: SUPPORT for SB292, Relating to Wages; Labor; Contractors; Payroll**

Dear Chair Taniguchi, Vice Chair Ihara, 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 is in support of this bill as it gives much needed transparency to wages that are paid to workers on large government contracts. Many of these contracts are in excess of \$500,000, and some range in the millions of dollars. With virtually no oversight, workers can easily be taken advantage of and forced to work at below minimum wage, or without overtime.

Certified payrolls are an important step toward ensuring that workers are paid the correct wages and receive adequate compensation for what can be hazardous and difficult work.

Therefore, we humbly ask for your committee's favorable action on SB292.

Mahalo,



Nathaniel Kinney  
Executive Director  
Hawai'i Construction Alliance  
[execdir@hawaiiconstructionalliance.org](mailto:execdir@hawaiiconstructionalliance.org)





## HAWAII REGIONAL COUNCIL OF CARPENTERS

Senate Committee on Labor, Culture and the Arts  
The Honorable Brian T. Taniguchi, Chair  
The Honorable Les Ihara, Jr., Vice Chair

Thursday, February 21, 2019  
8:30am, State Capitol Room 224  
Hawaii State Capitol

SB292 – Relating to Labor

Statement of the Hawaii Regional Council of Carpenters – Support for SB292

Aloha Chair Taniguchi, Vice Chair Ihara, and Members of the Committee:

The Hawaii Regional Council of Carpenters supports SB292, which would require that a contractor contracting for services with a civil servant submit certified payrolls and comply with certain wages and hours laws.

SB292 seeks to provide a clear and effective enforcement mechanism for the existing provisions in HRS 103-55(a), which already require that for government contracts, “services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work,” and that “all applicable laws of the federal and state governments relating to workers' compensation, unemployment compensation, payment of wages, and safety will be fully complied with.”

In contrast to government-sponsored public works projects, where construction wages can be clearly verified through certified payrolls submitted in compliance with HRS 104, there is currently no way to ensure that workers on government service contracts are indeed being paid correctly. In the absence of such a mechanism, contractors bidding on government service contracts can unfairly reduce their bid price by skimping out on appropriate wages and benefits.

By implementing a certified payroll process for government service contracts, we can ensure a level playing field for all bidders and that local workers are being paid fairly.

Mahalo for the opportunity to provide these comments in support of SB292.

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DEPARTMENT OF DESIGN AND CONSTRUCTION  
CITY AND COUNTY OF HONOLULU

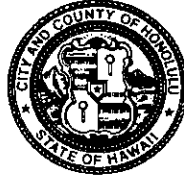
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KIRK CALDWELL  
MAYOR



ROBERT J. KRONING, P.E.  
DIRECTOR

MARK YONAMINE, P.E.  
DEPUTY DIRECTOR

February 19, 2019

The Honorable Brian T. Taniguchi, Chair  
The Honorable Les Ihara Jr., Vice Chair  
and Members of the Committee on Finance

Senate  
State Capitol, Room 224  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Taniguchi, Vice Chair Ihara, and Members:

SUBJECT: Senate Bill No. 292, Relating to Labor

The Department of Design and Construction (DDC) respectfully **opposes** Senate Bill No. 292, the purpose of which is to "...ensure that service employees of state or county contractors are paid at wages or salaries that are certified to be accurate and in accordance with applicable labor laws under chapter 104, Hawaii Revised Statutes, so as to be consistent with the Supreme Court's decision in Konno."

Although DDC agrees with the general intent of the bill, the requirement that contractors for services in excess of \$25,000 shall submit certified payrolls would be both unnecessary and inappropriate for professional services contracts. DDC has approximately 280 active professional services contracts under management at any given time. Most of these contracts are lump-sum contracts in which the contractor is paid for satisfactory delivery of the specified products, such as studies, design reports, plans, specifications, etc. Submittal of certified payrolls would be irrelevant for such contracts and would necessitate a significant amount of work with no value to either party involved.

The Honorable Brian T. Taniguchi, Chair  
and Members  
February 19, 2019  
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Although some professional services contracts are based on time and materials, the submittal of certified payrolls for these contracts would be unnecessary and inappropriate, as the requirement for reporting hours worked on a project by specific disciplines is sufficient for project managers to evaluate project invoices.

Any consideration of requiring submittal of certified payrolls in services contracts should clearly exclude professional services contracts.

Based on the above considerations, DDC respectfully **opposes** Senate Bill No. 292.

Thank you for the opportunity to express our opposition to this bill.

Very truly yours,



Robert J. Kroning, P.E.  
Director

Testimony of  
Christopher Delaunay, Government Relations Manager  
Pacific Resource Partnership

House Committee on Labor, Culture and The Arts  
Brian T. Taniguchi, Chair  
Les Ihara, Jr., Vice Chair

SB 292 Relating to Labor

Thursday, February 21, 2019  
2:45 P.M.  
Conference Room 224

Aloha Chair Taniguchi, Vice Chair Ihara, and members of the Committee:

Pacific Resource Partnership (PRP) **supports** SB 292, which would require that a contractor contracting for services with a civil servant submit certified payrolls and comply with certain wages and hours laws.

Currently, there are no safeguards to ensure that workers on Chapter 103 government service contracts are being paid correctly. Without appropriate safeguards in place, unscrupulous contractors bidding on government service contracts can use unfair labor practices to reduce their bid price, such as not paying appropriate wages and benefits to workers.

By implementing a certified payroll process for government service contracts, we can ensure that there is fair competition and that local workers are being paid fairly.

Therefore, we respectfully ask for your favorable passage of SB 292. Thank you for this opportunity to testify.





**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](http://hilecet.org)

February 19, 2019

**HAWAII STATE SENATE  
COMMITTEE ON LABOR, CULTURE AND THE ARTS**

DATE: Thursday, February 21, 2019  
TIME: 2:45 PM  
PLACE: Conference Room 224  
State Capitol  
415 South Beretania Street

**RE: SUPPORT FOR SB292 - RELATING TO LABOR**

**Aloha Chair Taniguchi, Vice Chair Ihara, and members of the Committee on Labor, Culture and the Arts:**

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 SB292** which would require contractors for government service projects to submit certified payrolls to demonstrate compliance with wage and hour requirements.

Currently, Chapter 103 Service and Maintenance contracts do not have any requirements to submit certified payroll affidavits. Without this requirement, there is no safeguard to ensure that workers are being paid the proper wages. Unlike Chapter 104 Public Works Projects which require the weekly submission of certified payroll affidavits, Chapter 103 projects are being procured through a government service contract with no safeguards to ensure that wages and hours are being properly paid.

In addition, reports from contractor associations indicate that there is a strong possibility that unscrupulous contractors are not paying the proper wages in order to win the low bid on these contracts. This affects not only the workers who are not being paid properly, but also affects the bidding on Chapter 103 Service and Maintenance contracts. SB292 will ensure that there is fair competition and that workers are protected.

Hawaii LECET is open to consider amendments to clarify the definition of wages and enforcement implementation, as well as to limit the requirements for certified payroll only to mechanics and laborers under service contracts. We ask for your consideration and support for SB292.

With respect,

Hawaii Laborers-Employers Cooperation  
and Education Trust

**SB-292**

Submitted on: 2/19/2019 4:09:37 PM

Testimony for LCA on 2/21/2019 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ryan Kobayashi	Testifying for LiUNA Local 368	Support	No

Comments:

Hawaii Laborers' Union Supports SB292