

STAND. COM. REP. NO.

793

Honolulu, Hawaii

MAR 03 2023

RE: S.B. No. 415
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 415, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO WAGES,"

begs leave to report as follows:

The purpose and intent of this measure is to hold general contractors entering into or under contracts in the State for work on buildings, structures, or other private works liable for debt incurred by subcontractors for wages due to claimants for performance of labor in the contract between the general contractor and owner.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations and Hawaii Regional Council of Carpenters. Your Committee received testimony in opposition to this measure from Associated Builders and Contractors, Subcontractors Association of Hawaii, and one individual. Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Your Committee finds that for state construction projects, a general contractor is the party in direct privity with the State and is responsible for the day-to-day oversight of the construction project. A general contractor often subcontracts for specialized work to satisfy its obligations under its contract with the State. If a general contractor hires a subcontractor who



fails to pay its employees' wages, the employee has no recourse against the general contractor. This measure holds general contractors liable for a subcontractor's failure to pay its employees for certain construction projects.

Your Committee notes the concerns raised in testimony that an amendment to the definition of "employer" in Hawaii's wage laws is necessary for this measure to be enforceable.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language amending the definition of "employer" in section 388-1, Hawaii Revised Statutes, to include general contractors for purposes of wages owed to a subcontractor's employees; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 415, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 415, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

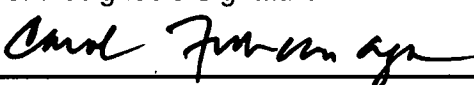


JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 419 SD1	Committee Referral: GVO, CPN	Date: 2/21/23		
<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
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.				✓
RICHARDS, III, Herbert M. "Tim"		✓		
AWA, Brenton	✓			
TOTAL	3	1	0	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