



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII'Ī
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

January 30, 2024

To: The Honorable Scot Z. Matayoshi, Chair,
The Honorable Andrew Takuya Garrett, Vice Chair, and
Members of the House Committee on Labor & Government Operations

Date: Tuesday, January 30, 2024
Time: 9:30 a.m.
Place: Conference Room 309, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 1638 RELATING TO COUNTY LABOR STANDARDS

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR offers comments**. HB1638 amends Section 46-1.5, Hawaii Revised Statutes (HRS), "General powers and limitation of the counties" by adding the power for each county to adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

II. CURRENT LAW

Title 21, Labor and Industrial Relations, does not have a provision or definition of "labor standards."

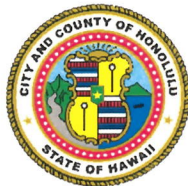
III. COMMENTS ON THE HOUSE BILL

It is unclear what labor standards the counties will be given the authority to adopt and there is a concern that the standards may be inconsistent or conflict with the laws administered by the department. The department respectfully requests that the labor standards be clarified.

OFFICE OF THE MAYOR
KE KE'ENA O KA MEIA
CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: www.honolulu.gov

RICK BLANGIARDI
MAYOR
MEIA



MICHAEL D. FORMBY
MANAGING DIRECTOR
PO'O HO'OKELE

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

January 29, 2024

The Honorable Scot Z. Matayoshi, Chair
The Honorable Andrew Takuya Garrett, Vice Chair
and Members of the Committee on Labor and Government Operations
Hawaii State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

Subject: HB 1638, Relating to County Labor Standards

The City and County of Honolulu respectfully asks for your **support** of HB1638.

HB 1638 would allow each county to adopt labor standards, including wages, benefits, and other requirements for participation in state-approved apprenticeship programs. The City and County of Honolulu would look forward to being able to adjust these standards in order to support our local workforce in a way that ensures the needs of each county is met and the labor laws of the State of Hawaii are followed. Greater authority to enforce compliance is appreciated.

Thank you for the opportunity to testify in support of this measure, please do not hesitate to contact the undersigned if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael D. Formby".

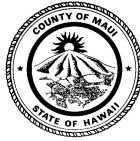
Michael D. Formby
Managing Director

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Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

January 27, 2024

TO: The Honorable Scot Z. Matayoshi, Chair, and
Members of the House Committee on Labor & Government Operations

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF JANUARY 30, 2024; TESTIMONY IN SUPPORT OF
HB 1638, RELATING TO COUNTY LABOR STANDARDS**

Thank you for the opportunity to testify in **support** of this important measure. Its purpose is to grant counties the power to adopt labor standards, including living wages, benefits, and requirements for participation in State-approved apprenticeship programs.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. It could help Maui County establish the policies in the minimum wage bills (HB111 and SB230) and paid family leave bills (HB1876 and SB2207) that the Maui County Council proposed to the 32nd Legislature.
2. Allowing counties to adopt living wage standards would increase the number and proportion of living wage jobs, further improving Maui County's business climate.
3. Allowing counties to adopt labor standards would retain and attract more local labor and facilitate the creation of living wage jobs.
4. Adopting requirements for participating in apprenticeship programs could provide Hawaii residents access to stable careers and income.

For the foregoing reasons, I **support** this measure.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
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Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

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January 28, 2024

TO: Honorable Scot Z. Matayoshi, Chair,
Andrew Takuya Garrett, Vice Chair, and Members of the House
Committee on Labor & Government Operations

FROM: Nohelani U'u-Hodgins *Nohelani U'u-Hodgins*
Councilmember

SUBJECT: **TESTIMONY IN SUPPORT OF HB 1638, RELATING TO COUNTY
LABOR STANDARDS**

DATE: Tuesday, January 30, 2024
9:30 a.m., Conference Room 309

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to allow each county to have the power to adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

HB 1638 will empower each county with the authority to adopt labor standards and to become leaders in standing up for working people and their families.

Many hard-working men and women are victimized by an “underground economy” where individuals and businesses utilize schemes to conceal or misrepresent their employee population to avoid one or more of their employer

January 28, 2024

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responsibilities related to wages, payroll taxes, insurance, licensing, safety, or other regulatory requirements.

It has become increasingly evident that labor violations have a detrimental impact on the livelihoods of our local workforce and the overall success of our communities. Counties can play an important role in stopping unlawful contractors who take advantage of workers by not paying them earned wages and benefits.

I urge you to lend your support to HB 1638. By granting counties the authority to adopt labor standards, we take a significant step toward protecting our local workforce and ensuring the well-being of individuals and their families.

Mahalo for the opportunity to submit testimony in support of HB 1638.

COUNTY COUNCIL

Mel Rapozo, Chair
KipuKai Kualii, Vice Chair
Addison Bulosan
Bernard P. Carvalho, Jr.
Felicia Cowden
Bill DeCosta
Ross Kagawa



OFFICE OF THE COUNTY CLERK

Jade K. Fountain-Tanigawa, County Clerk
Lyndon M. Yoshioka, Deputy County Clerk

Telephone: (808) 241-4188
Facsimile: (808) 241-6349
Email: cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Lihu'e, Kaua'i, Hawaii 96766

January 29, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
HB 1638, RELATING TO COUNTY LABOR STANDARDS
House Committee on Labor & Government Operations
Tuesday, January 30, 2024
9:30 a.m.
Conference Room 309
Via Videoconference**

Dear Chair Matayoshi and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 1638, Relating to County Labor Standards. My testimony is submitted in my individual capacity as a member of the Kaua'i County Council.

I wholeheartedly support the intent of HB 1638, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of HB 1638. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188 or via email to cokcouncil@kauai.gov.

Sincerely,

ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:slr

HB-1638

Submitted on: 1/29/2024 9:08:13 AM

Testimony for LGO on 1/30/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Tyler Dos Santos-Tam	Individual	Support	Written Testimony Only

Comments:

The Honorable Scot Z. Matayoshi, Chair
The Honorable Andrew Takuya Garrett, Vice Chair
and members
House Committee on Labor and Government Operations
415 South Beretania Street, Room 309
Honolulu, Hawai‘i 96813

Dear Chair Matayoshi, Vice Chair Garrett, and Members:

I write to support HB1638, Relating to County Labor Standards. The bill proposes to grant counties the power to “to adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs.”

The City and County of Honolulu enacted Ordinances 19-24 and 20-14, which set up the terms and conditions for “citywide community workforce agreements,” for certain City projects exceeding \$2M. The workforce agreements contain a number of key terms relating to labor standards, such as prohibiting discrimination on any basis prohibited by federal, State, or local law; resolving disputes by a mandatory, final, and binding arbitration procedure; a requirement against strikes, picketing, lockouts, and other labor actions; a requirement for apprentices to be indentured in a State-approved apprenticeship program; and the incorporation of the “Helmets to Hardhats” program, which creates pathways for careers in construction to returning veterans.

For private projects, the City and County of Honolulu has extensive permitting requirements, which are monitored by building inspectors from the Department of Permitting and Planning. To have such requirements would empower the inspectors who already visit construction sites to verify labor standards, such as wages, benefits, and apprenticeship standards.

As you may have seen in the news, there have been many instances of construction projects occurring with labor abuses – including workers being subjected to unsafe conditions, wage theft, and being denied required benefits. There have been further allegations, including within my district, about immigrant construction workers on residential properties having their passports withheld or being required to live on jobsites during construction of residential properties.

If the Counties had the power to adopt labor standards, with enforcement via existing City inspectors, we would have the ability to stop these unscrupulous actors more quickly, versus having to engage in a multiagency enforcement process, as is the case now.

Mahalo nui for the opportunity to provide these comments in support of HB1638.

Testimony of
Pacific Resource Partnership

House Committee On Labor & Government Operations
Representative Scot Z. Matayoshi, Chair
Representative Andrew Takuya Garrett, Vice Chair

HB 1638—Relating To County Labor Standards
Tuesday, January 30, 2024
9:30 A.M.

Aloha Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

Pacific Resource Partnership (PRP) is a nonprofit organization that represents the Hawai'i Regional Council of Carpenters, the largest construction union in the state with approximately 6,000 members, in addition to more than 240 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP writes in **strong support** of HB 1638, which allows, not requires, each county to have the power to adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

The hard-working men and women in the counties are victimized by an “underground economy” where individuals and businesses utilize schemes to conceal or misrepresent their employee population to avoid one or more of their employer responsibilities related to wages, payroll taxes, insurance, licensing, safety, or other regulatory requirements. The Maile Sky Court hotel-condo project in Waikiki is an example of the underground economy at work in the state. This was a \$25 million renovation project awarded to unscrupulous contractors who violated labor and licensing laws. On August 29, 2016, the joint enforcement working group raided the project which resulted in the following:

- Department of Labor and Industrial Relations issued a \$767,095 fine to R&R Construction for failing to provide prepaid health care, temporary disability, and workers' compensation insurance to employees.
- The U.S. Department of Labor ordered R&R Construction to pay workers \$371,376 in back wages and damages for overtime violations.
- RICO issued Selby Construction Services a \$25,000 fine for unlicensed activity.
- Ron's Electrical Services (sub) issued a \$10,000 fine for unlicensed activity.
- RICO issued TRG Construction a \$25,000 fine for unlicensed activity.

Unfortunately, fines issued by federal and state agencies did not stop unscrupulous contractors from completing this project, and these types of situations occur throughout the state. If, however, counties have the power to adopt and enforce ordinances allowing building officials to issue stop work orders or revoke permits when labor and licensing violations occur, property owners and developers are more likely to carefully select law-abiding contractors to build their projects.



(Continued From Page 1)

This bill will also give the counties the opportunity to incentivize employers to adopt labor standards. For example, the Better Builder Program in Austin, Texas, incentivizes employers to provide higher labor standards for construction workers on commercial projects. In return, they may receive expedited handling of their permits.

As such, we respectfully request your favorable decision on this measure. Thank you for this opportunity to submit written testimony.



Uploaded via Capitol Website

January 30, 2024

TO: HONORABLE SCOT Z. MATAYOSHI, CHAIR, HONORABLE ANDREW TAKUYA GARRETT, VICE CHAIR, COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

SUBJECT: **COMMENTS ON H.B. 1638, RELATING TO COUNTY LABOR STANDARDS.** Authorizes the counties to adopt labor standards.

HEARING

DATE: Tuesday, January 30, 2024
TIME: 9:30 a.m.
PLACE: Capitol Room 309

Dear Chair Matayoshi, Vice Chair Garrett and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA provides comments on H.B. 1638, which authorizes the counties to adopt labor standards.

GCA is unsure of the term "labor standards" in this measure. If the intent is to allow counties to set its own minimum wage standards and/or state prevailing wage standards different from those of the State, it may create a host of problems for contractors to pay different rates for its people.

Thank you for the opportunity to provide comments.

QUALITY PEOPLE. QUALITY PROJECTS

HAWAII HARBORS USERS GROUP

Testimony of the Hawaii Harbors Users Group
Comments on HB 1638, Relating to County Labor Standards
Before the House Committee on Labor and Government Operations
January 30, 2024

Aloha Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The Hawaii Harbor Users Group (HHUG) is a non-profit maritime transportation industry group comprised of key commercial harbor users statewide. Members of HHUG play a vital role in our state's economic development and sustainability, as well as cargo operations and tourism. The safe and efficient operations of Hawaii harbors are critical to connecting Hawaii's most remote and isolated communities to the rest of the state and, indeed, the world.

HB 1638 would grant each county the power to adopt labor standards, facilitating a county to set differing wage standards from other counties should it choose to, or to make other changes taking into account the unique needs and characteristics of each county's economy. HHUG appreciates the intent of this measure. We respectfully request, however, that this bill be amended to provide an exemption for harbors-related operations. Scheduling changes, a need for rapid deployment of workers, and the nature of harbor operations which may cross multiple counties, necessitate our request for this exemption.

As an island state, Hawaii is very dependent upon our commercial harbors to ensure the continued and unimpeded flow of cargo in and out of our State. It is estimated that over 90 percent of Hawaii's imported goods pass through our commercial harbors, including consumer goods, motor vehicles, construction materials, and fuel. Given the critical role of our commercial harbors, it is imperative that the state support dependable and efficient cargo transportation and handling to service our residents and businesses.

While most of HHUG members' employees are either employed under collective bargaining agreements or are otherwise provided with written notice of their schedules, there are instances in which last minute schedule changes are required. For example, severe weather could cause last minute changes in schedules. This measure could cause delays as employees must meet the eligibility requirements for a particular county in such situations. Accordingly, it could slow delivery and increase the cost of goods to the residents of our state.

Thank you for considering our testimony.

HB-1638

Submitted on: 1/29/2024 2:56:04 PM

Testimony for LGO on 1/30/2024 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Nathaniel Kinney	Hawaii Regional Council of Carpenters	Support	In Person

Comments:

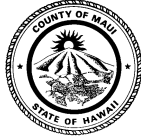
HRCC is in support of allowing the counties to have the power to adopt labor standards. Several projects across the state have gone to unscrupulous contractors who were later convicted of payroll fraud. We believe the county should play a role in helping to bring these types of bad actors to justice.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
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Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL

COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

January 29, 2024

TO: Honorable Representative Scot Z. Matayoshi, Chair
Honorable Representative Andrew Takuya Garrett, Vice Chair
Committee on Labor & Government Operations
House of Representatives

FROM: Councilmember Gabe Johnson

SUBJECT: **STRONG SUPPORT OF HB1638, RELATING TO COUNTY LABOR STANDARDS**

Thank you for the opportunity to testify in **strong support** of **HB1638** in my individual capacity as a councilmember. The purpose of this measure is to authorize counties to have the power to adopt labor standards, including living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

I **strongly support** this measure for the following reasons:

1. The Maui County Council, by [Resolution 22-203](#), approved for inclusion in the 2023 Maui County Council Legislative Package a proposed state bill to authorize counties to establish a county minimum wage higher than the state minimum wage by ordinance ([HB111](#) and [SB230](#)).
 - a. **HB1638** aligns with the intent of the legislation proposed in Maui County Resolution 22-203 by authorizing counties to adopt living wage standards.
2. Appropriate minimum wage and living wage standards are best determined at a county level in correspondence with county needs because of county-level variations in economic conditions. For example, the self-sufficiency budget for one adult determined in DBEDT's [Self Sufficiency Income Standard Estimates for the State of Hawaii and Counties 2022](#) varies by more than \$10,000 per year between counties, a difference of as much as 25%. The [United Way Household Survival Budget](#) varies for a single adult by as much as \$14,100 per year between counties in Hawai'i, or a difference of 37%. Authorizing counties to adopt living wage and other labor standards will allow these standards to better correspond to local conditions.**Error! Bookmark not defined.**

January 29, 2024

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3. Counties are well positioned to enact changes in labor and wage standards. Because of the unique geography of Hawai`i as an island chain-state, low wage earners from neighbor islands especially are discouraged from participating in the state legislative process due to the costs of travel, and thus limited in self-advocacy for better labor and wage standards. Allowing county-level decision-making on wage and labor standards would lower barriers to civic engagement on these issues, creating better governance.
 - a. Relatedly, the state has not historically been responsive to living wage legislation or minimum wage increases. Since 1992, the State has enacted laws to increase the minimum wage only five times. The current law has a final increase slated for January 1, 2028, to \$18 per hour. \$18 per hour is not a livable wage for a single adult in Maui County.

For the foregoing reasons and more, I **strongly support** this measure.

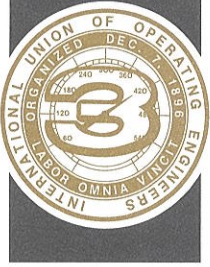
Sincerely,

Gabe Johnson

Councilmember

Maui County Council

Lana`i Residency Area



OPERATING ENGINEERS LOCAL UNION No. 3

2181 LAUWILIWILI STREET, KAPOLEI, HI 96707 • (808) 845-7871 • FAX (808) 682-0906

Jurisdiction: Northern California, Northern Nevada, Utah, Hawaii, and the Mid-Pacific Islands

January 29, 2024

Honorable, Scot Matayoshi, House Committee on Labor & Government Operations, Chair
Honorable, Andrew Takuya Garrett, House Committee on Labor & Government Operations, Vice Chair
Honorable Members of the House Committee on Labor & Government Operations,

RE: HB 1638- Relating to County Labor Standards

Chair Matayoshi,

Operating Engineers Local 3 supports HB 1638- Relating to County Labor Standards.

HB 1638 allows, but not requires, each county to have the power to adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

The hard-working men and women in the counties are victimized by an “underground economy” where individuals and businesses utilize schemes to conceal or misrepresent their employee population to avoid one or more of their employer responsibilities related to wages, payroll taxes, insurance, licensing, safety, or other regulatory requirements.

Unfortunately, fines issued by federal and state agencies did not stop unscrupulous contractors from completing this project, and these types of situations occur throughout the state. If, however, counties have the power to adopt and enforce ordinances allowing building officials to issue stop work orders or revoke permits when labor and licensing violations occur, property owners and developers are more likely to carefully select law-abiding contractors to build their projects.

We humbly ask for your support and approval of HB 1638.



January 29, 2024

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Hawaii Geophysical
Services, LLC
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Integrated Security
Technologies, Inc.
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Casey Reed
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Jeff Waiblinger
Consolidated Painting LLC

Christopher Lee
Ayko Group, LLC

To: Committee on Labor and Government Relations
Rep. Scot Z. Matayoshi, Chair
Rep. Andrew Takuya Garrett, Vice Chair

From: Malcolm Barcarse, Jr. ABC Hawaii Board Legislative Committee Chair

Associated Builders and Contractors Hawaii Chapter Testimony in **OPPOSITION** to HB 1638

Chair Matayoshi, Vice Chair Garrett and members of the Committee:

Thank you for the opportunity to testify, my name is Malcolm Barcarse, Jr. I am the Chair of the Legislative Committee of Associated Builders and Contractors, Hawaii Chapter which represents over 150 member companies in the Construction Industry in Hawaii. We also have a State Approved Trade Apprenticeship Program in the trades of Carpentry, Electrical, Painting, Plumbing and Roofing. Our national organization has over 21,000 members across 69 chapters.

Labor standards and regulations for state and federal approved apprenticeship programs are covered under numerous areas of state and federal law. Allowing each county to adopt their own set of standards would cause unnecessary chaos and confusion within the construction industry. At a time when the State is rightfully concerned about the housing crisis, the rebuilding of Lahaina, and the backlog of building permits, the last thing we should be doing is allowing the counties to put more regulatory burdens on the Construction industry which may exacerbate these problems. Therefore, we ask that this bill be HELD.

Thank you for the opportunity to testify.