

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

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

February 27, 2023

To: The Honorable, Kyle T. Yamashita, Chair,
The Honorable Lisa Kitagawa, Vice Chair, and
Members of the House Committee on Finance

Date: Tuesday, February 27, 2024
Time: 2:00 p.m.
Place: Conference Room 308, State Capitol

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

Re: H.B. 1638 HD1 RELATING TO COUNTY LABOR STANDARDS

The **DLIR supports** HB1638 HD1 that authorizes the counties to enact ordinances requiring employers to disclose wage, benefit information, and employment status and deny, revoke or suspend building permits based on violations of labor laws. If enacted, such ordinances would supplement State and Federal labor laws and would not affect State and Federal investigations. County ordinances could play a complementary role in encouraging adherence to labor laws designed to protect the welfare and livelihood of our local workforce.

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
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

February 25, 2024

TO: Honorable Kyle T. Yamashita, Chair, and
Members of the House Committee on Finance

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

**SUBJECT: TESTIMONY IN SUPPORT OF HB 1638, HD1, RELATING TO
COUNTY LABOR STANDARDS**

DATE: Tuesday, February 27, 2024
2:00 p.m., Conference Room 308

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, HD1, 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

February 25, 2024

Page 2

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

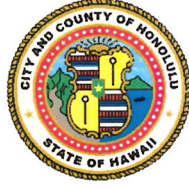
It has become increasingly evident that labor violations have a detrimental impact on the livelihoods of our local workforce and the overall success of our communities. Counties can play an important role in stopping unlawful contractors who take advantage of workers by not paying them earned wages and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

I urge you to lend your support to HB 1638, HD1. 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, HD1.

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

February 26, 2024

The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the Committee on Finance
Hawaii State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii'i 96813

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

Subject: HB 1638 HD1, Relating to County Labor Standards

The City and County of Honolulu (City) respectfully asks for your **support** of HB1638 HD1.

HB 1638 HD1 would allow each county to adopt labor standards, including wages, benefits, and other requirements for participation in state-approved apprenticeship programs. Furthermore, the amendments to the initial draft would allow counties to require employers to disclose information regarding its employees' wages, benefits, hours, and employment status and provide authority to deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status. 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 a family sustaining wage and equal pay for equal work. Greater authority to enforce compliance and allow for additional transparency 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

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, Hawai'i 96766

February 26, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON**

HB 1638, HD1, RELATING TO COUNTY LABOR STANDARDS

House Committee on Finance

Tuesday, February 27, 2024

2:00 p.m.

Conference Room 308

Via Videoconference

Dear Chair Yamashita and Members of the Committee:

Thank you for this opportunity to provide testimony in SUPPORT of HB 1638, HD 1, 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, HD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of HB 1638, HD 1. 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:ss

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
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COUNTY COUNCIL

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200 S. HIGH STREET
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www.MauiCounty.us

February 26, 2024

TO: Honorable Kyle T. Yamashita, Chair
Honorable Lisa Kitagawa, Vice Chair, and Members of the House
Committee on Finance

FROM: Thomas Cook
Councilmember

A handwritten signature in blue ink, appearing to read "Tom Cook".

SUBJECT: **TESTIMONY IN SUPPORT OF HB 1638 HD 1, RELATING TO
COUNTY LABOR STANDARDS**

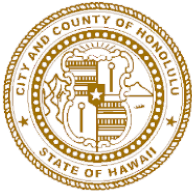
Thank you for the opportunity to testify in **support** of House Bill 1638 HD 1, relating to County Labor Standards. This measure allows the Counties to have the power to adopt labor standards by amending Section 46-1.5 of the Hawaii Revised Statutes.

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. The measure authorizes each county to have the power to adopt labor standards pertaining to wages, benefits, hours, and statuses of employees.
2. The measure allows the counties to be leaders for change, standing up for the working people, their families, and their community.
3. Labor law violations in areas such as labor, employment, tax, insurance, and occupational safety negatively impact hardworking families when businesses fail to comply with fair labor standards. If passed, via the permitting process, the measure can provide counties with a policy tool to drive labor compliance and higher labor standards in their community.

For the foregoing reasons, I support this measure.



HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

530 S. KING ST. STE. 202, HONOLULU, HI 96813

TYLER DOS SANTOS-TAM
HONOLULU CITY COUNCIL
DISTRICT VI
TELEPHONE: (808) 768-5006
FAX: (808) 768-1176
EMAIL: tdossantos-tam@honolulu.gov

February 27, 2024

House Committee on Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair
and Members
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Yamashita, Vice Chair Kitagawa 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 job sites during construction of residential properties.

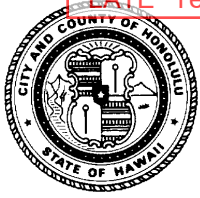
If the Counties had the power to adopt labor standards, with enforcement via existing City inspectors, we would have the ability to stop these unscrupulous actors more quickly, versus having to engage in a multi-agency enforcement process, as is the case now.

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

Me ka mahalo,

A handwritten signature in black ink that reads "Tyler Dos Santos-Tam". The signature is fluid and cursive.

Tyler Dos Santos-Tam
Councilmember, District 6



LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
530 S. KING ST. STE. 202, HONOLULU, HI 96813

MATT WEYER
HONOLULU CITY COUNCIL
DISTRICT II
TELEPHONE: (808) 768-5002
FAX: (808) 768-1222
EMAIL: mweyer@honolulu.gov

February 27, 2024

House Committee on Finance

Representative Kyle T. Yamashita, Chair

Representative Lisa Kitagawa, Vice Chair

RE: HB 1638, HD1- Relating to County Labor Standards

Chair Yamashita, Vice Chair Kitagawa, and Committee Members,

I am writing in support of HB 1638, HD1, Relating to County Labor Standards, which would authorize the City and County of Honolulu to (1) require employers to disclose information regarding its employees' wages, benefits, hours, and employment status, and (2) deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status, under certain conditions.

In addition to providing more oversight, this measure also provides counties with tools to help ensure that workers are protected from unscrupulous employers. Therefore, I stand in support of HB 1638 HD1 – Relating to County Labor Standards.

Thank you for the opportunity to submit testimony on this matter.

Respectfully,

Matt Weyer
Councilmember, District 2
Honolulu City Council

Testimony of
Pacific Resource Partnership

House Committee On Finance
Representative Kyle T. Yamashita, Chair
Representative Lisa Kitagawa, Vice Chair

HB 1638, HD1—Relating To County Labor Standards
Tuesday, February 27, 2024
2:00 P.M.

Aloha Chair Yamashita, Vice Chair Kitagawa, 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 250 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP writes in **strong support** of HB 1638, HD1, which allows, not requires, each county to have the power to adopt labor standards.

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 deny, revoke, or suspend a building permit application or permit to applicants who are in violation of labor laws, property owners and developers are more likely to carefully select law-abiding contractors to build their projects.



(Continued From Page 1)

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



February 27, 2024

TO: HONORABLE KYLE T. YAMASHITA, CHAIR, HONORABLE LISA KITAGAWA, VICE CHAIR, COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF H.B. 1638 HD1, RELATING TO COUNTY LABOR STANDARDS.** Authorizes the counties to require employers to disclose information regarding its employees' wages, benefits, hours, and employment status and deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status, under certain conditions. Effective 7/1/3000.

HEARING

DATE: Tuesday, February 27, 2024
TIME: 2:00 p.m.
PLACE: Capitol Room 308

Dear Chair Yamashita, Vice Chair Kitagawa 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 H.B. 1638 HD1, which authorizes the counties to require employers to disclose information regarding its employees' wages, benefits, hours, and employment status and deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status, under certain conditions. Effective 7/1/3000.

GCA suggests the following clarifying amendment:

(28) Each county shall have the power to:

(A) Require employers to disclose information regarding its employees' wages, benefits, hours, and employment status; provided that employees primarily engaged in harbor-related operations shall be exempt from disclosure; and



(B) Deny, revoke, or suspend a building permit application if an employer is found to be in violation of laws as determined by the Department of Labor and Industrial Relations, United States Department of Labor, or judicial order relating to wages, benefits, hours, and employment status."

This amendment ensures that there is no misunderstanding regarding the authority to investigate and enforce violations of labor laws and that the violations have been fully investigated and properly adjudicated.

Thank you for the opportunity to provide comments on this measure.

HB-1638-HD-1

Submitted on: 2/26/2024 5:08:55 PM

Testimony for FIN on 2/27/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Nathaniel Kinney	Hawaii Regional Council of Carpenters	Support	Written Testimony Only

Comments:

HRCC is in support of this measure which will help deter cheating contractors from violating state labor laws.



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

February 27, 2024

Honorable, Kyle Yamashita, House Committee on Finance, Chair
Honorable, Lisa Kitagawa, House Committee on Finance, Vice Chair
Honorable Members of the House Committee on Finance

RE: HB 1638 HD1- Relating to County Labor Standards

Chair Yamashita,

Operating Engineers Local 3 supports HB 1638 HD1- Relating to County Labor Standards.

HB 1638 HD1 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 HD1.