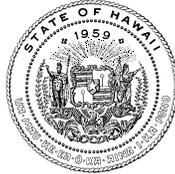


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON WAYS AND MEANS

FEBRUARY 26, 2025, 10:03 A.M.
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 1057, S.D.1

RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 1057, S.D. 1.

The Department of Accounting and General Services (DAGS) supports the intent of this measure which seeks to strengthen the efficacy of the apprenticeship bidding preference by revising the language of HRS 103-55.6. The department also offers the following **comments**.

The department notes that S.B. 1057 is similar in intent to H.B. 1221, but there are differences in how the language of HRS 103-55.6 is revised in each measure. To avoid unnecessary confusion in implementation, the department humbly requests that only one version of the language be advanced to passage.

The department also notes that the existing language of subsection (c)(1) sets

forth sanctions for a contractor's noncompliance with the requirements of HRS 103-55.6 and permits the contracting agency to temporarily or permanently cease the work on the project. Unfortunately, temporary cessation of the contractor's work will not serve to advance completion of the project, and permanent cessation will cause the project to be incomplete. To address this, the department suggests that the language of subsection (c)(1) be amended to read:

"... shall be entitled to restitution for nonperformance or liquidated damages, and/or to find the contractor in default, as appropriate".

This amendment will allow the contracting agency to call the non-compliant contractor's performance bond for the purpose of completing the project.

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

JOSH B. GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



BONNIE KAHAKUI
ADMINISTRATOR

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
STATE PROCUREMENT OFFICE

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state_procurement_office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS

FEBRUARY 26, 2025, 10:03 AM

SENATE BILL 1057, SD1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Moriwaki, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 1057, SD1. The State Procurement Office (SPO) supports the intent of this bill, which clarifies that the bid incentive given to bidders for public works construction projects who are parties to an apprenticeship agreement is based on apprenticeable trades utilized, rather than employed, on public works construction projects.

The current language in Section 103-55.6, Hawaii Revised Statutes (HRS), allows the bid preference only for general contractors whose own employees participate in the apprenticeship agreement. The proposed amendment to allow general contractors to qualify for the five percent preference when utilizing subcontractors, thus widening the pool of the skilled trades.

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



DAMIEN T.K. KIM
President
IBEW 1186

MARC YAMANE
Vice President
Elevator Constructors
Local 126

PETER IRIARTE
Secretary/Treasurer
Operative Masons &
Plasterers Local 630

DOUGLAS FULP
Sergeant-At-Arms
Insulators Local 132

VALENTINO CERIA
Trustee
Plumbers & Fitters
Local 675

KEVIN HOLU
Trustee
Hawaii Teamsters Local 996

ART TOLENTINO
Sheetmetal Workers, I.A.
Local 293

JACOB EVENSON
Boilermakers Local 627

JEFF ORNELLAS
Bricklayers Local 1

LEROY CHINCIO
IBEW Local 1260

ANA TUIASOSOPO
Operating Engineers Local 3

**JOSEPH O'DONNELL and
T. GEORGE PARIS**
Ironworkers Local 625

PETER GANABAN
Laborers Local 368

RYDEN VALMOJA
District Council 50
Painters & Allied Trades
Local 1791
Carpet, Linoleum & Soft Tile
Local 1926
Drywall, Tapers & Finishers
Local 1944
Glaziers, Architectural Metal
&
Glassworkers Local 1889

VAUGHN CHONG
Roofers, Waterproofers, &
Allied Workers Local 221

February 24, 2025

Chair Donovan Dela Cruz
Senate Committee on Ways & Means

RE: TESTIMONY IN SUPPORT OF SB 1057, SD1

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and members of the Committee:

The Hawaii Building & Construction Trades Council (HBCTC) represents 18 construction trade unions here in the State of Hawaii. The HBCTC SUPPORTS SB1057 which would incentivize contractors bidding on public works projects to participate in state-registered apprenticeship programs.

SB1057 clarifies that the bid incentive given to bidders for public works construction projects who are parties to an apprenticeship agreement is based on apprenticeship trades utilized, rather than employed, to construct the public works. This measure clarifies a long-standing misapplication of policies that was intended to promote the use of all apprenticeable trade programs that perform work on public projects throughout the state by providing a preference to bidders of public works projects who agree to use and/or contract with all apprenticeable trades required to perform and complete the work on that public works project.

ACT 17 was adopted via veto override in July of 2009, and the misinterpretation and misapplication of the word "employ" has caused great harm to many of the apprenticeable trades throughout the state who did not benefit from this law that was intended to develop and grow our local workforce by promoting all construction trade apprenticeship programs. The attached proposed amendments would remedy those misinterpretations and misapplications.

In this day and time of worsening financial hardship and rising cost of living, it is vital to ensure policies like these are maximized to their fullest potential to serve the greater community.

For these reasons, the Hawaii Building & Construction Trades Council SUPPORTS SB1057. SD1 with the attached proposed amendments.

S.B. NO.1057

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Purpose

The legislature finds that a well-trained workforce is essential for Hawaii's economic growth and the successful construction of public buildings, infrastructure, and other development projects.

~~[Accordingly,] Therefore,~~ the purpose of this Act is to ~~[ensure a consistent supply of skilled labor, support workforce development, and enhance the outcomes of public works by incentivizing contractors bidding on projects to participate in state-registered apprenticeship programs]~~ require that contractors bidding on public works projects and their subcontractors, [bidding on public works projects to] utilize apprentices in state-registered apprenticeship programs, thereby further incentivizing bidders to participate in state-registered apprenticeship programs, and guaranteeing a steady supply of trained labor.

SECTION 2. Section 103-55.6, Hawaii Revised Statutes, is amended to read as follows:

"§103-55.6 Public works construction; apprenticeship agreement.

"(a) A governmental body, as defined in section 103D-104, that enters into a public works contract under this chapter having an estimated value of not less than \$250,000, shall ~~[decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade the bidder will employ to construct the public works, and in conformance with chapter 372]~~ apply a five percent bid preference if either the bidder or its subcontractors utilized by the bidder are parties to all registered apprenticeship

.B. NO.

agreements for all apprenticeable trades utilized to construct the project pursuant to chapter 372, and approved by the department of labor and industrial relations. This requirement shall not apply to contractors or subcontractors utilizing trades or classifications for which no state-approved apprenticeship program exists. The lowest total bid, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference.

1. By amending subsection (c) to read:

"(c) At the time of submission of a competitive sealed bid or a competitive sealed proposal by a bidder, the bidder shall furnish written proof ~~[of]~~ that either it or its subcontractors [being] is a party to a registered apprenticeship agreement for [each] all apprenticeable [trade] trades the bidder [will employ to construct the public works] or the bidder's subcontractors will utilize to construct the public works project and perform work for which a state-approved apprenticeship program exists [and] [r]. [±] If awarded the contract, and upon request of the government body, the bidder shall within five calendar days, [continue to] certify [monthly] in writing that the bidder [is a party] and [the bidder's] its subcontractors are parties to a registered apprenticeship agreement for [each] the apprenticeable [trade the bidder will employ] trades they utilize to construct the public works for the entire duration of the bidder's or bidder's subcontractors work on the project. This subsection shall be deemed to be incorporated into a public works contract. A bidder who is awarded a contract shall be subject to the following sanctions if, after commencement of work, the bidder or the bidder's subcontractors at any time during the construction is no longer a party to a registered apprenticeship agreement for each apprenticeable trade the bidder or the bidder's subcontractors will [employ] utilize to construct the public works:

(1) Temporary or permanent cessation of work on the project, without recourse to breach of contract claims by the bidder; provided that the governmental body shall be entitled to restitution for nonperformance or liquidated damages, or to find the contractor in default, as appropriate; or

(2) Proceedings to debar or suspend under section 103D-702



**International Union of Painters and Allied Trades
District Council 50**

February 21, 2025

Senator Donovan Dela Cruz, Chair
Senate Committee on Ways and Means
415 S Beretania St., Room 208
Honolulu, HI 96813

Re: Senate Bill 1057, SD 1
Hearing Date: February 26, 2025
Hearing Time: 10:03 a.m.

Chair Dela Cruz and Members of the Committee:

Thank you for hearing this bill and for this opportunity to testify in support of Senate Bill 1057, SD1.

The International Union of Painters and Allied trades, District Council 50 (“DC50”), is an organization that consists of five (5) local unions: the Painters, Local 1971; the Glaziers Architectural and Glass Metal Workers, Local 1889; the Carpet Linoleum and Soft Tile, Local 1926; the Drywall, Tapers Finishers, Local 1944; and the Pearl Harbor Metal Trades Specialty Workers, Local 1941 – in all, approximately two thousand (2000) members statewide.

DC50 is in **strong support** of the intent of this bill because it attempts to correct a longstanding problem with Hawaii Revised Statutes (“HRS”) §103-55.6, whereby a bidder may receive a bid preference for being a party to registered apprenticeship agreements for the trades that it employs to build the project.

Bidders, who are almost always general contractors, are almost never the employers of apprentices used by the subcontractors on the project. These subcontractor apprentices are not employees of the bidder, but employees of the subcontractors utilized by the bidder. Subcontractor apprentices make up a significant amount of the apprentices on any given public works project, and the effect of HRS §103-55.6 in its current form has resulted in a situation where the majority of the apprentices on a public works project need not be a part of a registered apprenticeship program.

This bill attempts to correct the problem by requiring that all apprentices working on the project, including the apprentices of the subcontractors utilized by the bidder, must be part of a registered apprenticeship program for the bidder to receive the bid preference allowed by HRS §103-55.6. In its current form, however, this measure still would not cover the apprentices of subcontractors, because they are not employees of the bidder.

2240 Young Street
Honolulu, HI 96826

Phone
808.941.0991

Fax
808.955.9091

Email
info@dc50.org

Website
www.dc50.org

PAINTERS

808.941.0991

GLAZIERS,
ARCHITECTURAL
METAL AND
GLASSWORKERS

808.946.3329

CARPET, LINOLEUM
AND SOFT TILE

808.942.3988

DRYWALL TAPERS,
FINISHERS

808.946.6621

Senator Donovan Dela Cruz
February 21, 2025
SB1057, SD1

We therefore respectfully request that Section 2.1 of the bill amending HRS §103-55.6(a) be amended to include specific language requiring that all subcontractors utilized by the bidder on the project must be party to a registered apprenticeship program for the bidder to receive the bid preference allowed by HRS §103-55.6.

We also request that Section 2.2 of the bill regarding HRS §103-55.65(c) (the reporting and enforcement provisions) be amended to apply the existing reporting and sanction provisions to the bidder if any of the subcontractors utilized on the project stop being parties to a registered apprenticeship program at any time during the construction of the project.

Passing this bill, with the requested amendments, will finally fulfill the original intent of HRS §103-15.6 that all apprentices on public works projects belong to a registered apprenticeship program. This will ensure the continued growth of a vibrant, well-trained, and skilled construction workforce in Hawaii. With the requested amendments, we are in **strong support** of this measure and urge you to pass this measure with requested amendments.



February 26, 2025

TO: HONORABLE DONOVAN DELA CRUZ, CHAIR, HONORABLE SHARON MORIWAKI, VICE CHAIR, COMMITTEE ON WAYS AND MEANS.

SUBJECT: **OPPOSITION TO S.B. 1057 SD1, RELATING TO PROCUREMENT.**
Clarifies that the bid incentive given to bidders for public works construction projects who are parties to an apprenticeship agreement is based on apprenticeable trades utilized, rather than employed, to construct the public works.

HEARING

DATE: Wednesday, February 26, 2025
TIME: 10:03 p.m.
PLACE: Capitol Room 211

Dear Chair Dela Cruz, Vice Chair Moriwaki 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 **Opposes** S.B. 1157 SD1, which clarifies that the bid incentive given to bidders for public works construction projects who are parties to an apprenticeship agreement is based on apprenticeable trades utilized, rather than employed, to construct the public works.

This measure effectively eliminates the apprenticeship preference and does the complete opposite of its intent with language that states "if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade [~~the bidder will employ~~] utilized to construct the public works". Since only the general contractor (GC) can be the bidder, this amendment would require the GC to be signatory themselves to all the trades used on the job, not just that their subcontractors have to be. The GC is typically signatory to only those they employ. This amendment would have the effect of eliminating the apprenticeship preference because GC's are not signatory to all trades utilized on a job.

Second, even if language is added to not require GC's to be signatory to all trades utilized, this measure will require the general contractor to rely on information provided by the subcontractors that every trade utilized is covered by an apprenticeable trade. The general contractor will then be liable for the information that they are provided (usually at the last minute) and for which the penalties are extremely harsh. This measure does not account for instances where the information provided to the general contractor may not be accurate or not provided at all.



PLUMBERS AND FITTERS LOCAL 675
UNITED ASSOCIATION



The Senate
KA 'AHA KENEOA

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Wednesday, February 26, 2025, 10:03 am
Conference Room 211

Re: **Testimony in Support of SB1057**
RELATING TO PROCUREMENT

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, and Members of the Committee:

The Plumbers & Fitters Local 675 was founded in 1919 and received its charter from the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States. Our members provide quality and reliable work on projects including, but not limited to, power plants, water treatment plants, oil refineries, hospitals, government and commercial buildings, hotels and luxury resorts, high-rise condominiums, and single-family homes in residential neighborhoods across the State.

The Plumbers & Fitters Local 675 **supports SB1057**, which clarifies that the bid incentive given to bidders for public works construction projects who are parties to an apprenticeship agreement is based on apprenticeable trades utilized, rather than employed, to construct the public works.

This legislation addresses a long-standing misinterpretation of policies that were meant to encourage the use of apprenticeship programs across various trades involved in public projects statewide. It provides a preference for bidders who commit to utilizing relevant apprenticeship trades necessary to carry out and finish the work on the public project.

The incorrect interpretation and application of the term "employ" has negatively impacted many apprenticeship trades across the state. These trades did not gain from the law, which was originally designed to support and expand the local workforce by encouraging the growth of all construction trade apprenticeship programs.

It is for the aforementioned reasons that we respectfully request you pass this measure. Mahalo for your time and consideration.

Respectfully,

Valentino Ceria

Business Manager / Financial Secretary - Treasurer
Plumbers and Fitters Local 675





INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025

Committee on Ways and Means

HEARING DATE: Wednesday, February 26, 2025

TIME: 10:03 a.m.

PLACE: Senate Committee Room 211

RE: Senate Bill 1057 SD1- IN SUPPORT with Amendments

Aloha Honorable Chair Dela Cruz, Vice-Chair Moriwaki, and Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to offer the following testimony in SUPPORT of Senate Bill 1057 SD1 with proposed amendments.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. It's our duty to serve and to protect the well-being of our members, but beyond that, it is incumbent upon all of us to serve and protect the well-being of our island home.

SB1057 SD1 with the proposed amendments will clarify that the bid incentive given to bidders for public works construction projects who are themselves as well as their subcontractors, are parties to an apprenticeship agreement for all apprenticeship trades utilized, rather than employed, to construct the public works.

This measure clarifies a long-standing misapplication of a policy (Act 17 2009) that was intended to promote the use of all apprenticeable trade programs that perform work on public works projects throughout the state by providing a preference to bidders of public works projects who agree to use and/or contract with all apprenticeable trades required to perform and complete the work on that public works project.

Act 17 was adopted via veto override in July of 2009, and the misinterpretation and misapplication of the law has caused great harm to many of the apprenticeable trades throughout the state who did not benefit from a law that was intended to develop and grow our local workforce by promoting all construction trade apprenticeship programs.

In this day and time of worsening financial hardship and rising cost of living, it is vital to ensure policies like Act 17 are maximized to their fullest potential to grow our local workforce, provide living wage jobs, and serve the greater community.

Thank you for considering this important measure.



S.B. NO.1057 SD1

Proposed Amendments

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Purpose

The legislature finds that a well-trained workforce is essential for Hawai'i's economic growth and the successful construction of public buildings, infrastructure, and other development projects.

~~[Accordingly,] Therefore,~~ the purpose of this Act is to ~~[ensure a consistent supply of skilled labor, support workforce development, and enhance the outcomes of public works by incentivizing contractors bidding on projects to participate in state-registered apprenticeship programs]~~ require that contractors bidding on public works projects and their subcontractors, [bidding on public works projects to] utilize apprentices in state-registered apprenticeship programs, thereby further incentivizing bidders to participate in state-registered apprenticeship programs, and guaranteeing a steady supply of trained labor.

SECTION 2. Section 103-55.6, Hawaii Revised Statutes, is amended to read as follows:

"§103-55.6 Public works construction; apprenticeship agreement.

"(a) A governmental body, as defined in section 103D-104, that enters into a public works contract under this chapter having an estimated value of not less than \$250,000, shall ~~[decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade the bidder will employ to construct the public works, and in conformance with chapter 372]~~ apply a five percent bid preference if either the bidder or its subcontractors utilized by the bidder are parties to all registered apprenticeship agreements for all apprenticeable trades utilized to construct the project pursuant to chapter 372,



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

and approved by the department of labor and industrial relations. This requirement shall not apply to contractors or subcontractors utilizing trades or classifications for which no state-approved apprenticeship program exists. The lowest total bid, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference.

1. By amending subsection (c) to read:

"(c) At the time of submission of a competitive sealed bid or a competitive sealed proposal by a bidder, the bidder shall furnish written proof ~~[of]~~ that either it or its subcontractors is a party to a registered apprenticeship agreement for ~~[each]~~all apprenticeable ~~[trade]~~trades the bidder ~~[will employ to construct the public works]~~or the bidder's subcontractors will utilize to construct the public works project and perform work for which a state-approved apprenticeship program exists~~[,]~~. ~~[±]~~If awarded the contract, and upon request of the government body, the bidder shall within five calendar days, [continue to] certify ~~[monthly]~~ in writing that the bidder ~~[is a party]~~and all of [the bidder's] its subcontractors are parties to a registered apprenticeship agreement for ~~[each]~~ the apprenticeable ~~[trade the bidder will employ]~~ trades they utilize to construct the public works for the entire duration of the bidder's or bidder's subcontractors work on the project. This subsection shall be deemed to be incorporated into a public works contract. A bidder who is awarded a contract shall be subject to the following sanctions if, after commencement of work, the bidder or the bidder's subcontractors at any time during the construction is no longer a party to a registered apprenticeship agreement for each apprenticeable trade the bidder or the bidder's subcontractors will ~~[employ]~~utilize to construct the public works:

(1) Temporary or permanent cessation of work on the project, without recourse to breach of contract claims by the bidder; provided that the governmental body shall be entitled to restitution for nonperformance or liquidated damages, or to find the contractor in default, as appropriate; or

(2) Proceedings to debar or suspend under section 103D-702.

Senate Committee on Ways and Means

DATE: February 26, 2025

TIME: 10:03 AM

PLACE: Conference Room 211

TESTIMONY IN STRONG SUPPORT OF SB1057, WITH MODIFICATIONS

Aloha Chair Dela Cruz and Vice Chair Moriwaki:

Thank you for providing the opportunity to provide testimony. There is a loophole in Hawaii's Apprenticeship Preference Law. To close that loophole, Goodfellow Bros. is in strong support of updating the law via SB1057, with modifications.

As currently drafted, Hawaii's Apprenticeship Law, Hawaii Revised Statutes section 103-55.6, has been used by contractors to receive a 5% bid discount, even if apprentices are not used on a public works project. The method used to circumvent the purpose of Hawaii's Apprenticeship Law has been through the use of workers who are not directly employed by the contractor and who are not trained under the Hawaii Department of Labor and Industrial Relations apprenticeship training program to perform work. To correct the error in Hawaii's Apprenticeship Preference Law, Goodfellow Bros supports SB1057 with the changes attached to this testimony.

Goodfellow Bros. has been working with the various stakeholders to improve upon the proposed legislation and offers suggested modifications to the bill per the attached.

Those changes would clarify Hawaii's Apprenticeship Preference Law by requiring all subcontractors utilized on the job to utilize apprentices in the state-registered apprentice program. By making those changes, the legislative purpose of the law will be met: To have the State of Hawaii "have a well-trained workforce skilled in various construction trades." See Senate Journal, Conference Committee Reports, 2009.

To make Hawaii's Apprenticeship Preference Law clear and to have a fair and equitable procurement process, Goodfellow Bros. LLC supports the passage of Senate Bill 1057, with modifications as proposed.

Thank you,

GOODFELLOW BROS, LLC


J. Stephen Goodfellow
Chairman

P.O. Box 220, Kihei, HI 96753
1300 N. Holopono St., Ste. 201, Kihei, HI 96753
P.O. Box 598, Wenatchee, WA 98807
P 808 \ 879 \ 5205 | F 808 \ 879 \ 3674
CL# ABC-36307 ■ Equal Opportunity Employer

S.B. NO.1057

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Purpose

The legislature finds that a well-trained workforce is essential for Hawai'i's economic growth and the successful construction of public buildings, infrastructure, and other development projects.

~~[Accordingly,] Therefore, the purpose of this Act is to [ensure a consistent supply of skilled labor, support workforce development, and enhance the outcomes of public works by incentivizing contractors bidding on projects to participate in state-registered apprenticeship programs]~~ require that contractors bidding on public works projects and their subcontractors, [bidding on public works projects to] utilize apprentices in state-registered apprenticeship programs, thereby further incentivizing bidders to participate in state-registered apprenticeship programs, and guaranteeing a steady supply of trained labor.

SECTION 2. Section 103-55.6, Hawaii Revised Statutes, is amended to read as follows:

"§103-55.6 Public works construction; apprenticeship agreement.

"(a) A governmental body, as defined in section 103D-104, that enters into a public works contract under this chapter having an estimated value of not less than \$250,000, shall ~~[decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade the bidder will employ to construct the public works, and in conformance with chapter 372]~~ apply a five percent bid preference if either the bidder or its subcontractors utilized by the bidder are parties to all registered apprenticeship

agreements for all apprenticeable trades utilized to construct the project pursuant to chapter 372, and approved by the department of labor and industrial relations. This requirement shall not apply to contractors or subcontractors utilizing trades or classifications for which no state-approved apprenticeship program exists. The lowest total bid, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference.

1. By amending subsection (c) to read:

"(c) At the time of submission of a competitive sealed bid or a competitive sealed proposal by a bidder, the bidder shall furnish written proof ~~[of]~~ that either it or its subcontractors [being] is a party to a registered apprenticeship agreement for [each] all apprenticeable [trade] trades the bidder [will employ to construct the public works] or the bidder's subcontractors will utilize to construct the public works project and perform work for which a state-approved apprenticeship program exists [and] [7]. [±] If awarded the contract, and upon request of the government body, the bidder shall within five calendar days, [continue to] certify [monthly] in writing that the bidder [is a party] and [the bidder's] its subcontractors are parties to a registered apprenticeship agreement for [each] the apprenticeable [trade the bidder will employ] trades they utilize to construct the public works for the entire duration of the bidder's or bidder's subcontractors work on the project. This subsection shall be deemed to be incorporated into a public works contract. A bidder who is awarded a contract shall be subject to the following sanctions if, after commencement of work, the bidder or the bidder's subcontractors at any time during the construction is no longer a party to a registered apprenticeship agreement for each apprenticeable trade the bidder or the bidder's subcontractors will [employ] utilize to construct the public works:

(1) Temporary or permanent cessation of work on the project, without recourse to breach of contract claims by the bidder; provided that the governmental body shall be entitled to restitution for nonperformance or liquidated damages, or to find the contractor in default, as appropriate; or

(2) Proceedings to debar or suspend under section 103D-702



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

TO: SENATE COMMITTEE ON WAYS AND MEANS
Hearing on Wednesday, February 26, 2025 at 10:03 a.m., Conf. Room 211

RE: TESTIMONY IN SUPPORT OF SB 1057 WITH AMENDMENTS

Honorable Chair Donovan M. Dela Cruz, Vice Chair Sharon Y. Moriwaka, Members of the Committee on Ways and Means:

The International Brotherhood of Electrical Workers Local Union 1186 (IBEW 1186), is comprised of over 3,000 men and women working in electrical construction, telecommunications, civil service employees, and educator and faculty associations.

IBEW 1186 **SUPPORTS WITH AMENDMENTS** this bill that would incentivize contractors bidding on public works projects to participate in state-registered apprenticeship programs. This bill is a critical step toward building a complete workforce in the construction trades and ensuring that Hawaii has the skilled labor needed to meet the demands of a growing economy.

The following amendments are intended to ensure that this bid preference will only be applied if every apprenticeable trade utilized on a project includes a contractor that is a party to a state-approved apprenticeship program:

SECTION 1. Purpose

The legislature finds that a well-trained workforce is essential for Hawai'i's economic growth and the successful construction of public buildings, infrastructure, and other development projects.

~~[Accordingly,] Therefore,~~ the purpose of this Act is to ~~[ensure a consistent supply of skilled labor, support workforce development, and enhance the outcomes of public works by incentivizing contractors bidding on projects to participate in state-registered apprenticeship programs]~~ require that contractors bidding on public works projects and their subcontractors, [bidding on public works projects to] utilize apprentices in state-registered apprenticeship programs, thereby further incentivizing bidders to participate in state-registered apprenticeship programs, and guaranteeing a steady supply of trained labor.

SECTION 2. Section 103-55.6, Hawaii Revised Statutes,
is amended to read as follows:

"§103-55.6 Public works construction; apprenticeship agreement.

"(a) A governmental body, as defined in section 103D-104, that enters into a public works contract under this chapter having an estimated value of not less than \$250,000, shall ~~decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the department of labor and industrial relations for each apprenticeable trade the bidder will employ to construct the public works, and in conformance with chapter 372]~~ apply a five percent bid preference if either the bidder or its subcontractors utilized by the bidder are parties to all registered apprenticeship agreements for all apprenticeable trades utilized to construct the project pursuant to chapter 372, and approved by the department of labor and industrial relations. This requirement shall not apply to contractors or subcontractors utilizing trades or classifications for which no state-approved apprenticeship program exists. The lowest total bid, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference.

1. By amending subsection (c) to read:

"(c) At the time of submission of a competitive sealed bid or a competitive sealed proposal by a bidder, the bidder shall furnish written proof ~~[of]~~ that either it or its subcontractors [being] is a party to a registered apprenticeship agreement for [each] all apprenticeable [trade] trades the bidder [will employ to construct the public works] or the bidder's subcontractors will utilize to construct the public works project and perform work for which a state-approved apprenticeship program exists [and] [7]. [±] If awarded the contract, and upon request of the government body, the bidder shall within five calendar days, [continue to] certify [monthly] in writing that the bidder [is a party] and [the bidder's] its subcontractors are parties to a registered apprenticeship agreement for [each] the apprenticeable [trade the bidder will employ] trades they utilize to

construct the public works for the entire duration of the bidder's or bidder's subcontractors work on the project. This subsection shall be deemed to be incorporated into a public works contract. A bidder who is awarded a contract shall be subject to the following sanctions if, after commencement of work, the bidder or the bidder's subcontractors at any time during the construction is no longer a party to a registered apprenticeship agreement for each apprenticeable trade the bidder or the bidder's subcontractors will [~~employ~~]utilize to construct the public works:

(1) Temporary or permanent cessation of work on the project, without recourse to breach of contract claims by the bidder; provided that the governmental body shall be entitled to restitution for nonperformance or liquidated damages, or to find the contractor in default, as appropriate; or

(2) Proceedings to debar or suspend under section 103D-702

Apprenticeship programs are a proven way to develop a highly skilled workforce. They provide workers with on-the-job training and classroom instruction, leading to nationally recognized credentials. Apprenticeships also benefit employers by providing them with a pipeline of skilled workers who are trained to meet their specific needs.

This bill will have a positive impact on economic growth, job creation, and a more sustainable future for Hawaii.

This bill also helps to clarify the legislative intent of Act 17, SLH 2009, to include all apprenticeable trades that will be utilized on the project.

For these reasons, **IBEW 1186 SUPPORTS SB 1057 WITH AMENDMENTS**