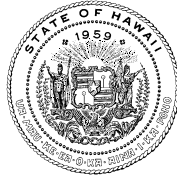


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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 LAWELAWÉ LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

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

GOVERNMENT OPERATIONS
LABOR AND TECHNOLOGY

FEBRUARY 6, 2025, 3:05 P.M.
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 1057

RELATING TO PROCUREMENT

Chairs McKelvey and Aquino, Vice Chairs Gabbard and Lee, and Members of the Committees, thank you for the opportunity to submit testimony on S.B. 1057.

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 **comments** set forth below.

To conform with the language provided at page 2, line 17, the department recommends the language presented on page 2, line 2 be revised to read, in relevant part: "... trade the bidder [~~will employ~~] utilized to ...".

The department 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 permanently incomplete. To address this perhaps anomalous condition, the department suggests that the language of subsection (c)(1) be amended to read, in relevant part: "... 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

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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
GOVERNMENT OPERATIONS
&
LABOR AND TECHNOLOGY

FEBRUARY 6, 2025, 3:05 PM

SENATE BILL 1057
RELATING TO PROCUREMENT

Chairs McKelvey and Aquino, Vice Chairs Gabbard and Lee, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 1057. 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, to construct the public works.

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.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025

Committee on Government Operations and Labor and Technology

HEARING DATE: Thursday, February 6, 2025

TIME: 3:05 p.m.

PLACE: Senate Committee Room 225

RE: Senate Bill 1057- STRONGLY SUPPORTS the Intent

Aloha Honorable Chair(s) McKelvey and Aquino, Vice-Chair(s) Gabbard and Lee, and Joint Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to offer the following testimony in STRONGLY SUPPORTS the intent of Senate Bill 1057.

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 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.

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.

Thank you for considering this important measure.

February 4, 2025

TO: HONORABLE HENRY J.C. AQUINO, CHAIR, HONORABLE CHRIS LEE,
VICE CHAIR, COMMITTEE ON LABOR AND TECHNOLOGY.
HONORABLE ANGUS L.K. MCKELVEY, CHAIR, HONORABLE MIKE
GABBARD, VICE CHAIR, COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **OPPOSITION TO S.B. 1057, 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: Tuesday, February 4, 2025
TIME: 3:05 p.m.
PLACE: Capitol Room 225

Dear Chair Aquino, Vice Chair Lee, Chair McKelvey, Vice Chair Gabbard and Members of the
Committees,

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, 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.

Our interpretation is that this measure seeks to require general contractors to show at the time of
bid submission that all subcontractors are covered by an apprenticeable trade. This measure then
holds the general contractor liable and contains stiff penalties such as breach of contract,
liquidated damages, and debarment.

Currently, to qualify for the incentive, the general contractor submits that the bidder is a party to
an apprenticeship agreement registered with the Department of Labor and Industrial Relations
for each apprenticeable trade that they employ. This is information that the general contractor
has on their own.

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.

This will not only have the effect of increasing bid protests, but ultimately lead to higher construction costs for the State.

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

QUALITY PEOPLE. QUALITY PROJECTS



Senate Committee on Labor and Technology and
Senate Committee on Government Operations

DATE: February 6, 2025

TIME: 305pm

PLACE: Conference Room 225

TESTIMONY IN STRONG SUPPORT OF SB1057

Aloha Chairs Aquino and McKelvey, and Vice Chairs Lee and Gabbard:

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 SB1057.

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, the following changes should be made:

1. Change the phrase "the bidder will employ" to "utilize" or "utilized" in HRS 103-55.6 a) and c).

Those changes would clarify Hawaii's Apprenticeship Preference Law. 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.

Thank you,

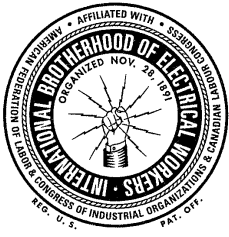
GOODFELLOW-BROS, LLC



J Stephen Goodfellow
Chairman of the Board

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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 GOVERNMENT OPERATIONS, AND
COMMITTEE ON LABOR AND TECHNOLOGY
Hearing on Thursday, February 6, 2025 at 3:05p.m., Conf. Room 415

RE: TESTIMONY IN **SUPPORT** OF SB 1057

Honorable Chairs Angus L.K. McKelvey, and Henry J.C. Aquino, Vice Chairs Mike Gabbard and Chris Lee, and Members of the Committee on Government Operations and the Committee on Labor and Technology:

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** 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.

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.**