

# **SB 728**

## **RELATING TO GOVERNMENT CONTRACTS.**

Requires equal pay for similar work for any employee performing services under certain government contracts. Establishes a requirement for government contractors to report wages paid to employees, by gender. Provides penalties for contractors found to be in violation of these practices, including liquidated damages and suspension from government contract work. Also prohibits contractors on certain government contracts from retaliating against employees who disclose wage information.

DAVID Y. IGE  
GOVERNOR



DOUGLAS MURDOCK  
Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

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WRITTEN TESTIMONY  
OF  
DOUGLAS MURDOCK, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEES  
ON  
GOVERNMENT OPERATIONS  
AND  
JUDICIARY AND LABOR  
ON  
FEBRUARY 10, 2015

**S.B. 728**

RELATING TO GOVERNMENT CONTRACTS

Chair Dela Cruz, Chair Keith-Agaran and members of the Committees, thank you for the opportunity to testify on S.B. 728.

The Department of Accounting and General Services (DAGS) supports the intent of S.B. 728, but opposes the means for implementation.

In order to effectively carry out the purpose of this legislation, changes need to be made to both Chapter 103 and 104, Hawaii Revised Statutes.

In accordance with Chapter 104, Hawaii Revised Statutes, Wages and Hours of Employees on Public Works Law, the wage rate schedule for public works construction projects is already regulated and overseen by the State Department of Labor and Industrial Relations (DLIR) Wage Standards Division. Oversight and enforcement of this law requires that certified payroll affidavits for all worker classifications, regardless of gender, be submitted by all Contractors, including their respective subcontractors, on all public works projects.

The requirement for the Comptroller to adopt rules for the enforcement, administration, and effectuation of wage equity would result in the following:

1. Redundant oversight by two State agencies (DLIR and DAGS), which may create confusion for Contractors and subcontractors to ensure compliance with both DLIR and DAGS regulations.
2. Requirement of DAGS to establish additional employee positions and funding to manage the implementation of new processes.
3. Lag time between the effective date of the proposed Act and formal regulation, as DAGS would need to develop new certified payroll affidavit forms and processes separate from those issued by DLIR.
4. Higher Contractor supervision overhead costs, and therefore higher bid costs for State public works construction projects, due to the increased/redundant Contractor submittal requirements to satisfy both DLIR and DAGS regulations.
4. Additional work requirements for all State construction contracting agencies and its employees to enforce compliance with both DLIR regulations and DAGS regulations.

Thank you for the opportunity to testify on this matter.