SYLVIA LUKE LIEUTENANT GOVERNOR



JADE T. BUTAY DIRECTOR

WILLIAM G. KUNSTMAN DEPUTY DIRECTOR

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

March 12, 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, March 12, 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: S.B. 2615 SD1 RELATING TO COUNTY LABOR STANDARDS

The **DLIR supports** SB2615 SD1 that authorizes the counties to enact ordinances relating to labor standards including wages, benefits and apprenticeship. 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.



TESTIMONY OF THE DEPARTMENT OF THE ATTORNEY GENERAL KA 'OIHANA O KA LOIO KUHINA THIRTY-SECOND LEGISLATURE, 2024

ON THE FOLLOWING MEASURE:

S.B. NO. 2615, S.D. 1, RELATING TO COUNTY LABOR STANDARDS.

BEFORE THE:

HOUSE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

DATE: Tuesday, March 12, 2024 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 309 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or

Michael J.S. Moriyama, Nelson T. Higa, or Dale M. Fujimoto,

Deputy Attorneys General

Chair Matayoshi and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments on this bill.

The purpose of this bill is to allow the counties to adopt labor standards including, but not limited to, standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs.

For purposes of clarity, we recommend broadening the preemption proviso at the end of proposed section 46-1.5(28), Hawaii Revised Statutes, on page 20, lines 14-17, to read as follows:

; provided that the labor standards adopted by counties shall not [directly] conflict with <u>federal or state laws, rules, or regulations, including</u> labor standards established by the State.

Thank you for the opportunity to provide these comments.

COUNTY COUNCIL

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



Council Services Division 4396 Rice Street, Suite 209 Līhu'e, Kaua'i, Hawai'i 96766

March 8, 2024

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

TESTIMONY OF ADDISON BULOSAN COUNCILMEMBER, KAUA'I COUNTY COUNCIL ON

SB 2615, SD 1, RELATING TO COUNTY LABOR STANDARDS House Committee on Labor & Government Operations Tuesday, March 12, 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 SB 2615, SD 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 SB 2615, SD 1, which would greatly affect the Kaua'i community.

Thank you again for this opportunity to provide testimony in support of SB 2615, SD 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

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

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAI'I 96813 PHONE: (808) 768-4141 • FAX: (808) 768-4242 • INTERNET: <u>www.honolulu.gov</u>





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

MICHAEL D. FORMBY

MANAGING DIRECTOR

PO'O HO'OKELE

March 11, 2024

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

Subject: SB 2615 SD1, Relating to County Labor Standards

The City and County of Honolulu (City) respectfully asks for your **support** of SB2615 SD1.

SB2615 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 set and adjust 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 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,

Michael D. Formby Managing Director Dr. Holeka Goro Inaba Council Member, District 8, N. Kona



Office: (808) 323-4280 Email: holeka.inaba@hawaiicounty.gov

HAWAI'I COUNTY COUNCIL

County of Hawai'i West Hawai'i Civic Center, Bldg. A 74-5044 Ane Keohokalole Hwy. Kailua-Kona, Hawai'i 96740



March 11, 2024

COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

Rep. Scot Z. Matayoshi, Chair Rep. Andrew Takuya Garrett, Vice Chair

> Re: Support for SB2615 Relating to County Labor Standards

> > Hearing: March 12, 2024 at 9:30 a.m.

Aloha,

Thank you for allowing me to express support for this measure that would authorize counties to adopt labor standards that include standards for living wages, benefits and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted, do not directly conflict with labor standards established by the State.

This bill is significant, granting each county the authority to establish labor standards tailored to their specific needs. By allowing counties to set standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs, it aims to address local workforce issues and potentially improve conditions for workers across the state. This kind of legislation reflects a trend towards decentralization and empowering local communities to address their unique economic challenges. It could lead to more equitable employment opportunities and better standards of living for workers in Hawaii.

The passing of this bill would be a major benefit.

Sincerely,

DR. HOLEKA GORO INABA, Council Member

Alke Com Inch

District 8, North Kona

HGI.wpb



TYLER DOS SANTOS-TAM HONOLULU CITY COUNCIL DISTRICT VI

TELEPHONE: (808) 768-5006 FAX: (808) 768-1176

EMAIL: tdossantos-tam@honolulu.gov

March 12, 2024

House Committee on Labor & Government Operations Representative Scot Z. Matayoshi, Chair Representative Andrew T. Garrett, Vice Chair And Members 415 South Beretania Street Honolulu, Hawaii 96813



Dear Chair Matayoshi, Vice Chair Garrett, and Members,

I write to support SB2615, Relating to County Labor Standards. The bill proposes to grant counties the power to "adopt labor standards, including but not limited to living wages, benefits, and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted by the counties do not directly conflict with labor standards established by the State."

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 several 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 have extensive permitting requirements, monitored by building inspectors from the Department of Permitting and Planning.

Such requirements would empower the inspectors who 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 be able 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 SB2615.

Me ka mahalo,

Tyler Dos Santos-Tam Councilmember, District 6



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

March 12, 2024

House Committee on Labor & Government Operations

Representative Scot Z. Matayoshi, Chair Representative Andrew Takuya Garrett, Vice Chair



RE: SB2615 SD1 - Relating to County Labor Standards

Chair Matayoshi, Vice Chair Garrett, and Committee Members,

I am writing in support of SB2615 SD1, Relating to County Labor Standards, which would allow the City and County of Honolulu to adopt labor standards including but not limited to standards for living wages, benefits, and requirements for participation in stateapproved apprenticeship programs.

This measure would help to ensure that workers in each county are paid what they are owed according to law for an honest day's work. By allowing the counties to adopt their own labor standards, counties would be better able to ensure the safety of their workers by enforcing proper safety standards, as well as protect residents from unscrupulous employers who would seek to improperly pay their employees or fail to carry the required insurance coverage as mandated by law.

Therefore, I stand in support of SB2615 SD1, 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

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



COUNTY COUNCIL

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

March 11, 2024



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



TO: Honorable Scot Z. Matayoshi, Chair, and

Members of the House Committee on Labor & Government

Operations

Nohelani U'u-Hodgins Mohelani hin-Hodgins FROM:

Councilmember

SUBJECT: TESTIMONY IN SUPPORT OF SB 2615, SB1, RELATING TO COUNTY LABOR STANDARDS

DATE: Tuesday, March 12, 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.

SB 2615, SB1, 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 March 11, 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 SB 2615, SB1. 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 SB 2615, SB1.



March 12, 2024

TO:

HONORABLE SCOT MATAYOSHI, CHAIR, HONORABLE ANDREW GARRETT, VICE CHAIR, COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS.

SUBJECT: (

COMMENTS ON S.B. 2615 SD1, RELATING TO COUNTY LABOR STANDARDS. Authorizes the counties to adopt labor standards that include but are not limited to standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted by the counties do not directly conflict with labor standards established by the State.

HEARING

DATE: Tuesday, March 12, 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 <u>comments</u> on S.B. 2615 SD1, which authorizes the counties to adopt labor standards that include but are not limited to standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted by the counties do not directly conflict with labor standards established by the State.

GCA is unsure of the term "labor standards" in this measure that the counties could adopt that would not conflict with the state.

Additionally, if this Committee's inclination is to insert the House position, 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 harborrelated 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.



TESTIMONY OF TINA YAMAKI, PRESIDENT RETAIL MERCHANTS OF HAWAII MARCH 12, 2024 SB 2615 SD1 RELATING TO COUNTY LABOR STANDARDS.

Good morning, Chair Matayoshi and members of the House Committee on Labor and Government Operations. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901 and is a statewide, not for profit trade organization committed to supporting the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, on-line sellers, local, national, and international retailers, chains, and everyone in between.

We respectfully oppose SB 2615 SD1. This measure authorizes the counties to adopt labor standards that include but are not limited to standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted by the counties do not directly conflict with labor standards established by the State; and takes effect 7/1/2112.

While we understand the counties wants to have control of labor standards, especially that of minimum wages and paid family leave. Many of our members have stores on neighboring islands. And with the shortage of workers, some employees fly over to help in stores on another island. Measures like this will make it exceedingly difficult to operate, especially if the counties continuously change the labor laws in their county. Having county labor laws instead of a statewide uniform one will be very burdensome to not only our retailers but businesses as well who are trying to comply with different sets of regulations and cause much confusion.

If labor issues are not passed on the state level, the county level could pass ordinances that may cause disharmony with workers in the same company if benefits are different in each county be it minimum wage, paid family leave, working conditions, access to other types of benefits and more to name a few.

The hardships will be especially felt the most by our small local businesses trying to keep up with all the labor laws in each county and the changes. It may increase their operational cost if they need to hire someone to ensure that they are incompliance. It may also deter these local businesses from expanding to another island or islands.

Hawaii has already been deemed a state that is not business friendly. Measures like this create significant challenges in terms of compliance, consistency, and equity within the labor market. Retailers like many other businesses are already having difficulties finding employees while trying to find an economic balance to retain employees and keep their doors open. We need to maintain the coordinated approach at the statewide level to ensure fair and uniform labor standards across the state.

Mahalo for this opportunity to testify.

HAWAII HARBORS USERS GROUP

Testimony of the Hawaii Harbors Users Group Comments on SB 2615, SD1 Relating to County Labor Standards Before the House Committee on Labor & Government Operations March 12, 2024

Aloha Chair Matayoshi, Vice Chair Garratt, 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.

SB 2615, SD1 authorize the counties to adopt labor standards that include but are not limited to standards for living wages, benefits, and requirements for participation in state-approved apprenticeship programs, provided that the labor standards adopted by the counties do not directly conflict with labor standards established by the State. HHUG appreciates the intent of this measure, as well as amendments. We respectfully request, however, that this bill be amended to provide an exemption for harbor-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.

SB-2615-SD-1

Submitted on: 3/11/2024 9:14:47 AM

Testimony for LGO on 3/12/2024 9:30:00 AM

| Submitted By | Organization | Testifier Position | Testify |
|------------------|-----------------------------|---------------------------|----------------------|
| Pane Meatoga III | Operating Engineers Local 3 | Support | Remotely Via Zoom |

Comments:

This measure will allow counties to adopt labor standards to stop corrupt business practices from occurring and ensure that construction is done on a level palying field.





HEARING BEFORE THE HOUSE COMMITTEE ON LABOR & GOVERNMENT OPERATIONS HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309 Tuesday, March 12, 2024 AT 9:30 A.M.

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

OPPOSE SB2615 SD1 RELATING TO COUNTY LABOR STANDARDS

The Maui Chamber of Commerce offers testimony to OPPOSE SB2615 SD1.

The Maui Chamber of Commerce notes that there is no stated purpose to this proposal, nor a reason why this is needed. It is difficult to determine the impetus of a proposal when nothing is stated in the documentation.

That being said, we feel that the labor standards for the state should be kept at the state level. If counties were allowed to set their own standards, then any small business that is fortunate enough to grow to different counties would have to create different payroll systems for each county in which they are located. This would add more expense to the already immense burden the state puts on small businesses.

The added language "provided that the labor standards adopted by the counties shall not directly conflict with labor standards established by the State" seems to be contradictory – anything the county adopts has to mimic the state or it is inherently conflicting.

For these reasons we **OPPOSE SB2615 SD1** and respectfully request it be deferred.

Sincerely.

Pamela Tumpap

Pamela Jumpap

President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.



Testimony of Pacific Resource Partnership

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

SB 2615 SD1—Relating To County Labor Standards Tuesday, March 12, 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 250 diverse contractors ranging from mom-and-pop owned businesses to national companies.

PRP writes in support of SB 2615 SD1, 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 for violating laws related to wages, benefits, hours, and employment status, 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.



SB-2615-SD-1

Submitted on: 3/11/2024 9:01:53 PM

Testimony for LGO on 3/12/2024 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 this legislation that will allow counties to adopt labor standards to crack down on illegitimate and illegal practices in the building industry. Counties should be allowed to deny, revoke, or suspend building permits for contractors that flout state and federal labor laws.

