

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 LIMAHAHA

March 1, 2024

To: The Honorable Karl Rhoads
The Honorable Mike Gabbard
Members of the Senate Committee on Judiciary

The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Sharon Y. Moriwaki, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Friday, March 1, 2024
Time: 10:31 a.m.
Place: Conference Room 211, 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.

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

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

February 28, 2024

**TESTIMONY OF ADDISON BULOSAN
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 2615, SD 1, RELATING TO COUNTY LABOR STANDARDS
Senate Committee on Ways and Means
Senate Committee on Judiciary
Friday, March 1, 2024
10:31 a.m.
Conference Room 211
Via Videoconference**

Dear Chair Dela Cruz, Chair Rhoads, and Members of the Committees:

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,

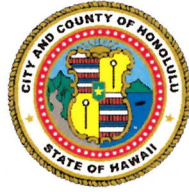
ADDISON BULOSAN
Councilmember, Kaua'i County Council

AAO:slr

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

530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813
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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 29, 2024

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Committee on Ways and Means
The Honorable Karl Rhoads, Chair
The Honorable Mike Gabbard, Vice Chair
and Members of the Committee on Judiciary
Hawaii State Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and Members of the Committees on Ways and Means and Judiciary:

Subject: SB 2615 SD1, Relating to County Labor Standards

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

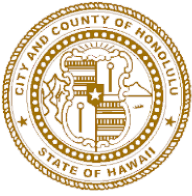
SB2615 would allow each county to adopt labor standards, including wages, benefits, and other requirements for participation in state-approved apprenticeship programs. The City and County of Honolulu would look forward to set and adjust standards in order to support our local workforce in a way that 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,

A handwritten signature in black ink, appearing to read "Michael D. Formby".

Michael D. Formby
Managing Director



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
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EMAIL: tdossantos-tam@honolulu.gov

March 1, 2024

Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
and Members
415 South Beretania Street
Honolulu, Hawai'i 96813

Senate Committee on Judiciary
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair
and Members
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard and Members:

I write to support SB2615, 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 SB2615.

Me ka mahalo,

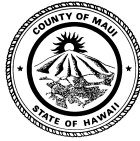
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Director of Council Services
David M. Raatz, Jr., Esq.

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 28, 2024

TO: Honorable Donovan M. Dela Cruz, Chair, and
Members of the Senate Committee on Ways and Means

Honorable Karl Rhoads, and
Members of the Senate Committee on Judiciary

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

SUBJECT: **TESTIMONY IN SUPPORT OF SB 2615, SD1, RELATING TO
COUNTY LABOR STANDARDS**

DATE: Friday, March 1, 2024
10:31 a.m., Conference Room 211

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, SD1, will empower each county with the authority to adopt labor standards and to become leaders in standing up for working people and their families.

February 28, 2024

Page 2

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 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, SD1. 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, SD1.

Testimony of
Pacific Resource Partnership

Senate Committee On Ways And Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Senate Committee On Judiciary
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

SB 2615 SD1—Relating To County Labor Standards
Friday, March 1, 2024
10:31 A.M.

Aloha Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and Members of the Committees:

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,



(Continued From Page 1)

property owners and developers are more likely to carefully select law-abiding contractors to build their projects.

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



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEES ON
JUDICIARY and WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
Friday, March 1, 2024 AT 10:31 A.M.**

To The Honorable Senator Karl Rhoads, Chair
The Honorable Senator Mike Gabbard, Vice Chair
Members of the committee on Judiciary
To The Honorable Senator Donovan M. Dela Cruz, Chair
The Honorable Senator Sharon Y. Moriwaki, Vice Chair
Members of the committee on Ways and Means

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
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 TINA YAMAKI, PRESIDENT
RETAIL MERCHANTS OF HAWAII
MARCH 1, 2024
SB 2615 SD1 RELATING TO COUNTY LABOR STANDARDS.**

Good morning, Chair Dela Cruz and Chair Rhoads and members of the Senate Committee on Ways & Means and the Senate Committee on Judiciary. 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 neighbor 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 in compliance. **It may also deter these local businesses from expanding to another island or islands.**

Measures like this creates 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
Support for SB 2615, SD1 Relating to County Labor Standards
Before the Senate Committee on Ways and Means and
the Senate Committee on Judiciary
March 1, 2024

Aloha Chair Dela Cruz, Chair Rhoads, Vice Chair Moriwaki, Vice Chair Gabbard, and members of the committees:

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: 2/29/2024 3:54:31 PM

Testimony for JDC on 3/1/2024 10:31:00 AM

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

Comments:

HRCC is in support of this measure which would allow counties to adopt labor standards. We believe that the counties have a unique ability to shed light upon the corrupt practices of contractors who utterly disregard state and federal employment laws. In fact, Kauai county officials helped to uncover a Georgia based contractor's scheme to deny overtime and backwages for 110 construction workers and helped the federal Department of Labor to recover \$693,100 in back wages and damages

Now this same contractor, S&A Industries is coming back to bid for more work in the islands and the counties are unable to revoke, suspend, or deny building permits to a cheating contractor because they are preempted by state law.

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 playing field.