

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 LIMAHANA

February 3, 2026

To: The Honorable Mark J. Hashem, Chair,
The Honorable Dee Morikawa, Vice Chair, and
Members of the House Committee on Water & Land

Date: Tuesday, February 3, 2026
Time: 9:00 a.m.
Place: Conference Room 411, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 1866 RELATING TO COUNTY LABOR STANDARDS

The **DLIR supports** this proposal, which empowers counties to enact ordinances requiring employers to disclose wage and benefit information, as well as employment status. It also authorizes counties to deny, revoke, or suspend building permits for violations of labor laws. These ordinances, if enacted, would complement existing State and Federal labor laws without interfering with ongoing investigations. By reinforcing compliance, county ordinances can play a vital role in safeguarding the welfare and livelihood of Hawai'i's workforce and promoting fair labor practices across our communities.

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February 1, 2026

Honorable, Mark J. Hashem, House Committee on Water and Land, Chair
Honorable, Mike Lee, House Committee on Water and Land, Vice Chair
Honorable Members of the House Committee on Water and Land

**RE: HB 1866- CONTRACTORS; EMPLOYEES; COUNTIES; WAGES; BENEFITS; HOURS; EMPLOYMENT
STATUS; DISCLOSURE**

Chair Hashem,

My name is Ana Tuiasosopo, and I am a Trustee and District Representative for the International Union of Operating Engineers (IUOE) Local 3, representing heavy equipment operators, mechanics, surveyors, and other skilled tradespeople in Hawai'i's construction industry. I submit this testimony in strong support of HB 1866.

HB1660 closes a critical enforcement gap by aligning county permitting authority with existing state and federal labor determinations. Under current law, contractors may continue to obtain or retain building permits even after being formally cited for wage theft, misclassification, or other labor violations. This undermines worker protections and places law-abiding contractors at a competitive disadvantage. HB1660 corrects this imbalance by allowing counties to rely on established findings by the Department of Labor and Industrial Relations, the U.S. Department of Labor, or a court—without creating new labor standards or adjudicatory powers at the county level.

This measure promotes fairness and accountability in the construction industry. Contractors who comply with wage, benefit, and employment laws should not be undercut by those who reduce costs through unlawful practices. By tying permit eligibility to compliance with existing labor laws, HB1660 reinforces a level playing field while encouraging responsible business practices that support Hawai'i's workforce and economy.

Importantly, HB1660 preserves due process and respects jurisdictional boundaries. Counties do not determine labor violations; they act only after violations have been formally established by the appropriate authority. The bill therefore strengthens enforcement without expanding regulatory overreach or creating duplicative enforcement systems.

I humbly ask for your support and approval of HB 1866.

Sincerely,

Ana Tuiasosopo
District Representative, Trustee
Operating Engineers Local 3



Uploaded via Capitol Website

February 3, 2026

TO: HONORABLE MARK J. HASHEM, CHAIR, HONORABLE DEE MORIKAWA, VICE CHAIR, COMMITTEE ON WATER & LAND

SUBJECT: **COMMENTS ON H.B. 1866, RELATING TO COUNTY LABOR STANDARDS.** Authorizes the counties to require contractors to disclose information regarding its employees' wages, benefits, hours, and employment status and deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status, under certain conditions.

HEARING

DATE: Tuesday, February 3, 2026
TIME: 9:00 a.m.
PLACE: Capitol Room 411

Dear Chair Hashem, Vice Chair Morikawa 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 comments on H.B. 1866, which authorizes the counties to require contractors to disclose information regarding its employees' wages, benefits, hours, and employment status and deny, revoke, or suspend a building permit application for violating laws relating to wages, benefits, hours, and employment status, under certain conditions.

GCA appreciates the intent of the measure as it seeks to deter bad actors from the industry. However, we would like to note that there are already mechanisms in place to punish contractors who violate wage and hour laws. The Department of Labor and Industrial Relations already enforces state wage and hour laws under Chapters 387 and 388, HRS and this measure would allow counties to add an additional layer of bureaucracy to an already delayed permitting process.

Further, we believe this has the potential to unjustly punish the property owner, who may not know of any violations, instead of the contractor because it is the property owner who will have their permit revoked.

Thank you for the opportunity to provide comments.

QUALITY PEOPLE. QUALITY PROJECTS



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 3, 2026

TO: The Honorable Mark J. Hashem, Chair
The Honorable Dee Morikawa, Vice Chair
Members of the House Committee on Water and Land

RE: **Strong Support for HB1866 – Relating to County Labor Standards**

Aloha Chair Hashem, Vice Chair Morikawa, and Members of the Committee:

The Hawai'i Regional Council of Carpenters, representing over 6,000 skilled union carpenters and tradespeople across the islands, is grateful for the opportunity to submit our testimony in strong support of HB1866.

Across Hawai'i, hard-working men and women are being hurt by an underground economy in construction. In this shadow economy, **bad actors deliberately hide workers or misclassify them to avoid paying proper wages, providing required insurance, following licensing rules, and paying the taxes everyone else pays.**

HB1866 is about enforcing the laws we already passed. Hawai'i already has wage, hour, and employment laws on the books. This bill does not change those standards. It simply makes sure those laws can actually be enforced where the work is happening, instead of falling through the cracks.

We have seen what happens when enforcement breaks down. The Maile Sky Court renovation in Waikiki was a \$25 million project that went forward even though contractors on the job were repeatedly breaking the law. On August 29, 2016, a joint enforcement action at the site resulted in the following findings.

- The Department of Labor and Industrial Relations issued **\$765,095 in penalties** to R and R Construction for **failing to provide prepaid health care, temporary disability insurance, and workers' compensation coverage.**
- The United States Department of Labor ordered R and R Construction to pay **\$371,365 in back wages and damages** for **overtime violations.**
- The Regulated Industries Complaints Office issued **\$25,000 fines** to Selby Construction Services and TRG Construction for **unlicensed activity.**
- Ron's Electrical Services, a subcontractor, was **fined \$10,000** for **unlicensed activity.**

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Despite these serious violations, the project was allowed to proceed to completion. Unfortunately, this is not an isolated case. **Similar situations occur across the state, and when violations are allowed to continue, it sends a message that cutting corners is tolerated while law abiding contractors are put at a disadvantage.**

Construction happens under county permits. Counties are often the first and sometimes the only public agencies in a position to see when violations are happening. Without clear local authority, violations can continue for months or years while cases sit in state or federal backlogs.

HB1866 closes this enforcement gap. It allows counties to connect their permitting authority with basic labor compliance. Counties already enforce building, health, and safety requirements as part of the permitting process. Making sure workers are paid legally and treated fairly is a reasonable extension of that responsibility.

Stronger enforcement also protects public revenues. When workers are cheated through wage theft or misclassification, contractors are often also avoiding income taxes, payroll taxes, unemployment insurance contributions, and other required payments. By stopping violations earlier at the permitting stage, HB1866 helps ensure wages are properly reported and taxes already owed are actually collected. That means more funding for schools, infrastructure, and public services without raising taxes on honest businesses or working families.

This bill also protects law-abiding contractors. Too many responsible employers lose bids to competitors who win work by breaking the law. HB1866 helps level the playing field so doing the right thing is not a disadvantage.

Just as important, HB1866 does not create new labor laws. The Legislature keeps full control over labor standards. Counties are simply given the authority to act within boundaries the Legislature has already set. **There is no mandate on counties, and each county can decide whether and how to act based on local needs and capacity.**

At the end of the day, this bill is about accountability and trust. When repeat violators are allowed to keep pulling permits, the public loses faith that our laws mean anything. HB1866 sends a clear message that in Hawai'i, the rules apply to everyone and honest work is respected.

Thank you for the opportunity to testify.



Testimony of
Pacific Resource Partnership

Hawai'i State Legislature
Honorable Members of the House Committee on Water and Land
Tuesday, Feb. 3, 2026

Subject: Strong support for HB1866 – Relating to County Labor Standards

Aloha Chair Hashem, Vice Chair Morikawa, 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.

As an organization dedicated to protecting Hawai'i's working families, businesses, and taxpayers through fair practices in the construction industry, PRP strongly supports HB1660. As highlighted on our website, www.PlayFairinHawaii.com, PRP is committed to combating tax fraud and non-compliance that undermine our communities. We urge the committee to advance this measure to ensure accountability and equity for all.

Hawai'i's construction sector is vital to our economy, but it's plagued by an underground economy where unscrupulous contractors cheat the system through misclassification of workers, under-the-table payments, and evasion of taxes and benefits. These practices not only deprive employees of fair wages, safe working conditions, and essential protections but also shortchange taxpayers by reducing funds available for critical public services like education and roads.

PRP's Play Fair campaign actively raises awareness about these issues, encouraging reports of violations and promoting compliance to build a stronger, more honest industry. HB1660 addresses this head-on by empowering counties to require contractors to disclose key employee information – such as wages, benefits, hours, and employment status – and to deny, revoke, or suspend building



(Continued From Page 1)

permits when violations of existing state or federal labor laws are confirmed by the Department of Labor and Industrial Relations, the U.S. Department of Labor, or a court order. This bill doesn't impose new standards; it simply strengthens enforcement of the laws already in place, leveraging county permitting processes to spot and stop infractions early.

By closing these loopholes, HB1660 safeguards honest contractors who play by the rules, preventing them from being undercut by bad actors in competitive bidding. It also bolsters public revenues without increasing taxes, as proper compliance ensures contributions to payroll taxes, unemployment insurance, and other obligations flow as intended. Ultimately, this fosters trust in our system, where fair play benefits workers, employers, and the broader community.

PRP appreciates the opportunity to testify in support of HB1660 and stands ready to collaborate on its implementation.

Mahalo for your consideration.

Andrew Pereira



Director of Public Affairs
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