

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 27, 2026

To: The Honorable Karl Rhoads, Chair,
The Honorable Mike Gabbard, Vice Chair, and
Members of the Senate Committee on Judiciary

Date: Friday, February 27, 2026
Time: 10:30 a.m.
Place: Conference Room 016, State Capitol

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

Re: S.B. 2140 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.

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities.
TDD/TTY Dial 711 then ask for (808) 586-8842.



HAWAII REGIONAL COUNCIL OF CARPENTERS

February 27, 2026

TO: The Honorable Karl Rhoads, Chair
The Honorable Mike Gabbard, Vice Chair
Members of the Senate Committee on Judiciary

RE: **TESTIMONY IN STRONG SUPPORT OF SB2140**

Aloha Chair Rhoads, Vice Chairs Gabbard, 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 SB2140 and offer an amendment.

To address concerns of potentially disrupted projects such as affordable housing for property owners or developers who inadvertently hire a noncompliant contractor, HRCC recommends amending the bill to add subsection (28)(c) to page 21, line 3 of the bill to read:

“(C) Upon the revocation or suspension of a building permit pursuant to subparagraph (B), the county shall notify the property owner within five business days and shall provide the owner an opportunity to apply for an expedited transfer of the permit to a replacement contractor. The county shall process the application within five business days of receipt of a complete application.

The replacement contractor shall demonstrate compliance with all applicable licensing and labor laws. Previously approved plans, conditions, and inspections shall remain valid for purposes of the expedited transfer unless the scope of work is materially altered.”

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.**

SB2140 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

STATE HEADQUARTERS & BUSINESS OFFICES

OAHU: 1311 Houghtailing Street, Honolulu Hawaii 96817-2712 • Ph. (808) 847-5761 Fax (808) 440-9188
HILO OFFICE: 525 Kilauea Avenue, Room 205, Hilo, Hawaii 96720-3050 • Ph. (808) 935-8575 Fax (808) 935-8576
KONA OFFICE: 75-126 Lunapule Road, Kailua-Kona, Hawaii 96740-2106 • Ph. (808) 329-7355 Fax (808) 326-9376
MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
KAUAI OFFICE: Kuhio Medical Ctr Bldg., 3-3295 Kuhio Hwy, Suite 201, Lihue, Kauai 96766-1040 • Ph. (808) 245-8511 Fax (808) 245-8911

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 Waikīkī 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.**

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.

SB2140 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, SB2140 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. SB2140 helps level the playing field so doing the right thing is not a disadvantage.

Just as important, SB2140 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. SB2140 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 Senate Committee on Judiciary
Friday, Feb. 27, 2026

Subject: Strong support for SB2140 – Relating to County Labor Standards

Aloha Chair Rhoads, Vice Chair Gabbard, and members of the committee:

Pacific Resource Partnership (PRP) is a labor-management alliance between the Hawai'i Regional Council of Carpenters, representing over 6,000 union carpenters and apprentices, and more than 250 signatory contractors statewide. Together, we represent a significant portion of Hawai'i's construction industry workforce and employers.

As an organization dedicated to protecting Hawai'i's working families, businesses, and taxpayers through fair practices in the construction industry, PRP strongly supports SB2140. 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. SB2140 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 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



(Continued From Page 1)

simply strengthens enforcement of the laws already in place, leveraging county permitting processes to spot and stop infractions early.

By closing these loopholes, SB2140 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 as intended. Ultimately, SB2140 fosters trust in our system, where fair play benefits workers, employers, and the broader community.

PRP appreciates the opportunity to testify in support of SB2140 and stands ready to collaborate on its implementation.

Mahalo for your consideration.

Andrew Pereira



Director of Public Affairs
Pacific Resource Partnership
1100 Alakea Street, 4th Floor
Honolulu, HI 96813
Phone: (808) 528-5557
Email: apereira@prp-hawaii.com
Website: www.prp-hawaii.com



February 27, 2026

TO: HONORABLE KARL RHOADS, CHAIR, HONORABLE MIKE GABBARD,
VICE CHAIR, COMMITTEE ON JUDICIARY

SUBJECT: **COMMENTS ON S.B. 2140, 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: Friday, February 27, 2026
TIME: 10:30 a.m.
PLACE: Capitol Room 016

Dear Chair Rhoads, Vice Chair Gabbard 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 S.B. 2140, 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.



Queen's Court
800 Bethel Street, Suite 501
Honolulu HI 96813

Phone 808.587.7770
Fax 808.587.7769
www.avalonhi.com

WRITTEN TESTIMONY

RE: S.B. 2140

OPPOSITION

Avalon Development Company supports strong enforcement of wage and hour laws and shares the goal of ensuring that construction workers in Hawai'i are properly paid, correctly classified, and treated fairly. Law abiding contractors, union and non union alike, depend on a level playing field where bad actors are held accountable and do not undercut responsible employers.

S.B. 2140, however, is not a targeted or necessary solution. While well intentioned, it expands county authority into an area already comprehensively regulated at the state and federal levels and introduces significant risk into the construction permitting process without demonstrating a clear gap in enforcement.

Hawai'i already maintains one of the strongest labor enforcement frameworks in the nation. Wage and hour laws are enforced by the Department of Labor and Industrial Relations, the Contractors License Board, and the United States Department of Labor. Existing law provides for back wages, civil penalties, liquidated damages, stop work orders, license suspension or revocation, and judicial remedies. These tools are substantial and effective when properly applied.

Hawai'i's construction industry also has one of the highest rates of union participation in the country, resulting in significant oversight, reporting, and compliance monitoring. In this environment, layering county level permit penalties on top of existing enforcement does not address a demonstrated deficiency and risks unnecessary duplication.

The bill also creates inequitable consequences for property owners. Building permits are issued to owners and developers, not individual contractors. Under this measure, an owner's permit could be denied, suspended, or revoked based on a contractor's alleged labor violation, even if the owner had no knowledge of or involvement in the matter. Property owners rely on licensed contractors and established state enforcement systems. Halting a lawful project due to a contractor's unrelated violation unfairly shifts responsibility and jeopardizes financing, housing delivery, and job continuity.

Using building permits as a labor enforcement mechanism is particularly problematic because permits are land use approvals that underpin construction financing, project scheduling, and



Queen's Court
800 Bethel Street, Suite 501
Honolulu HI 96813

Phone 808.587.7770
Fax 808.587.7769
www.avalonhi.com

contractual obligations. Revocation can halt an entire project and disrupt jobs on site, including union jobs. Conditioning a permit on matters potentially unrelated to the permitted project risks transforming a neutral regulatory process into a punitive enforcement tool.

Finally, allowing each county to establish its own disclosure requirements and enforcement practices would fragment what is currently a uniform statewide labor framework. County by county standards would increase compliance costs and uncertainty for contractors operating across jurisdictions without meaningfully improving worker protections.

Strong labor enforcement is essential, but it should remain with agencies that have the expertise and statutory authority to administer it consistently and fairly. S.B. 2140 adds risk and complexity while threatening housing production and economic stability. For these reasons, Avalon Development Company respectfully urges the Committee to reject S.B. 2140.

Mahalo for the opportunity to submit testimony.

Avalon Development Company