

STAND. COM. REP. NO.

3056

Honolulu, Hawaii

MAR 06 2026

RE: S.B. No. 2140
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred S.B. No. 2140 entitled:

"A BILL FOR AN ACT RELATING TO COUNTY LABOR STANDARDS,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the counties to require contractors to disclose information regarding their 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.

Your Committee received testimony in support of this measure from the Department of Labor and Industrial Relations, Hawaii Regional Council of Carpenters, and Pacific Resource Partnership.

Your Committee received testimony in opposition to this measure from the Avalon Development Company.

Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Your Committee finds that the State's construction sector is vital to its economy, but is plagued by an "underground" economy in which unscrupulous contractors obfuscate their responsibility to comply with regulatory requirements. These practices deprive



employees of fair wages, safe working conditions, and essential protections while reducing funds available for critical public services. This measure will empower the counties to adopt ordinances that require employers to disclose wage and benefit information and employment status, promoting fair labor practices in the State.

Your Committee notes the concern raised by the Hawaii Regional Council of Carpenters that the denial, revocation, or suspension of a building permit due to a contractor's noncompliance with certain laws may disrupt affordable housing projects and penalize owners or developers who inadvertently hire a noncompliant contractor. Therefore, amendments to this measure are necessary to address this concern.

Your Committee has amended this measure by:

- (1) Inserting language that requires a county to notify a property owner within five business days of the revocation or suspension of a building permit caused by a noncompliant contractor;
- (2) Inserting language that requires a county to provide the property owner an opportunity to apply for an expedited transfer of the building permit to a compliant replacement contractor;
- (3) Inserting language that requires a county to process the application for an expedited transfer within five business days of the receipt of the complete application;
- (4) Inserting language that requires a replacement contractor to demonstrate compliance with all applicable licensing and labor laws;
- (5) Inserting language that requires previously approved plans, conditions, and inspections to remain valid for purposes of the expedited transfer unless the scope of work is materially altered;
- (6) Inserting an effective date of March 22, 2075, to encourage further discussion; and



- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2140, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2140, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



