



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY



An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism

Statement of
Riley M. Saito, Executive Director
Natural Energy Laboratory of Hawaii Authority
before the

HOUSE COMMITTEE ON LABOR
Thursday, April 16, 2026, 9:00 am
State Capitol, Conference Room 309 & Videoconference

in consideration of

SCR178
**URGING ALL STATE AND COUNTY AGENCIES INVOLVED IN CONSTRUCTION PROCUREMENT TO
IMPLEMENT PROMPT PAYMENT TRANSPARENCY MEASURES.**

The Natural Energy Laboratory of Hawai'i Authority (NELHA) appreciates the opportunity to provide comments on SCR178, which urges State agencies to implement prompt payment transparency measures for construction contracts.

NELHA is a small State agency that manages an 870-acre technology park and, as part of its operations, procures and manages a limited number of construction contracts, typically fewer than five per year. These projects generally support seawater infrastructure, access road development, and improvements to existing facilities, and contract values are usually under \$1.5 million.

NELHA has reviewed the Department of Accounting and General Services' prompt payment website. Given our relatively small number of construction contracts, maintaining and posting the required data should not be overly burdensome once an internal system is established. However, developing such a system solely for a small volume of NELHA's contracts may not be the most efficient use of staff resources. It may be more practical and cost-effective for smaller agencies to collaborate or pool resources to create a shared reporting process.

Thank you for the opportunity to provide these comments.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



DEAN MINAKAMI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300

HONOLULU, HAWAII 96813

FAX: (808) 587-0600

Statement of

DEAN MINAKAMI

Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON LABOR

April 16, 2026 at 9:00 a.m.

State Capitol, Room 309

In consideration of

SENATE CONCURRENT RESOLUTION 178

**URGING ALL STATE AND COUNTY AGENCIES INVOLVED IN CONSTRUCTION
PROCUREMENT TO IMPLEMENT PROMPT PAYMENT TRANSPARENCY MEASURES AND
EXPRESSING APPRECIATION TO THE PUBLIC WORKS DIVISION OF THE DEPARTMENT
OF ACCOUNTING AND GENERAL SERVICES FOR ITS EFFORTS.**

Chair Sayama, Vice Chair Lee, and members of the Committee.

HHFDC has **comments** on Senate Concurrent Resolution 178, which expresses the Legislature's goals of improving transparency, fairness, and efficiency in construction procurement.

We respectfully request careful consideration of the statutory and operational realities that govern the release of public construction payments.

The resolution focuses on measuring prompt payment primarily by the number of days between invoice submission and payment issuance. However, payment timelines are frequently and necessarily influenced by state--mandated compliance requirements, not agency delays. Without clearly accounting for these requirements, the resulting public data may inadvertently mischaracterize legally required compliance actions as inefficiency.

To ensure transparency efforts result in accurate and useful information, HHFDC believes the resolutions should acknowledge the following constraints:

1. **Statutory Requirements to Withhold Payment.** Under Chapter 104, Hawaii Revised Statutes, and Section 12-22-1, Hawaii Administrative Rules, agencies must withhold progress payments and retainage when contractors or subcontractors fail to comply with prevailing wage laws or fail to submit certified payrolls. These are nondiscretionary obligations, and payment cannot legally proceed- until full compliance is achieved.

Further, this provision holds the contractor and its subcontractors accountable to pay its employees in a timely manner.

2. **Mandatory Administrative Clearances.** All contractors must remain in continuous compliance through Hawaii Compliance Express. If a contractor has lapses with the Department of Taxation, Department of Labor and Industrial Relations, Department of Commerce and Consumer Affairs, or Internal Revenue Service, agencies are legally prevented from releasing funds until the contractor resolves the issue. This ensures the contractor is in good standing and current in its taxes, thus requiring accountability, not delay.
3. **Contractual Performance Requirements.** As guided by Act 291 (2006), agencies cannot process payments until contractual milestones are met and the work is inspected, verified, and accepted. If a bona fide dispute exists or the work has not met required standards, payment must be paused until the issue is resolved. These safeguards protect public funds and ensure quality construction for the safety of the general public.
4. **Accelerating payments without completing the required compliance, verification, and inspection steps significantly increases the risk of fraud and overpayment of public funds.** Internal controls are in place to prevent fraud and overpayments on invoices for deficient or non-compliant work and reimbursement requests of missing and inadequate supporting documentation, inaccurate and non-compliant payrolls. Compressing these steps in the interest of expedited payment would weaken these controls and expose public funds to avoidable financial and legal risk.
5. **Concerns With Mandating a Public Payment Website Within One Year.** Should the resolutions advance a requirement for a public-facing- payment transparency website, HHFDC respectfully notes that successful implementation depends on the system's ability to:
 - a. Show not just *whether* payments are delayed, but *why*.
 - b. Clearly differentiate between administrative processing time and legally required payment holds, such as labor law violations, missing compliance documents, or pending inspections.
 - c. Integrate data across compliance systems, payroll submissions, contract milestones, and procurement platforms.
 - d. **Cybersecurity and Risk Transfer Requirements.** Because a public-facing platform involves sensitive financial data, HHFDC must prioritize data integrity and liability protection. Establishing necessary "Cyber Indemnification" and robust insurance requirements involves extensive coordination with the Department of the Attorney General. This essential legal vetting process ensures that risk is appropriately shifted to the vendor in the event of a data breach, but it typically adds several months to the procurement and implementation timeline.

Building a system that accurately reflects these distinctions is technically complex and may affect the feasibility of meeting a one-year implementation timeline. Without such clarity, a public website could unintentionally misrepresent compliance--related- holds as agency inefficiency, undermining the goal of improving transparency.

In addition, building and maintaining such a system requires resources to build and maintain the system's infrastructure, including software licensing, technical development, system integration, ongoing maintenance, and staffing. These operational needs and sources of funding must be considered to ensure the system is both accurate and sustainable.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON LABOR

APRIL 16, 2026, 9:00 A.M.
CONFERENCE ROOM 309 AND VIA VIDEOCONFERENCE, STATE CAPITOL

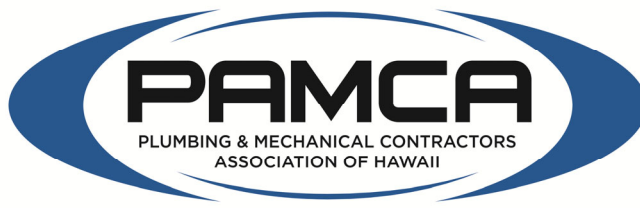
S.C.R. 178

URGING ALL STATE AND COUNTY AGENCIES INVOLVED IN CONSTRUCTION PROCUREMENT TO IMPLEMENT PROMPT PAYMENT TRANSPARENCY MEASURES AND EXPRESSING APPRECIATION TO THE PUBLIC WORKS DIVISION OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES FOR ITS EFFORTS.

Chair Sayama, Vice Chair Lee, and members of the Committee, thank you for the opportunity to submit testimony on S.C.R. 178.

The Department of Accounting and General Services (DAGS) wishes to express its appreciation for the recognition of its efforts to implement prompt payment transparency measures for its construction procurements.

Thank you for the opportunity to provide testimony on this measure.



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PH: (808) 597-1216

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via E-File

April 13, 2026

Representative Jackson Sayama, Chair
Representative Mike Lee, Vice-Chair
House Committee on Labor

Chair Sayama, Vice-Chair Lee, and Members of the Committee:

SUBJECT: SCR 178 – RELATED TO PROMPT PAYMENT TRANSPARENCY

The Plumbing and Mechanical Contractors Association of Hawaii (PAMCA) is the State's largest association representing contractors in the plumbing, air conditioning, refrigeration, steamfitter, and fire sprinkler trades throughout Hawaii.

PAMCA strongly supports SCR 178, and provide the following comments.

SCR 178 urges all State and County agencies involved in construction procurement to establish and implement a publicly accessible contractor payment website modeled after the website currently being utilized by the Department of Accounting and General Services Public Works Division (DAGS PWD). The DAGS PWD contractor payments website provides contractors and the public with a detailed spreadsheet showing a running list of all DAGS PWD projects by location and scope of work, and details the periodic payments and retainage calculations for each project.

Our contractors who perform DAGS PWD public works projects find this contractor payment information extremely useful in both tracking project payments and collecting any outstanding retainage payments, and our Association strongly support expanding this contractor payment reporting system to all state and county procurement agencies.

We believe that expanding the contractor payment reporting system would provide a higher level of transparency in how public funds are disbursed, enhances accountability on outstanding payments, and helps to promote greater fairness and efficiency in public works procurement operations.

Thank you for this opportunity to provide our testimony to SCR 178.

Respectfully,

A handwritten signature in black ink, appearing to read "Gregg S. Serikaku", written in a cursive style.

Gregg S. Serikaku
Executive Director

SAH - Subcontractors Association of Hawaii

*1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938*

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

April 16, 2026

Testimony To: House Committee on Labor
Representative Jackson D. Sayama, Chair
Representative Mike Lee, Vice Chair

Presented By: Tim Lyons, Legislative Chair

Subject: SCR 178/SR 173 – URGING ALL STATE AND COUNTY AGENCIES INVOLVED IN CONSTRUCTION PROCUREMENT TO IMPLEMENT PROMPT PAYMENT TRANSPARENCY MEASURES AND EXPRESSING APPRECIATION TO THE PUBLIC WORKS DIVISION OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES FOR ITS EFFORTS.

Chair Sayama, Vice Chair Lee and Members of the Committee:

I am Tim Lyons, Legislative Chair of the Subcontractors Association of Hawaii. The SAH represents the following ten separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

TILE CONTRACTORS ASSOCIATION OF HAWAII

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL AND AIR CONDITIONING NATIONAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

HAWAII ARCHITECTURAL GLASS AND METAL ASSOCIATION

We support this Resolution.

The subject of retainage is a particularly sore subject with most of our members. In fact, it's typical that unlicensed contracting comes in as the number one priority to work on when we survey our members however, what is remarkable in this case, is that when we asked our members as well about retainage, it came in number one.

Retainage is the practice where the government withholds a certain percentage from the general (prime) contractor who in turn withholds an amount from all of its subcontractors in order to ensure proper completion of the job. It is not the practice of retainage that we disagree with. It is however, how it is handled. It is typical that on government jobs, according to statute, that the procurement agency will withhold 5% of the first 50% of the job and if all goes well, nothing further is withheld. This translates of course to **2 ½%**. It is also typical that general contractors withhold **10%** from their subcontractors. Because the contract is between government and the general (prime) contractor, the subcontractor is not "privy" to any information on payments as they might be made to the contractor for completion of his work or his subcontractors' work.

This was such an issue in previous Legislatures that a law was passed regarding retainage equality. As a result of that effort, the Department of Accounting and General Services established a Prompt Payment Website (see example attached) which offers for transparency purposes, the progress being made on payments to the general contractor and for what work he is being paid and when. This is a great help to subcontractors because they often hear from the general contractor that they have not "been paid". This website provides information for our subcontractors to readily ask for their retainage portions in a timely manner. Therefore, the purpose of this Resolution is to ask other contracting agencies to enact similar practices.

When we asked our members how big of a problem the retainage issue was, we got answers that the amounts being withheld ranged from 3 months to 7 years and ranged from \$250.00 to \$3,000,500.00. All in all, just among the few contractors that reported to us, there was \$12,129,502.00 being retained from subcontractors. In some cases, this was because the agency had not yet closed out the job and as a result, retainage has not been paid. In other cases, retainage had been paid to the general contractor but for multiple reasons the general contractor had not paid his subcontractors.

This Resolution does not solve the problem however it is a step in the right direction to at least allow the subcontractors to find out the payment progress information on jobs that they are involved in. We believe that if we can solve some of the retainage problems, government will see an increase in the number of bidders on public projects which can only be good for competition and price efficiency.

Based on the above we respectfully request this Committee's approval of this Resolution.

Thank you.



April 14, 2026

House of Representatives Committee on Labor
Representative Jackson Sayama, Chair and Mike Lee, Vice Chair.

Re: SCR 178 (SSCR3470) – Urging ALL State and County Agencies Involved in Construction and Procurement to Implement Prompt Payment Transparency Measures and Expressing Appreciation to the Public Works Division of the Department of Accounting and General Services for its efforts.

Aloha Chair Sayama, Vice Chair Lee and Committee Members,

My name is Kevin Hirayama, Executive Director of the Sheet Metal Contractors Association (SMCA). SMCA represents more than 30 Sheet Metal Contractors in the State of Hawaii on all islands.

I am writing to express my strong support for SCR 178 (SSCR3470) which urges state and county agencies involved in construction procurement to implement prompt payment transparency measures. This resolution is a critical step toward addressing the long-standing financial burdens placed on subcontractors regarding the practice of retainage.

The Department of Accounting and General Services (DAGS) has already set a successful precedent by establishing a Prompt Payment Website. This portal allows subcontractors to see the progress of payments made to general contractors, including what work is being paid for and when. This transparency is vital because it allows subcontractors to verify claims from general contractors who say they have not yet been paid and it empowers subcontractors to request their retainage portions in a timely manner.

SMCA strongly supports the passage of SCR 178 (SSCR3470)

Mahalo,

A handwritten signature in black ink, appearing to be "K. Hirayama".

Kevin Hirayama, Executive Director
Sheet Metal Contractors Association (SMCA)
Sheet Metal Air Conditioning National Association Hawaii Chapter (SMACNA Hawaii)
1088 Bishop St #609
Honolulu, HI 96813



Hawaii Contracting License Number BC-25436

Testimony of Michael Mazzone
Statewide General Contracting and Construction, Inc.

Before the House Committee on Labor
SCR178
April 16, 2026

Chairs, Vice Chairs, and Members of the Committee:

Thank you for the opportunity to submit testimony on SCR178.

My name is Michael Mazzone, with Statewide General Contracting and Construction, Inc. and I am a subcontractor. I write in strong support of this measure urging all state and county agencies involved in construction procurement to implement prompt payment transparency systems.

As subcontractors, we are responsible for funding the upfront costs of construction. We purchase materials, pay our employees, and complete our work long before we receive payment. In many cases, we wait months—and sometimes years—to be paid in full. In our experience, we have waited between six and ten years after completing our work to receive retention payments, often with little explanation other than that the project has not been closed.

Hawai'i's prompt payment law requires that subcontractors be paid within ten days of a prime contractor receiving payment. However, in practice, subcontractors have no visibility into when those payments are made. Without access to that information, we have no practical way to enforce the law.

This lack of transparency places subcontractors at a significant disadvantage and creates unnecessary financial strain on small and local businesses.

The Department of Accounting and General Services (DAGS) has already demonstrated that a better system is possible. Its publicly accessible payment tracking platform provides visibility into invoicing and payment activity on public projects. This transparency allows subcontractors to verify when payments are made and helps ensure accountability throughout the payment chain.

We respectfully request that all state and county procurement agencies follow this



Hawaii Contracting License Number BC-25436
example by implementing similar publicly accessible systems.

Transparency is not an added burden—it is a practical tool that:

- Enables enforcement of existing prompt payment requirements
- Promotes fairness and accountability in public construction
- Supports the financial stability of subcontractors and their workforce
- Strengthens participation and competition on public projects

For subcontractors, timely payment is not just a matter of convenience, it is essential to sustaining our businesses and supporting our employees.

Mahalo for the opportunity to testify in support of this measure.

Respectfully submitted,
Michael Mazzone
Statewide General Contracting and Construction, Inc.



April 14, 2026

Testimony to the House Committee on Labor, Thursday, April 16, 2026, 9:00am, Conference Room 309, State Capitol

Chair Sayama and Vice Chair Lee, and Members of the Committee:

My name Anthony Borge of the **Hawaii Architectural Glass & Metals Association (HAGMA)**. Our Association is comprised of licensed, glazing union contractors, doing business throughout the State of Hawaii. We are in **strong support** of **S.C.R. 178 /S.S.C.R. 3470**, which urges all state and county agencies involved in construction procurement to implement prompt payment transparency measures and recognizes the Public Works Division of DAGS for its leadership.

The Public Works Division of DAGS has already demonstrated that transparency is both feasible and effective via their Prompt Payment website that provides information as to the progress being made on payments to the general contractor and for what respective work being paid and when.

This tool has become invaluable for subcontractors who are often told by prime contractors that they "have not been paid." With transparent payment data, subcontractors can finally verify payment status and request their retainage **in a timely and informed manner**. Transparency promotes fair dealings and accountability between prime contractors and subcontractors.

Other state and county agencies do not yet provide this level of transparency. As a result, subcontractors working on non-DAGS projects remain in the dark about payment progress, retainage release, and job closeout delays.

Expanding this system statewide will:

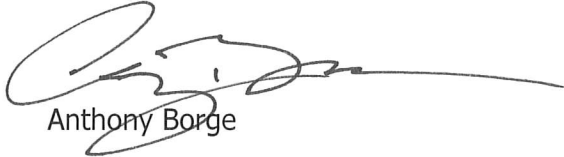
- Reduce disputes and payment delays
- Improve fairness and accountability
- Strengthen local contractors' financial stability
- Increase bidder participation on public projects
- Improve project delivery and cost efficiency

This resolution simply asks agencies to adopt a proven, existing model and if they cannot to explain the barriers so the Legislature can address them.

For these reasons, I respectfully urge the Committee to **adopt S.C.R. 178 /S.S.C.R. 3470**. Prompt payment transparency is not only fair but essential to the health of Hawaii's construction industry and the many local businesses and workers who depend on it.

Thank you.

Respectfully Submitted by:

A handwritten signature in black ink, appearing to read 'Anthony Borge', with a long horizontal flourish extending to the right.

Anthony Borge



TILE CONTRACTORS ASSOCIATION OF HAWAII

95-1030 Meheula Parkway #892711, Mililani, HI 96789
Phone: (808) 271-4195
www.tilehawaii.com; lisakim4195@gmail.com

Testimony of the Tile Contractors Association of Hawai‘i

Before the Committee on Labor

SCR 178/ SSCR3470 – Thursday, April 16, 2026 at 9:00 AM

Chair Rep. Sayama and Vice Chair Rep. Lee and Members of the Committee:

The Tile Contractors Association of Hawai‘i submits this testimony in strong support of establishing greater transparency and accountability in prompt payment practices for state and county construction projects.

We appreciate the ongoing efforts of the Department of Accounting and General Services, Public Works Division, and their continued engagement with industry stakeholders to improve procurement systems.

However, many subcontractors, especially specialty trades like tile contractors, continue to experience significant payment delays after work has been completed. These delays create financial strain for small, locally owned businesses by affecting payroll, workforce retention, and the ability to bid on future projects. Over time, this reduces competition and weakens the construction industry.

A key issue remains the lack of consistent and transparent reporting on payment timelines. Without clear visibility and enforceable standards,

subcontractors have limited confidence that prompt payment requirements are being followed.

This measure is an important step toward improving transparency, accountability, and fairness in the construction payment process. The Tile Contractors Association of Hawai'i respectfully urges your support.

Thank you for your consideration.

Respectfully submitted,
Lisa A. Kim



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**Testimony of the Hawaii Wall & Ceiling Industry Association
Before the Committee on Labor**

SCR 178/ SSCR3470 – Thursday, April 16, 2026 at 9:00 AM

Chair Rep. Sayama, Vice Chair Rep. Lee and Members of the Committee:

The Hawaii Wall & Ceiling Industry Association respectfully submits this testimony in strong support of implementing prompt payment transparency measures across all state and county agencies involved in construction procurement.

We would also like to express our sincere appreciation to the Public Works Division of the Department of Accounting and General Services for their continued efforts to improve processes and address longstanding concerns within the construction industry. Their leadership and willingness to engage our industry are both recognized and valued.

However, despite these efforts, the issue of delayed payments remains a persistent and serious concern. For too many years, subcontractors, who make up the majority of the construction workforce, have been required to carry the financial burden of completing work without receiving timely compensation. This imbalance places undue strain on small and local businesses, impacting cash flow, workforce stability, and overall project delivery.

Each legislative session, our association and others return to this body seeking meaningful action. Yet, despite ongoing discussions, the problem persists without adequate resolution. The lack of transparency in payment timelines and practices only compounds the issue, making it difficult to ensure accountability across all levels of project delivery.

We respectfully urge these committees to take decisive action by advancing prompt payment transparency measures. Clear reporting standards, enforceable timelines, and accountability mechanisms are essential to ensure that subcontractors are paid fairly and promptly for the work they perform.

We stand ready to work collaboratively with policymakers, agencies, and industry partners to develop and implement practical solutions.

Thank you for the opportunity to provide testimony.

Respectfully submitted,
Lisa A. Kim
Executive Director
Hawaii Wall & Ceiling Industry Association