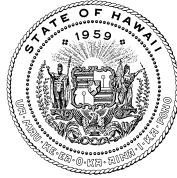


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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 GOVERNMENT OPERATIONS
COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

APRIL 2, 2026, 3:00 P.M.
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.C.R. 178/S.R. 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.

Chairs McKelvey and Wakai, Vice Chairs Gabbard and Chang, and members of the Committees, thank you for the opportunity to submit testimony on S.C.R. 178/S.R. 173.

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.



March 26, 2025

Senate Committee on Government Operations
Senator Angus L.K. McKelvey, Chair Senator Mike Gabbard, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair Senator Stanley Chang, Vice Chair

Re: SCR 178/ SR 173 – 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 McKelvey, Chair Wakai and Vice Chair Gabbard, Vice Chair Chang,

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 HCR 37/HR 35, 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 and SR 173

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



MASTER SHEET METAL, INC.

1648 AUIKI STREET HONOLULU, HI 96819 / TELEPHONE 847-2128 / FAX 847-2131 /
msm@hawaii.rr.com

March 26, 2026

Testimony To: House Committee on Consumer Protection & Commerce
Representative Scot Z. Matayoshi Chair
Representative Tina Nakada Grandinetti, Vice Chair

Subject: HCR 37/HR35 – 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 Matayoshi, Vice Chair Grandinetti and Members of the Committee:

I am Cheryl Shimizu, President of Master Sheet Metal, Inc. and we respectfully request this Committee's approval of this Resolution. We continue to have issues with the general contractor holding on to billed payments and not paying subcontractors. Contracts are between the government and the general contractor and we are left to "believe" what the general contractor says on how much the government has released payment to them.

The Department of Accounting and General Services established a Prompt Payment website which offers for transparency purposes, the progress being made on payments to the general contractor for what work they are being paid and when. This website provides the information for subcontractors to readily ask for payments due in a timely manner. This Resolution is to ask other contracting agencies to enact similar practices. It would provide an avenue for subcontractors to find out the payment progress information on jobs that they are involved in.

Sincerely,
Master Sheet Metal, Inc.

Cheryl Shimizu - President



1088 BISHOP STREET #408
HONOLULU, HI 96813
PH: (808) 597-1216

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via E-File

March 26, 2026

Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice-Chair
Senate Committee on Government Operations

Senator Glenn Wakai, Chair
Senator Stanley Chang, Vice-Chair
Senate Committee on Energy and Intergovernmental Affairs

Chairs McKelvey and Wakai, Vice-Chairs Gabbard and Chang, and Members of the Committees:

SUBJECT: SCR 178/SR 173 – 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/SR 173, and provide the following comments.

SCR 178 and SR 173 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/SR 173.

Respectfully,

A handwritten signature in black ink that reads "Gregg S. Serikaku".

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 2, 2026

Testimony To: Senate Committee on Government Operations
Senator Angus L.K. McKelvey, Chair
Senator Mike Gabbard, Vice Chair

Senate Committee on Energy and Intergovernmental Affairs
Senator Glenn Wakai, Chair
Senator Stanley Chang, 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 McKelvey, Chair Wakai, Vice Chair Gabbard, Vice Chair Chang and Members of the Joint Committees:

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.



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter
1286 Kalani Street, Suite B-203
Honolulu, Hawai'i 96817
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FX: (808) 841-8096
Email: ecah@ecahi.com



March 30, 2026

To: Senate Committee on Government Operations
Honorable Chairperson, Senator Angus McKelvey
Vice Chairman, Senator Mike Gabbard

Senate Committee on Energy and Intergovernmental Affairs
Honorable Chairperson, Senator Glenn Wakai
Vice Chairman, Stanley Chang

From: Al Itamoto, Executive Director
Electrical Contractors Association of Hawaii
National Electrical Contractors Association, Hawaii Chapter

Subject: SR173

Notice of Hearing

Date: Thursday, April 2, 2026
Time: 3:00 PM
Place: Conference Room 225 and Videoconference
State Capitol
415 South Beretania Street
Timeslot: GOV

Dear Chairs McKelvey, Wakai and Committee members:

I am writing in strong support of Senate Resolution 173 (SR173).

While SR173 addresses important statewide priorities, I would like to emphasize several critical issues that directly impact Hawaii's construction and electrical industry: prompt payment, fair retention practices, and payment transparency across all procurement agencies.

Timely payment is essential to maintaining a stable and productive construction environment. Contractors, subcontractors, and suppliers rely on consistent cash flow to meet payroll obligations, procure materials, and sustain ongoing operations. Delays in payment create significant financial strain, particularly for small and mid-sized businesses, and can negatively affect project timelines, workforce stability, and overall delivery.

Equally important is the issue of retention. Excessive or prolonged retention places an unnecessary burden on contractors who have already completed their work. Retention funds should be released promptly upon satisfactory completion, and policies should discourage withholding funds beyond what is reasonable and necessary.

In addition, I strongly support efforts to encourage all state and county procurement agencies involved in construction projects to implement prompt payment transparency measures. Increasing visibility into payment timelines, processing status, and retention release will promote accountability, reduce disputes, and build trust among all project stakeholders.

In this regard, I would like to commend the State of Hawaii Department of Accounting and General Services Public Works Division for taking a leadership role in advancing prompt payment transparency. Their efforts set an important example for other agencies and demonstrate a commitment to improving efficiency, fairness, and accountability in public construction.

I respectfully urge the committee to adopt SR173 and to continue advancing policies that promote prompt payment, equitable retention practices, and transparency across all procurement agencies.

Thank you for the opportunity to provide testimony.

Sincerely,
Al Itamoto

SR-173

Submitted on: 3/31/2026 8:43:47 AM

Testimony for GVO on 4/2/2026 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lisa Kim	Testifying for Tile Contractors Association of Hawaii	Support	Written Testimony Only

Comments:

**Testimony of the Tile Contractors Association of Hawai'i
Before the Committee on Energy and Intergovernmental Affairs
and Committee on Government Operations**

SCR178/SR173 – Thursday, April 2, 2026 at 3:00 PM

Chairs, Vice Chairs, and Members of the Committees:

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



March 31, 2026

Testimony to the Committee on Government Operations, Committee on Energy and Intergovernmental Affairs, Thursday, April 2, 2026, 3:00pm, Conference Room 225, State Capitol

Chair's McKelvey and Wakai , Vice Chair's Gabbard and Chang, and Members of the Committees:

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.R. 173**, 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.R. 173**. 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. The signature is written over the printed name 'Anthony Borge'.

Anthony Borge

SR-173

Submitted on: 3/30/2026 9:35:53 AM

Testimony for GVO on 4/2/2026 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Lisa A Kim	Individual	Support	Written Testimony Only

Comments:

Testimony of the Hawaii Wall & Ceiling Industry Association

Before the Committee on Energy and Intergovernmental Affairs and Committee on Government Operations

SRC178/SR173 - Thursday, April 2, 2026 at 3:00 PM

Chairs, Vice Chairs, and Members of the Committee:

The Hawai'i 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



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, 5th Floor • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

LATE

TO: SENATE COMMITTEE ON GOVERNMENT OPERATIONS, AND
COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS
Hearing on Thursday, April 2, 2026 at 3:00 p.m., Conference Room 225

RE: TESTIMONY IN **SUPPORT** OF SCR 178/SR 173

Honorable Chairs Angus L.K. McKelvey and Glenn Wakai, Vice Chairs Mike Gabbard and Stanley Chang, and Members of the Committees on Government Operations and Energy and Intergovernmental Affairs:

The International Brotherhood of Electrical Workers Local Union 1186 (IBEW 1186), is comprised of over 2,700 men and women working in electrical construction, telecommunications, civil service employees, and educator and faculty associations.

IBEW 1186 stands in strong support of SCR 178/SR 173 because the financial health of our specialized trade depends on the accountability and stability of public works projects.

While our members provide the skilled labor to power Hawaii's electrical needs, excessive delays in releasing retainage funds create an economic strain that threatens the continued success of the contractors who employ our workforce. We believe that the prompt and timely payment of amounts due is an essential management practice that promotes fairness for all parties involved in public works construction.

This resolution adopts a proven model of transparency that encourages fair dealings between prime contractors and the subcontractors who employ our members. Providing detailed information on job progress and payment ensures a more efficient procurement process statewide. We appreciate the efforts of the Public Works Division of the Department of Accounting and General Services in serving as a model for this initiative and urge the committee to pass this measure to apply these standards across all State and County agencies.

Thank you for the opportunity to testify in **SUPPORT** of this measure.



1935 HAU STREET, SUITE 475 • HONOLULU, HAWAII 96819 • PHONE (808) 846-2374 • FAX (808) 847-4596

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS
SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS
HEARING: APRIL 2, 2026, 3:00PM, ROOM 225**

TESTIMONY IN STRONG SUPPORT OF SCR 178 / SR 173

LATE

Honorable Chair Angus L.K. McKelvey and Chair Glenn Wakai, Vice Chair Mike Gabbard and Vice Chair Stanley Chang, and Members of the Committees on Government Operations and Energy and Intergovernmental Affairs:

The Hawaii Electricians Market Enhancement Program (HEMEMP), representing both our union workforce and the signatory electrical contractors of the Electrical Contractors Association of Hawaii, submits this testimony in **strong support** of SCR 178 / SR 173.

As a joint labor-management organization, our mission is to strengthen the electrical industry by promoting a level playing field, healthy, and competitive environment for electrical contractors and skilled workforce members.

While the retention of funds is a standard industry practice to ensure project completion, the excessive delays in releasing these funds continue to hinder the economic growth of the electrical trade. We believe that implementing prompt payment notification measures across all state and county agencies can provide the real-time data necessary for our organizations to track job progress and payment status. This level of transparency is essential for resolving disputes and ensuring that capital flows through the project as intended.

We strongly urge your committees to adopt this resolution to foster a more competitive, fair, and sustainable public works construction system for all of Hawaii.

Thank you for the opportunity to provide this testimony.