
A BILL FOR AN ACT

RELATING TO CONSTRUCTION SITES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's economy is
2 driven by thousands of businesses that provide essential goods,
3 services, and jobs. However, an underground economy exists that
4 threatens the ability of legitimate businesses to effectively
5 compete in the marketplace. Underground business operations
6 typically:

- 7 (1) Avoid licensing requirements;
- 8 (2) Pay wages in cash, allowing the avoidance of payroll
9 taxes, unemployment insurance, disability insurance,
10 personal income tax, and paid family leave;
- 11 (3) Employ vulnerable workers, new immigrants, and
12 economically disadvantaged individuals;
- 13 (4) Fail to pay minimum wages required by state and
14 federal law;
- 15 (5) Fail to carry workers' compensation insurance; and
- 16 (6) Avoid worker and workplace safety requirements.

17 The legislature further finds that underground business
18 operations drive down wages, create harsh working conditions,



1 and undercut a legitimate business' profit margins. Underground
2 business operations are a threat to the State's economy,
3 workforce, and consumers.

4 The purpose of this Act is to create a construction site
5 inspection task force to investigate and inspect construction
6 sites for unlicensed contractors, illegal workers, and workplace
7 safety violations.

8 SECTION 2. Chapter 444, Hawaii Revised Statutes, is
9 amended by adding a new section to be appropriately designated
10 and to read as follows:

11 "§444- Construction site inspection task force. (a)
12 The director shall establish a construction site inspection task
13 force attached to the department of commerce and consumer
14 affairs for administrative purposes. The director, or the
15 director's designee, shall serve as chairperson of the
16 construction site inspection task force. The task force shall
17 include at least two representatives from the department of
18 commerce and consumer affairs, the department of labor and
19 industrial relations, and the department of taxation. The task
20 force also shall include a representative from each county
21 permitting department.

22 (b) The construction site inspection task force shall:



- 1 (1) Facilitate and encourage the development and sharing
2 of information by the participating agencies necessary
3 to combat the underground economy including shared
4 automated information database systems, the use of a
5 common business identification number, and a
6 centralized debt collection system;
- 7 (2) Improve the coordination of activities among the
8 participating agencies;
- 9 (3) Develop methods to pool, focus, and target the
10 enforcement resources of the participating agencies in
11 order to deter tax evasion, unlicensed contractor
12 activity, and workplace safety violations and maximize
13 recoveries from violators of applicable laws and
14 rules; and
- 15 (4) Reduce enforcement costs wherever possible by
16 eliminating duplicative audits and investigations.
- 17 (c) In addition, the task force shall have the authority
18 to:
- 19 (1) Form joint enforcement teams to utilize the existing
20 collective investigative and enforcement capabilities
21 of the participating members, including inspectors
22 appointed by the director or by participating members.



1 The joint enforcement teams shall conduct site
2 inspections on sites suspected of engaging in tax
3 evasion, unlicensed contractor activity, and workplace
4 safety violations. The teams also shall conduct
5 random site inspections to ensure compliance with
6 existing laws;

7 (2) Solicit the cooperation and participation of other
8 state and local agencies in carrying out the
9 objectives of the task force;

10 (3) Establish procedures for soliciting referrals from the
11 public, including but not limited to an advertised
12 telephone hotline;

13 (4) Develop procedures to permit the use of civil
14 sanctions in lieu of criminal actions wherever
15 possible; and

16 (5) Evaluate the need for statutory changes to achieve the
17 purposes of this section, including:

18 (A) Eliminating barriers to interagency information
19 sharing;

20 (B) Improving the ability of the participating
21 agencies to audit, investigate, and prosecute
22 violations;



1 (C) Deterring violations and improve voluntary
2 compliance;

3 (D) Establishing centralized, automated debt
4 collection services for the participating
5 agencies; and

6 (E) Emphasizing civil penalties instead of criminal
7 ones whenever possible.

8 (d) For purposes of this section, members of any joint
9 enforcement team formed by the task force pursuant to subsection
10 (c)(1) may enter at reasonable times, without prior notice, any
11 property, public or private, for the purpose of investigating
12 and inspecting the condition or operation of any construction
13 site thereon.

14 (e) The task force shall submit an annual report to the
15 legislature no later than twenty days before the convening of
16 each regular session. The report shall include but not be
17 limited to all of the following:

18 (1) The number of cases of violations and noncompliance
19 with tax laws identified, audited, investigated, or
20 prosecuted through civil action or referred for
21 criminal prosecution;



- 1 (2) Actions taken by the task force to publicize its
- 2 activities; and
- 3 (3) Recommendations for any legislation needed to
- 4 accomplish the goals described in subsection (c)(5)."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2010.

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Report Title:

Construction Site Inspection Task Force

Description:

Establishes a construction site inspection task force to be led by the department of commerce and consumer affairs to investigate and inspect construction sites for unlicensed contractors, illegal workers, and workplace safety violations.

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