

TESTIMONY

SB 2840

LATE

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

SANDRA YAHIRO
Deputy Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**

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TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
ON
LABOR
AND
JUDICIARY AND GOVERNMENTAL OPERATIONS
ON
February 9, 2010

S.B. 2840

RELATING TO PUBLIC PROCUREMENT

Chair Takamine, Chair Taniguchi, and members of the Committees, thank you for the opportunity to testify on S.B.2804. The Department of Accounting and General Services (DAGS) has concerns about this bill and defers to the Attorney General's assessment as to whether requiring local residents for construction projects will survive a legal challenge. DAGS understands the desire to have local citizens working on construction projects but believes that this needs to be addressed by using existing provisions in the State procurement code.

Thank you for the opportunity to testify on this matter.



Randy Perreira
President

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Labor &
Committee on Judiciary and Government Operations

Testimony by
Hawaii State AFL-CIO
February 9, 2010

S.B. 2840 – RELATING TO PUBLIC PROCUREMENT

The Hawaii State AFL-CIO strongly supports S.B. 2840 which requires at least eighty percent of workers on public works and construction contracts to be Hawaii residents.

As of January 2010, Hawaii's unemployment rate has reached a staggering 6.9 percent. As of December 2010, Hawaii's hotel occupancy rate plunged below 61 percent; the lowest since the September 11, 2001 terrorist attacks and to further rub salt on the wound, Hawaii's foreclosures skyrocketed 183 percent in the year 2009 and in December 2009 alone, there were a whopping 1,534 foreclosures. In all, the news is ever so gloomy with relief seen so far away.

With the unemployment rates rising, and the 1.2 billion dollar deficit Hawaii faces, it is imperative to pass S.B. 2840. No longer should Hawaii residents sit on the bench while out-of-state workers get the jobs our workers so desperately need. It is time to put our unemployed back to work and stimulate our ever so stagnant economy. We must do all we can to keep the unemployment rate from rising and families being forced out of their homes because their parents had to sit on the bench and watch out-of-state workers do their jobs.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

The Twenty-Fifth Legislature
Regular Session of 2010

THE SENATE

Committee on Labor

Senator Dwight Y. Takamine, Chair

Senator Brian T. Taniguchi, Vice Chair

Committee on Judiciary and Government Operations

Senator Brian T. Taniguchi, Chair

Senator Dwight Y. Takamine, Vice Chair

State Capitol, Conference Room 016

Tuesday, February 9, 2010; 9:45 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2840
RELATING TO PUBLIC PROCUREMENT**

The ILWU Local 142 supports S.B. 2840, which requires at least 80% of workers on public works and construction contracts to be Hawaii residents.

At first glance, this bill may appear unconstitutional because it provides for preference in hiring to Hawaii residents. However, we are informed by the testimony of Professor Jon Van Dyke of the William S. Richardson School of Law at the University of Hawaii that federal case law exists to allow for such preference if it is "substantially related to the important government goal of reducing unemployment."

Clearly, this measure will help to ease the burgeoning unemployment among construction workers.. Unions report that more than half of their members are "on the bench," meaning that they are waiting to be referred for work. Many may still be receiving unemployment benefits, but some may have exhausted those benefits and are desperate for work..

At the same time, the State is issuing public works contracts to companies that bring workers into the state to complete the contracted work--as if no qualified workers are available in Hawaii! This is a travesty of justice.

If Hawaii taxpayers are paying for public works projects, Hawaii workers should be doing the work. It makes no sense to pay a company that hires offshore workers, pays for their travel and living expenses, and lets them contribute taxes elsewhere. As much as possible, our taxes should be used to support working men and women who live in Hawaii and will, in turn, support our own economy.

The ILWU urges passage of S.B. 2840. Thank you for the opportunity to testify on this matter..