

STAND. COM. REP. NO.

1686

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 760
H.D. 2
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 760, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO A LIVING WAGE FOR WORKERS ON SERVICE CONTRACTS,"

begs leave to report as follows:

The purpose of this measure is to provide wage protection to employees working under state or county contracts at a wage no less than the prorated hourly equivalent of the poverty threshold for the State of Hawaii.

Specifically, this measure requires nonprofit organizations under contract for services in excess of \$25,000 and for profit organizations under contract for services in excess of \$5,000 (reduced from the current statutory minimum of \$25,000), to meet certain wage, hour, and working condition requirements. Wages under such contracts must provide an annual income equivalent to the current annual poverty guidelines for Hawaii for a family of four; provided that employees of nonprofit organizations shall be paid at wages or salaries not less than the wages paid to public officers and employees for similar work. This measure also requires the inclusion of various provisions requiring the contractor to enhance employees' ability to organize.

Your Committee received comments in support of this measure from the Hawaii State AFL-CIO, the Hawaii Teamsters and Allied Workers Local 996, the Hawaii State Teachers Association, ILWU

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Local 142, and the HGEA/AFSCME, Local 152, AFL-CIO. The Hawaii Alliance of Nonprofit Organizations, the Family Support Services of West Hawaii, the Legal Aid Society of Hawaii, and the Institute for Human Services, Inc. offered comments in opposition. The ARC in Hawaii offered comments.

Your Committee finds that certain nonprofit organizations have continued to express concerns that, although a living wage is desirable, nonprofit organizations, by their nature and the services they provide, are not in a financial position to afford to pay their employees wages equal to those paid to public officers and employees for similar work which, in many cases, would mean matching union wage scales. However, your Committee notes that any possible confusion has been clarified by your Committee on Judiciary and Labor, which has amended this measure in the S.D. 1 draft by inserting a new subsection (h) to section 103-55, Hawaii Revised Statutes, to exclude nonprofits that are qualified community rehabilitation programs under sections 103D-1009 to 103D-1011, Hawaii Revised Statutes, and nonprofits that provide health or human services under chapter 103F, Hawaii Revised Statutes.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050 for the purpose of facilitating further discussion; and
- (2) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 760, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 760, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



