

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



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CONTRACTORS ASSOCIATION
OF HAWAII

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Honolulu, Hawaii 96814

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Newsletter January 2007

Happy New Year!!

NEXT QUARTERLY GENERAL MEMBERSHIP MEETING:

Date: Monday, February 26, 2007
Time: 11:30 a.m.
Place: Honolulu Country Club
Program: Tongue Fu – How to Deflect, Disarm and Defuse Verbal Conflict
Speaker: Gwen Fujie

The deadline to sign up for this program is February 16, 2007

Please contact the Association office to sign up.

**Do you have a suggestion or idea for future programs? If so, please contact the association office at the number listed above or by email at: www.greggs@hawaii.rr.com.

HOLIDAYS IN FEBRUARY

President's Day – Monday, February 19, 2007

This is a GCA and PAMCA holiday.

It is also a Federal, State and City and County holiday.

TREASURER'S REPORT:

The balance on hand as of December 31, 2006 was \$422,108.54.

UPCOMING EVENTS:

A. 2007 PAMCA NEW YEARS PARTY – DON'T MISS OUT!!

The annual PAMCA New Years' Party is scheduled for:

Date: Friday, January 26, 2007
Place: Ala Moana Hotel
Time: 5:00 p.m. – 8:00 p.m.

Over 200 people have signed up!

Hope to see you there.

OTHER BUSINESS:

A. NEGOTIATIONS FOR THE 2008-2012 LABOR-MANAGEMENT AGREEMENT

The current Labor-Management Contract expires on January 5, 2008.

PAMCA's Negotiating Committee is comprised of:

- Robert Hann
- Skip Morgan
- Patrick Kanekoa
- Kent Matsuzaki
- Glenn Tango
- Mark Suzuki
- Samuel Fujikawa

The Committee will begin meeting in early 2007 to discuss issues for the new contract, and would like your input on any matters that you would like to see addressed by the Committee. Please send your comments or ideas in writing to the Association office by fax, mail or email. You may also call in your suggestions.

All correspondence will be kept confidential.

B. MSIG PROGRAM

The MSIG program was created through an addendum in the PAMCAH-UA Local 675 Labor Management Agreement and was established in an effort to improve the delivery of benefits to injured workers and to reduce the waste and excessive cost which have historically been associated with those benefits.

Since its inception in 2002, the MSIG program has provided its qualifying member contractors with comprehensive services to improve their loss records and experience ratings, and also with a more efficient method to process claims. These services have resulted in lower, more competitive workers compensation rates.

If you are interested in applying for the MSIG program, or would like to learn more, please contact the program's administrator, King & Neel, at (808)-521-8311, and ask to speak with Wes Uemoto. You may also call the Association office at the numbers listed above, or by email at: greggs@hawaii.rr.com.

C. RETIREE EXEMPTION

Due to the current shortage of employees with the necessary skills of Foreman or General Foreman, the Trustees of the Pension Fund have approved a temporary exception to allow a qualified Pensioner to return to work under the following conditions:

1. The Pensioner must be in good standing with Local 675, and have applied and been approved by Local 675 for such work.
2. The number of Journeymen on the out of work list must not exceed 1% of all journeymen.
3. Must be at least age 55 with a record of 30 years of contributions having been made to the Pension Fund.
4. Have been classified as a foreman or general foreman during the three year period prior to retiring and beginning to receive a pension benefit.

RETIREE EXEMPTION (CONT.)

Once employed under this exception, the Pensioner:

1. May only do supervisory work and not work with the tools of the Plumbing and Pipefitting industry.
2. Will be paid at the Working Foreman rate of pay.
3. Will not accrue any additional benefits for employment under this exception.
4. May perform such work without suspension for the longer of six months or the duration of the labor shortage. If a labor shortage still exists, the six months may be extended if approved by Local 675 and reported to the Trustees.

This suspension exception is not a permanent feature of the Plan and can be terminated at any time by amendment adopted by the Trustees.

For more information regarding this matter, please call the PAMCAH-UA Administrative Office at 536-4408.

D. 2007 LEGISLATURE

The 2007 Hawaii State Legislative Session opened on January 18, 2007, and already, more than 3,000 bills have been introduced in the House and Senate. As always, PAMCA will continue it's efforts to monitor any legislation that affects our contractors and the industry, such as the handyman exemption, code changes, prevailing wages, work infringement, etc.

PAMCA may also be requesting your support in submitting testimony on crucial legislation.

E. INFORMATION ON THE ½% GENERAL EXCISE TAX

A new ½% general excise tax went into effect on January 1, 2007, however, based on factors such as the date your project contracts were signed, the types of clauses in those contracts, and where the work is performed, you may, or may not be subject to this additional excise tax. Attached is a letter from Kurt Kawafuchi, Director of Taxation for the State of Hawaii, which explains some of these issues.

F. PAMCA WEBSITE

We are working on designing a PAMCA Association website. This website will highlight the Association's members and will include your contact information for prospective clients.

If you have not yet answered our survey which asks for information about your products and services, we urge you to complete the form and return to our office as soon as possible.

We anticipate this website to be viewed by many prospective clients, such as building managers, private consumers, government officials, other contractors and so forth.

If you need another survey, please contact the Association office.

G. 2007 MOHS GOLF CLASSIC

The 2007 MOHS Golf Classic is scheduled for:

Date: Tuesday, March 20, 2007
Time: 12:15 p.m. Shotgun Start
Place: Pearl Country Club
Deadline: March 7, 2007

A copy of the registration form is attached.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



claw 1/4/07
KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

PHONE NO: (808) 587-1510
FAX NO: (808) 587-1560

December 29, 2006

Ms. Karen Iwamoto
Government Relations Director
BIA-Hawaii
1727 Dillingham Blvd.
Honolulu, HI 96819

Dear Karen,

This letter is to follow up on some issues that the construction industry raised regarding the new county surcharge.

County Surcharge Tax

Act 247, Session Laws of Hawaii 2005, Relating to County Surcharge on State Tax (Act 247) authorized the counties to impose a surcharge on the general excise tax. The City and County of Honolulu was the only county that opted to impose a surcharge and adopted a 0.5% rate. Section 237-8.6 of the Hawaii Revised Statutes (HRS), provides that the county surcharge on state tax shall be levied, assessed, and collected on all gross proceeds and gross income taxable under chapter 237 at the 4% tax rate. However, section 237-8.6(c) of the HRS provides a transitional rule that gross proceeds or gross income is not subject to the county surcharge if (1) such gross proceeds or gross income is attributable to written contracts entered into before June 30, 2006 and (2) the contracts do not provide for the passing on of the increased rates of taxes.

Transitional Rules

During the Department's county surcharge presentation to contractors and subcontractors held by the Building Industry Association of Hawaii in August 2006, the attendees raised their concerns about the application of the transitional rule set forth in section 237-8.6(c), HRS to contracts signed by subcontractors on or after the June 30, 2006 date derived from contracts signed by the prime contracts before June 30, 2006. In addition, the contractors and subcontractors also sought guidance as to the application of this transitional rule to change orders. This letter is intended to clarify the application of the transitional rule, specified in section 237-8.6(c), HRS to transactions relating to contracting.

1. For purposes of the application of the transitional rule in section 237-8.6(c), HRS, which provides that gross proceeds or gross income is not subject to the county surcharge on general excise tax if (1) such gross proceeds or gross income is attributable to written contracts entered into before June 30, 2006 and (2) the contracts do not provide for the passing on of the increased rates of taxes, if a prime contractor entered into a contract before June 30, 2006, subsequent contracts entered into by the prime contractor with subcontractors on or after June 30, 2006, will be treated as entered into on the date the prime contract was signed by the prime contractor and the developer, provided that the subsequent contracts are derived from the prime contract.
2. For purposes of the application of the transitional rule in section 237-8.6(c), HRS, which provides that gross proceeds or gross income is not subject to the county surcharge on general excise tax if (1) such gross proceeds or gross income is attributable to written contracts entered into before June 30, 2006 and (2) the contracts do not provide for the passing on of the increased rates of taxes, change orders placed on or after June 30, 2006 will be treated as entered into before June 30, 2006, if the original contract was entered into before June 30, 2006, provided that the change orders are directly related to the original contract.

Cash Basis and Accrual Basis Accounting Methods

Under Internal Revenue Code section 451, gross income shall be included in the taxable year in which taxpayer received it unless otherwise provided by other accounting methods that the taxpayer used. Generally, cash basis accounting method taxpayers report their gross income in the taxable year in which payments are actually or constructively received. Generally, accrual basis accounting method taxpayers report their income in the taxable year in which all events that fix the right to receive the income have occurred and the amount of the income can be determined with reasonable accuracy. An accrual basis accounting method taxpayer recognizes income when an amount is paid, due or "earned", whichever occurs first. Income is earned when performance on the part of the taxpayer occurs, such as the transfer of property or the performance of services.

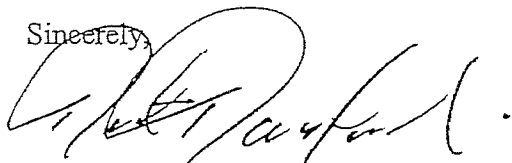
Gross proceeds for business transactions that occur prior to the effective date of the county surcharge could be subject to different tax rates depending on the timing of the payments received under the cash basis accounting method and on the outcome of the all events test under the accrual basis accounting method. Under the cash basis accounting method, gross proceeds from transactions occurring prior to January 1, 2007 will be subject to the 4.0% general excise tax (GET) rate if payments are actually or constructively received prior to January 1, 2007. However, the gross proceeds from the same transactions will be subject to the 4.5% GET rate if the payments are actually or constructively on or after January 1, 2007. Under the accrual basis accounting method, gross proceeds from transactions occurring prior to January 1, 2007 will be subject to the 4.0% GET rate if their rights to receive such income are fixed under the all events test prior to January 1, 2007, but will be subject to the 4.5% GET rate if their rights to receive such income are fixed on or after January 1, 2007. Therefore, gross income derived from

transactions reported beginning in January 1, 2007 could be subject to the 4.5% GET rate even the income is derived from transactions occurring prior to January 1, 2007.

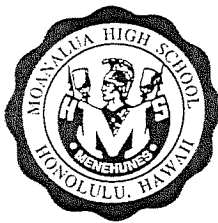
The accounting method principle governs when gross income will be taxable. Accordingly, any income taken into account under the taxpayer's method of accounting after January 1, 2007 will be subject to the 4.5% GET rate.

Please call me if you have any further questions. You may obtain additional information via our website at <http://www.state.hi.us/tax/tax.html> or contact us at tax.rules@hawaii.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt Kawafuchi", written over a large, faint circular watermark or stamp.

KURT KAWAFUCHI
Director of Taxation



2007 MOHS GOLF CLASSIC

Sponsored by:
MOANALUA HIGH SCHOOL ATHLETIC BOOSTER CLUB

Proceeds to Moanalua High School Athletic Booster Club

WHEN:	Tuesday, March 20, 2007	ENTRY FEE:	\$145 per person, \$580 per team
WHERE:	Pearl Country Club	OPTIONAL:	Prepaid Mulligans, 2 for \$20
TIME:	10:30 a.m. Check-in	MAXIMUM HANDICAP:	Men 30, Women 36
	Pre-Tournament Lunch	HANDICAP DIFFERENTIAL:	10% of team total
	12:15 P.M. Shotgun Start	TEE SHOTS: 4	one each must be on a par 3 & par 5
FORMAT:	4 person Scramble	TEES:	White for Men and Red for Women

Special Event: Horse Race Jackpot - \$5.00 per share. There is no limit to the purchase of shares or teams. Purchases can be made the morning of the tournament. (Winning team --1st place only and ties--is based on net score)

NOTE: Entry fee include "Closest To Pin" events (4 holes).

Optional "TEAM SKINS GAME" \$40.00 per team can be paid in advance or the morning of the tournament.

(In case there is no skin, money shall be given to the next hole winners with the minimum ties.)

MULLIGANS CAN BE USED AT ANYTIME (INCLUDING CLOSEST TO PIN AWARDS) BUT NOT FOR HOLE IN ONE AWARDS!

*PRIZES GALORE

HOLE IN ONE PRIZES, CLOSEST TO PIN PRIZES

GRAND PRIZE DRAWING: AIRFARE FOR TWO, TO ANYWHERE IN THE CONTINENTAL U. S.

NO SHIRTS, BUT ALL PARTICIPANTS WILL RECEIVE A SONY OPEN CAP AUTOGRAPHED BY TADD FUJIKAWA

WE WILL BE PLAYING IN 8-SOMES

MAXIMUM OF 54 TEAMS

MUST USE SOFT SPIKES SHOES - Tournament to begins at 12:15 P.M. sharp!!!

-----Cut and Mail -----

Please check-off if you would like to be a TEE SPONSOR

BRONZE SPONSOR - \$900 _____	GOLD SPONSOR - \$1700 _____	PLATNUM SPONSOR - \$2,500 _____
Includes 1 team	Includes 2 teams	Includes 3 teams

Mulligans and Team Skins are not included in sponsor fees. Please submit separate team list for each team.

I would like to donate the following prizes Phone number: _____ Contact's Name: _____

(We will contact you to arrange for prize pick-up. Mahalo!)

SPONSOR'S NAME _____

Address _____ Phone _____

(Captain)

1. Name _____ Address _____

Phone _____ Handicap _____ Club _____

Fax No. _____ Email Address: _____

2. Name _____ Address _____

Phone _____ Handicap _____ Club _____

Fax No. _____ Email Address: _____

3. Name _____ Address _____

Phone _____ Handicap _____ Club _____

Fax No. _____ Email Address: _____

4. Name _____ Address _____

Phone _____ Handicap _____ Club _____

Fax No. _____ Email Address: _____

Presale: 4 Sets of 2 mulligans @ \$20 per person = \$80..... and Team Skins = \$40, total \$120 per team. Please add to each team.

(Mulligans will be \$30 for two, per golfer if purchased on the day of the tournament.)

_____ Sets of mulligans \$ _____ Number of players planning to stay for Awards Dinner _____

Team Skins \$ _____ ENCLOSED AMOUNT \$ _____

ENTRY DEADLINE: March 7, 2007

FOR TOURNAMENT INQUIRES: Contact

Sam Fujikawa - Phone: 846-4228

Make checks payable and mail team list to:

FOR PRIZE INQUIRIES: Contact Pat Nitta @ 831-7922 or

Joey Kawachi, Athletic Director Phone: 837-8066 Fax: 831-7920

MoHS ATHLETIC BOOSTER CLUB

Attn: Ms. Pat Nitta

C/O Moanalua High School

2825 Ala Ilima Street

Sam Fujikawa, Chairperson

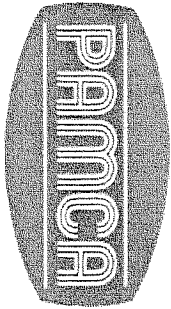
Phone: 846-4228, Fax: 846-4218,

Email: fujikawasam@contmech.com

Honolulu, Hawaii 96818

Cell -478-2680 2146 Puuhale Place - Honolulu, 96819

I am unable to play but would like to donate \$ _____ to the MoHS Athletic Booster Club.



Plumbing and Mechanical Contractors
 Association of Hawaii
 (808) 597-1216

February 2007

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 SAH Meeting 7:30 a.m. Zippy's SMIE Trustees 11:30 a.m. Oahu County Club	2	3
4	5 SMW JATC 5:00 p.m. Ad Office Conference Room	6	7 PAMCA Finance & Audit 10:30 a.m. Plaza Club PAMCA BOD w/Union 11:00 a.m. Plaza Club SMCA General Membership 11:30 a.m. Honolulu Country Club	8	9 PAMCA Golf Club 11:30 a.m. Hawaii Prince Golf Course	10
11	12 PAMCAH-UA JATC 5:00 p.m. Pearl City Training Center SMW JATC 5:00 p.m. Ad Office Conference Room	13	14 PAMCA Negotiating 10:00 a.m. Idela Restaurant	15 SAH Meeting 7:30 a.m. Zippy's	16	17
18	19 PRESIDENT'S DAY GCA, PAMCA & SMCA HOLIDAY	20 SMCA Seminar HVAC Duct Construction 8:30 a.m. - 3:30 p.m. Honolulu Country Club	21 PAMCA Board 5:00 p.m. Plaza Club SMCA Seminar Shop Productivity 8:30 a.m. - 12:00 p.m. Honolulu Country Club	22 SMW Board of Trustees 5:00 p.m. Oahu County Club	23	24
25	26 PAMCA General Membership 11:30 a.m. Honolulu Country Club Program: Tongue Fu Speaker: Gwen Fujie	27 SMCA Board of Directors 5:00 p.m. Association's Office	28			