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# A BILL FOR AN ACT

RELATING TO CONTRACTORS.

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

1           SECTION 1. Section 444-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§444-2 Exemptions.** This chapter shall not apply to:

4           (1) Officers and employees of the United States, the  
5           State, or any county while in the performance of their  
6           governmental duties;

7           (2) Any person acting as a receiver, trustee in  
8           bankruptcy, personal representative, or any other  
9           person acting under any order or authorization of any  
10          court;

11          (3) A person who sells or installs any finished products,  
12          materials, or articles of merchandise that are not  
13          actually fabricated into and do not become a permanent  
14          fixed part of the structure, or to the construction,  
15          alteration, improvement, or repair of personal  
16          property;

17          (4) Any project or operation for which the aggregate  
18          contract price for labor, materials, taxes, and all



1 other items is not more than [~~\$1,000.~~] \$100,000. This  
2 exemption shall not apply in any case where [a]:

3 (A) A building permit is required regardless of the  
4 aggregate contract price[~~, nor where the~~];

5 (B) The undertaking is only a part of a larger or  
6 major project or operation, whether undertaken by  
7 the same or a different contractor [~~or in which~~  
8 a];

9 (C) A division of the project or operation is made in  
10 contracts of amounts not more than [~~\$1,000~~  
11 \$100,000 for the purpose of evading this chapter  
12 or otherwise; or

13 (D) Electrical or plumbing work is not approved in  
14 writing by a licensed electrician or plumber;

15 (5) A registered architect or professional engineer acting  
16 solely in the person's professional capacity;

17 (6) Any person who engages in the activities regulated in  
18 this chapter as an employee with wages as the person's  
19 sole compensation;

20 (7) Owners or lessees of property who build or improve  
21 residential, farm, industrial, or commercial buildings  
22 or structures on property for their own use, or for



1 use by their grandparents, parents, siblings, or  
2 children and who do not offer the buildings or  
3 structures for sale or lease; provided that this  
4 exemption shall not apply to electrical or plumbing  
5 work that must be performed only by persons or  
6 entities licensed under this chapter, or to the owner  
7 or lessee of the property if the owner or lessee is  
8 licensed under chapter 448E. In all actions brought  
9 under this paragraph, proof of the sale or lease, or  
10 offering for sale or lease, of the structure not more  
11 than one year after completion is prima facie evidence  
12 that the construction or improvement of the structure  
13 was undertaken for the purpose of sale or lease;  
14 provided that this provision shall not apply to  
15 residential properties sold or leased to employees of  
16 the owner or lessee; provided further that in order to  
17 qualify for this exemption the owner or lessee must  
18 register for the exemptions as provided in section  
19 444-9.1. Any owner or lessee of property found to  
20 have violated this paragraph shall not be permitted to  
21 engage in any activities pursuant to this paragraph or  
22 to register under section 444-9.1 for a period of



1 three years. There is a presumption that an owner or  
 2 lessee has violated this section, when the owner or  
 3 lessee obtains an exemption from the licensing  
 4 requirements of section 444-9 more than once in two  
 5 years;

6 (8) Any joint venture if all members thereof hold licenses  
 7 issued under this chapter;

8 (9) Any project or operation where it is determined by the  
 9 board that less than ten persons are qualified to  
 10 perform the work in question and that the work does  
 11 not pose a potential danger to public health, safety,  
 12 and welfare; or

13 (10) Any public works project that requires additional  
 14 qualifications beyond those established by the  
 15 licensing law and which is deemed necessary and in the  
 16 public interest by the contracting agency."

17 SECTION 2. Statutory material to be repealed is bracketed  
 18 and stricken. New statutory material is underscored.

19 SECTION 3. This Act shall take effect upon its approval.  
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INTRODUCED BY:                     *MW*                    

JAN 20 2006



HB 1979

**Report Title:**

Contractors; Exemption

**Description:**

Increases the exemption for unlicensed contracting work from a total project cost of \$1,000 to \$100,000. Also requires written approval of unlicensed electrical or plumbing work by a licensed electrician or plumber.

