

Honolulu, Hawaii

Feb. 16

, 2006

RE: S.B. No. 2469  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Transportation and Government Operations,  
to which was referred S.B. No. 2469 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTORS,"

begs leave to report as follows:

The purpose of this measure is to increase the handyman's  
exemption from \$1,000 to \$3,500 under the contractors licensing  
law.

Your Committee received testimony in support of this measure  
from the Hawaii Association of Realtors; Inoue Hawaii Realty  
Corporation; Blue Sky Realty & Management; Clark Realty  
Corporation; Realty & Rentals, Inc.; Century 21 Liberty Homes;  
Coldwell Banker Pacific Properties; Property Profiles; Landmark  
Maui Properties; Pukana La Properties LLC; Hawaiian Isle Real  
Estate, LLC; Aina Maui Properties; West Oahu Realty; Maui Town &  
Country Realty; Whalers Realty Management Company Inc.; Big Island  
Brokers; Alpha Real Estate & Mgt. Co.; National Association of  
Residential Property Managers; Cynthia Rubinstein Real Estate,  
Inc.; Luko & Assoc. Realty Inc.; and twenty-seven individuals.  
Testimony in opposition was received from the Contractors  
Licensing Board, Plumbing & Mechanical Contractors Association of  
Hawaii, Subcontractors Association of Hawaii, and one individual.

This measure is intended to address the serious problem of a  
lack of contractors in the home improvement marketplace. The  
current upswing in large project construction, particularly



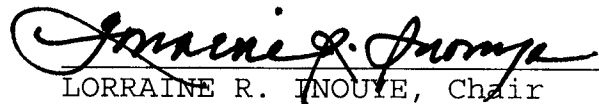
federal military projects, as well as resorts and condominiums, has exhausted the skilled labor to perform construction work.

To fill in the gap, there is a large demand for handymen who do small home improvement projects for hire. Current law places a limit of \$1,000 for a contractors license exemption for such projects. However, the costs of construction labor and materials have climbed dramatically to the point where the \$1,000 limit is unrealistic. The result is that few people are willing to undertake such small projects. Homeowners are forced to wait up to eight months or longer for home improvement work to be performed. By raising the limit to \$3,500, your Committee believes the marketplace will improve on the supply side.

Your Committee is cognizant of consumer protection and general excise tax issues. To address these issues, your Committee has amended this measure by requiring the registration of handymen with the contractors licensing board and an excise tax license.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2469, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation and  
Government Operations,

  
LORRAINE R. INOUÉ, Chair



