

STAND. COM. REP. NO.

1540

Honolulu, Hawaii

APR 05 2007

RE: H.B. No. 1339
H.D. 1
S.D. 1

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

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 1339, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTOR LICENSING REQUIREMENTS DURING A STATE OF EMERGENCY OR DISASTER,"

begs leave to report as follows:

The purpose of this measure is to help ensure that there is an adequate supply of licensed contractors available to perform the necessary repairs and reconstruction work during a state of emergency or disaster.

Your Committee received testimony in support of this measure from State Farm Insurance Companies. The Contractors License Board and the State Department of Defense submitted testimony in opposition to this measure. The Subcontractors Association of Hawaii submitted comments on this measure.

Your Committee finds that, if a natural disaster should strike, the demand for contractors may exceed the supply of Hawaii licensed contractors and workers available to perform the necessary repair and reconstruction work. Given the current tight labor market, if an emergency or disaster were to occur, the shortage problem would only be exacerbated. To protect consumers from unscrupulous and inexperienced individuals seeking to profit from the urgent need of repairs that would follow a disaster like hurricanes Iniki and Katrina, your Committee believes that

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complete exemption from the contractor licensing requirements is inappropriate and may lead to additional harm and heartache. Allowing out-of-state contractors licensed in other jurisdictions to perform work in Hawaii under an emergency license represents a reasonable balance between the need for more contractors and the need to protect consumers.

Your Committee notes that a number of concerns were raised by those testifying on this measure and therefore your Committee has amended this measure by:

- (1) Removing the language establishing an Emergency Contractors Recovery Fund, since a similar fund is already in existence and this language would be duplicative;
- (2) Amending the requirement that an emergency contractor provide proof of liability and property damage insurance and workers' compensation insurance by removing the specific references to dollar amounts, as the Contractor Licensing Board's rules already require insurance in the amount of \$300,000 per occurrence;
- (3) Specifying that the workers' compensation insurance required be specific for work performed in the State;
- (4) Removing the requirement that an emergency contractor provide proof of licensure as a contractor in another state which follows the same adopted version of the applicable county's uniform building code; and
- (5) Adding the requirement that the emergency contractor provide proof of intent to pay any and all applicable state general excise taxes.

Your Committee believes that these amendments will address the issues raised by the testifiers.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1339, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1339, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,


BRIAN T. TANIGUCHI, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:* <i>HB 1339 HDI</i>	Committee Referral: <i>CPH</i>	Date: <i>3/28/07</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman	✓			
SLOM, Sam	✓			
TOTAL	<i>5</i>			<i>1</i>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Enger</i>				
Distribution:				
	Original	Yellow	Pink	
	File with Committee Report	Clerk's Office	Drafting Agency	

*Only one measure per Record of Votes