

# H.B. NO. 3110

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## A BILL FOR AN ACT

RELATING TO CONTRACTOR PENALTIES.

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

1 SECTION 1. Section 444-23, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "~~§444-23~~ **Violation; penalties.** (a) Any licensee who  
4 contracts outside the appropriate scope of classification for  
5 which the licensee is licensed shall be fined [~~\$500~~] up to  
6 \$2,500 for the first offense, [~~\$1,000~~] up to \$5,000 for the  
7 second offense, and not less than [~~\$1,500 or more than \$2,000~~]  
8 \$5,000 and up to \$10,000 for any subsequent offense.

9 (b) Any licensee who violates section 444-9.3 or  
10 444-17(17) shall be fined up to \$25,000 or up to the full amount  
11 of the contract price for each offense, whichever is greater.

12 (c) Except as provided in subsections (a), (b), (d), and  
13 (e), any person who violates or fails to comply with this  
14 chapter shall be fined not less than [~~\$100~~] \$1,500 or more than  
15 \$5,000 for each violation; provided that any person who violates  
16 section 444-9 shall be fined:

17 (1) [~~\$500~~] \$2,500 or forty per cent of the total contract  
18 price, whichever is greater, for the first offense;

1           (2) [~~\$1,000~~] \$3,500 or forty per cent of the total  
2                   contract price, whichever is greater, for the second  
3                   offense; and

4           (3) \$5,000 or forty per cent of the total contract price,  
5                   whichever is greater, for any subsequent offense,  
6           and when the person is or was a defendant or respondent in a  
7           separate citation or lawsuit filed with or by the department,  
8           all tools, implements, documents, materials, or any other  
9           property used by the person in activities violating section  
10          444-9 shall be subject to forfeiture as provided by section  
11          444-23.5 and shall be turned over to the department for  
12          disposition under that section.

13          (d) Any licensee who violates, or whose employee violates,  
14          section 444-17(18), 444-17(19), or 444-17(20), shall be fined  
15          \$75 for the first offense, \$150 for the second offense, and not  
16          less than \$300 or more than \$1,000 for each subsequent offense;  
17          provided that each unit serviced in violation of section  
18          444-17(18) or 444-17(19) and each instance of releasing CFCs in  
19          violation of section 444-17(20) shall constitute a separate  
20          offense.

21          (e) Any person who violates section 444-2(7), shall be  
22          fined:

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- 1 (1) \$5,000 or forty per cent of the appraised value of the
- 2 building as determined by the county tax appraiser,
- 3 whichever is greater, for the first offense; and
- 4 (2) \$10,000 or fifty per cent of the appraised value of
- 5 the building as determined by the county tax
- 6 appraiser, whichever is greater, for any subsequent
- 7 offenses."

8 SECTION 2. Statutory material to be repealed is bracketed  
 9 and stricken. New statutory material is underscored.

10 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY: Calvin K. King  
 BY REQUEST

JAN 22 2008

**Report Title:**

Contractor penalties

**Description:**

Increases fines five-fold that may be imposed on contractors for performing work outside of their licensed specialty, unlicensed activity, and other violations relating to contractors.

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO CONTRACTOR PENALTIES.

PURPOSE: The purpose of this bill is to increase the amount of fines that may be imposed for violations of chapter 444, Hawaii Revised Statutes (HRS).

MEANS: Amend section 444-23, HRS.

JUSTIFICATION: The penalties for violations such as unlicensed activity, and for contractor violations of chapter 444, HRS, have not been revised since 1990. Therefore, increasing the fines to reflect current construction costs is warranted. Increasing the fines may also encourage stricter compliance by licensees as well as unlicensed contractors.

Impact on the public: Consumers may benefit from increased compliance with chapter 444, HRS, by contractors.

Impact on the department and other agencies: The proposed amendments will bolster the department's enforcement efforts.

It is not anticipated that this bill will impact other governmental agencies.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: CCA-105

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.