

JAN 22 2007

A BILL FOR AN ACT

RELATING TO CONTRACTOR LICENSING REQUIREMENTS DURING A STATE OF EMERGENCY OR DISASTER.

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

1 SECTION 1. Section 444-10.6, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[~~+~~]\$444-10.6[~~+~~] State of emergency or disaster; [~~acting~~
4 ~~as a contractor without a license; penalty.~~] emergency

5 licensure; penalties. (a) Notwithstanding any other provision
6 of law to the contrary, the board shall have the authority to
7 issue emergency contractor's licenses during a state of
8 emergency or disaster duly declared by the governor under
9 chapter 209.

10 (b) To qualify for an emergency contractor's license, an
11 applicant shall:

12 (1) Provide proof of licensure as a contractor in another
13 state with similar contractor licensing requirements
14 as those in this State, and that the license is
15 current and has been in good standing for the past two
16 years;

- 1 (2) Provide proof of liability and property damage
2 insurance, as specified in the board's rules;
- 3 (3) Submit a current financial statement and applicable
4 credit reports as specified in the board's rules; and
- 5 (4) Pay all applicable application and license fees,
6 including recovery fund and education fund fees.
- 7 (b) The classifications of emergency contractor's licenses
8 issued and the duration of the emergency contractor's licenses
9 shall be determined by the board based on the nature and
10 duration of the state of emergency or disaster, and the needs
11 and best interests of the public.
- 12 (c) The board may delegate the issuance of emergency
13 contractor's licenses to its administrative staff; provided that
14 the applicant shall be required to meet all of the requirements
15 specified in this section before the issuance of the license.
- 16 (d) Any person who violates section 444-9, in connection
17 with the offer or performance of repairs to a residential or
18 nonresidential structure for damage caused by a natural disaster
19 in a political subdivision for which a state of emergency or
20 disaster is proclaimed by the governor, may be punished by a
21 fine of up to \$10,000, or imprisonment up to one year, or both,
22 in addition to all other remedies or penalties."

S .B. NO. 1425

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 Statutory material to be repealed is bracketed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

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

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INTRODUCED BY:

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BY REQUEST

JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO CONTRACTOR LICENSING REQUIREMENTS DURING A STATE OF EMERGENCY OR DISASTER.

PURPOSE: To help ensure that there is an adequate supply of licensed contractors available to perform necessary repairs and reconstruction work during a state of emergency or disaster.

MEANS: Amend section 444-10.6, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Recently, Hawaii's economy has been booming, resulting in the lowest unemployment rate in the country. One undesired consequence of the low unemployment rate is that employers are experiencing difficulties finding employees. Should a natural disaster strike, the demand for contractors may exceed the supply of Hawaii licensed contractors and workers available to perform the necessary repair and reconstruction work and this would be exacerbated with the current tight labor market.

However, 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, 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.

Impact on the public: There should be a positive impact on the public as there will be a larger pool of licensed contractors available to perform repair and reconstruction work during a state of emergency or disaster.

Impact on the department and other agencies: The impact on the department will depend upon the number of emergency license applications that are received. Other agencies are not expected to be impacted.

GENERAL FUND:

None.

OTHER FUNDS:

Possibly the Compliance Resolution Fund established in section 26-9(o), HRS.

PPBS PROGRAM
DESIGNATION:

CCA-105.

OTHER AFFECTED
AGENCIES:

None anticipated.

EFFECTIVE DATE:

Upon approval.