

STAND. COM. REP. NO. **686**

Honolulu, Hawaii

MAR 01 2007

RE: S.B. No. 163
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 S.B. No. 163 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTORS,"

begs leave to report as follows:

The purpose of this measure is to provide greater protection
to consumers who engage the services of contractors.

Specifically, this measure:

- (1) Establishes a complaint database on contractors;
- (2) Authorizes the Contractors Licensing Board (Board) to award attorneys fees in proceedings for violations of chapter 444, Hawaii Revised Statutes (HRS);
- (3) Specifies that the responsible managing employee (RME) of a contracting entity is not exempt from the requirements of chapter 444, HRS;
- (4) Specifies that the RME of a contracting entity must meet certain requirements prior to being issued a license;
and
- (5) Requires license revocation for a contractor's failure to properly supervise employees and subcontractors for gross negligence.



Testimony in support of this measure was submitted by an individual. The Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs submitted comments on this measure. The Contractors License Board opposed some sections in this measure. Testimony in opposition to this measure was received from the Subcontractors Association of Hawaii.

Your Committee finds that consumers need to be protected when entrusting their homes and property to contractors for construction or repairs. However, based upon the testimony submitted, the creation of a new database for contractors may be unnecessary at this time as the Department of Commerce and Consumer Affairs already has a complaints database in place for use by consumers.

Your Committee has amended this measure to address some of the concerns of the contractors by:

- (1) Removing the new language regarding the contractor database;
- (2) Removing the requirement that the Board shall revoke a license for certain violations of chapter 444, HRS, including the language requiring license revocation for a contractor's failure to properly supervise employees and subcontractors for gross negligence;
- (3) Deleting the increase in the amount that may be recovered per contract;
- (4) Changing the effective date to promote further discussion; and
- (5) Making technical, nonsubstantive changes for the purposes of clarity and style.

The intent of this measure, as amended, is to authorize the Board to implement reasonable attorneys fees for violations of chapter 444, HRS, and to specify that RMEs are subject to the requirements of chapter 444, HRS.

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 S.B. No. 163, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as S.B. No. 163, 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



