

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, January 31, 2008
9:45 a.m.

**TESTIMONY ON HOUSE BILL NO. 3107, RELATING TO OWNER-BUILDER
PERMITS.**

TO THE HONORABLE MAILE S. L. SHIMABUKURO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Denny Sadowski, Legislative Committee Chair of the Contractors License Board ("Board"). The Board appreciates the opportunity to testify in support of House Bill No. 3107 which is an Administration bill. This bill proposes to require sellers to disclose whether a structure was built or improved under an owner-builder permit, clarify that owner-builders must use licensed subcontractors, and establish penalties for owner-builders who fail to comply with owner-builder permit requirements.

Section 444-2(7), Hawaii Revised Statutes ("HRS"), exempts owners or lessees who build or improve property for their own use from the licensing requirements of Chapter 444, HRS. These owner-builders must perform the work themselves or use licensed subcontractors, and sign a statement to that effect. Current statutes do not explicitly require compliance with the terms of the statement; therefore, this bill clarifies that compliance is required, and establishes penalties for noncompliance. The Board believes that much of the unlicensed contractor activity occurring in this State is associated with owner-builder permits, and that establishing these penalties will help curb such violations.

Further, for the protection of consumers, the Board feels that the fact that a structure was constructed or improved upon pursuant to an owner-builder permit should be disclosed to potential buyers, thereby allowing them to make an informed decision on whether to purchase a structure which may have been constructed or improved upon by unlicensed persons.

This bill also proposes non-substantive amendments to provide consistency in the description of the permitted work, and to clarify that the fine amount is based on the value of the permitted work rather than the value of the entire structure.

Thank you for the opportunity to testify in support of this Administration bill.



HB 3107 Relating to Owner-Builder Permits
Committee on Human Services & Housing

January 31, 2008
329

8:40 am

Room

The Office of Hawaiian Affairs supports the purpose and intent of HB 3107.

Consumer protection laws benefit all of Hawaii's residents which include the beneficiaries of the Office of Hawaiian Affairs.

Government's role in providing the necessary consumer protection laws regarding full disclosure about the real estate being sold by sellers to the buyers will then give the responsibility back to both parties when entering into a sales agreement with full disclosure.

We recognize that physical solutions by themselves will not solve social and economic problems, but neither can economic vitality, community stability, and environment health be sustained without a coherent and supportive physical framework like consumer protection laws.

Mahalo nui loa for the opportunity to provide this testimony.

SAH - Subcontractors Association of Hawaii

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January 31, 2008

Testimony To: House Committee on Human Services & Housing
Representative Maile S. L. Shimabukuro, Chair

Presented By: Tim Lyons, President

Subject: H.B. 3107 – RELATING TO OWNER-BUILDER PERMITS

Chair Shimabukuro and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The Subcontractors Association represents the following nine separate and distinct contracting associations:

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

PACIFIC ELECTRICAL CONTRACTORS ASSOCIATION

We support the passage of H.B 3107. When the Contractors License Law was first passed, the Legislature debated whether it should require an owner who wanted to act as their own builder, to hire a licensed contractor. Ultimately, an exemption was provided for those individuals who wanted to build their own homes as long as they did so for their own family.

Unfortunately, this area has provided for a loophole in the enforcement of the contractors license law. We support the idea that an owner should still be allowed to be their own builder. Where we have a problem, is when the owner-builder then hires other individuals and it is quite typical that they do not hire licensed subcontractors.

There are also many instances in which an owner-builder makes many mistakes, some of which are superficial but, others which are structural but they are hidden by encased walls or other items and the unsuspecting buyer is unaware of this situation. The purpose of this bill is to require the seller to disclose that fact and we think that is proper.

Thank you.



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Association of
REALTORS®**
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January 30, 2008

The Honorable Maile Shimabukuro, Chair
House Committee on Human Services & Housing
State Capitol, Room 406
Honolulu, Hawaii 96813

RE: H.B. 3107 - Relating to Owner-Builder Permits
Hearing Date: January 31, 2008 @ 8:40 a.m., Room 329

On behalf of our 10,000 members in Hawaii, the Hawaii Association of REALTORS® (HAR) supports the intent of H.B. 3107.

H.B. 3107 proposes to require sellers to disclose whether a building or structure was built or improved under an owner-build permit. REALTORS® do disclose this information on the Seller's Real Property Disclosure Statement form. As this bill does propose to amend HRS § 508D Mandatory Seller Disclosures in Real Estate Transactions and may require revision of our standard forms, we respectfully request that the effective date of the measure be changed to November 1, 2008 to allow HAR the opportunity to ensure that our standards forms are in compliance.

Thank you for your consideration and for the opportunity to submit this testimony.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

January 31, 2008

Committee on Human Services and Housing
9:45 a.m. Agenda
Room 329

Testimony of BIA-Hawaii (Karen Nakamura, CEO) on HB 3107 "Relating to Owner-Builder Permits"

Honorable Mile Shimabukuro, Chair
Committee on Human Services and Housing
State Capitol, Room 329
Honolulu, Hawaii 96813

Chair Shimabukuro and Members of the Committee:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports HB 3107 in its entirety. HB 3107 will make disclosure of improvements to the property under an owner-builder permit mandatory. It is not currently required by law. HB 3107 also includes language of specified fines for non-compliance with the owner-builder exemption. HB 3107 provides compliance with Section 444-2(7) by stating that if one obtains a building permit under the "Owner-Builder Exemption," then such person must comply with the requirements of the Owner Builder Disclosure Statement.

HB 3107 would strengthen and clarify the owner-builder provisions in Chapter 444 and would provide added protection to the consumer. BIA-Hawaii requests your adoption of the bill.

Thank you for the opportunity to share our views with you.



Karen T. Nakamura, CEO
BIA-Hawaii

From: Audrey Hidano [mailto:audrey@hidanoconstruction.com]
Sent: Wednesday, January 30, 2008 5:03 PM
To: HSHtestimony
Subject: HB 3107 Relating to Owner-Builder Permits

To: The House Committee on Human Services and Housing
From: Audrey Hidano
Date: January 30, 2008
Subject: HB 3107 Relating to Owner-Builder Permits
Hearing: Thursday, January 31, 2008, at 9:45 a.m. in
Room 329

Honorable Maile Shimabukuro, Chair and Committee Members
State Capitol, Room 329
Honolulu, Hawaii 96813

Dear Chair Shimabukuro and Members of the Committee:

I am Audrey Hidano, Hidano Construction, Inc. testifying in SUPPORT of HB 3107 which will mandate disclosure of improvements to the property under an owner-builder permit. This proposed measure would strengthen and clarify the owner-builder provisions and would provide added protection to the consumer.

Thank you for the opportunity to testify in SUPPORT of this proposed measure.

TO THE HOUSE COMMITTEE ON HUMAN SERVICES & HOUSING

TWENTY-FOURTH LEGISLATURE

Regular Session of 2008

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8:40am

TESTIMONY ON HOUSE BILL NO. 3107, RELATING TO OWNER-BUILDER PERMITS.

TO THE HONORABLE MAILE S.L. SHIMABUKURO, CHAIR,
AND MEMBERS OF THE COMMITTEE:

Thank you for seeing this bill in hearing and allowing my testimony. This bill is comprised in three parts all of which I support in its entirety.

1. DISCLOSURE "Were any of the improvements to this Property built under an owner-builder permit?" The Hawaii Association of Realtors has this language in their disclosure form but it is not required by law. If one was to sell a house by using an un-licensed realtor or "For Sale By Owner" then such disclosure is not required.

HB3107 will make such disclosure mandatory and will further provide consumer protection and confidence in the home purchasing experience.

If I were to purchase a home, I would like to know if it was built or improved upon by a licensed contractor or not.

2. COMPLIANCE HB3107 also provides compliance to §444-2(7) by stating that if one obtains a building permit under the "Owner Builder Exemption" then such person must comply with the requirements of the Owner Builder Disclosure Statement. Currently, there is no compliance language.
3. STRUCTURE FOR NON COMPLIANCE HB3107 includes language of specified fines for non compliance to the Owner Builder Exemption.

In summary, HB3107 makes great sense as it provides disclosure, compliance and penalty for non compliance. Again, thank you for allowing me the opportunity to testify in support of HB3107.

Joe S. Kindrich

January 30, 2008

TO: House Committee on Human Services and Housing (Rep. Maile S.L. Shimabukuro, Chair)

FROM: Karl F. Borgstrom, President, on behalf of Associated Builders and Contractors, Hawaii

RE: Testimony in Support of HB 3107, Relating to Owner-Builder Permits

The amendment proposed to Chapter 508D, Hawaii Revised Statutes, with regard to permitting, licensing, and disclaimer requirements for owner-builders has the strong support of the Board of Directors of Associated Builders and Contractors, Hawaii, on behalf of its 115 member companies and their employees throughout the State of Hawaii.

The bill reserves the rights of property owners to construct, alter, improve, demolish, or repair their property for their own use, within the current requirements for permitting by the county or other local subdivision of the state, and appropriately provides for disclosure of any claim of exemption from requirements for such work based on such use by the owner, as well as reasonable penalties for failure of the owner builder to comply with these requirements under the law.

At the same time, the bill affords important protections to the consumer public – users, buyers and leasees – by ensuring that any building or structure that is to be used or occupied by the general public will meet the performance quality and safety standards that are the purpose and objectives of general and trade contractor licensing. In effect, the bill ensures that unlicensed owner-builders do not engage in the business of commercial and residential licensed contractors without the appropriate qualifications and requirements established by the state licensing board.

Thank you for your consideration; should the need arise, ABC Hawaii will respond to any requests of the Committee for additional information regarding this matter.