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## A BILL FOR AN ACT

RELATING TO CONTRACTORS.

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

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

3           "**§444-2 Exemptions.** This chapter shall not apply to:

- 4           (1) Officers and employees of the United States, the  
5                 State, or any county while in the performance of their  
6                 governmental duties;
- 7           (2) Any person acting as a receiver, trustee in  
8                 bankruptcy, personal representative, or any other  
9                 person acting under any order or authorization of any  
10                court;
- 11          (3) A person who sells or installs any finished products,  
12                 materials, or articles of merchandise that are not  
13                 actually fabricated into and do not become a permanent  
14                 fixed part of the structure, or to the construction,  
15                 alteration, improvement, or repair of personal  
16                 property;
- 17          (4) Any project or operation for which the aggregate  
18                 contract price for labor, [~~materials~~] taxes, and all



1           other items, not including materials, is not more than  
2           \$1,000. This exemption shall not apply in any case  
3           where a building permit is required regardless of the  
4           aggregate contract price, nor where the undertaking is  
5           only a part of a larger or major project or operation,  
6           whether undertaken by the same or a different  
7           contractor or in which a division of the project or  
8           operation is made in contracts of amounts of not more  
9           than \$1,000 for the purpose of evading this chapter or  
10          otherwise;

11          (5) A registered architect or professional engineer acting  
12          solely in the person's professional capacity;

13          (6) Any person who engages in the activities regulated in  
14          this chapter as an employee with wages as the person's  
15          sole compensation;

16          (7) Owners or lessees of property who build or improve  
17          residential, farm, industrial, or commercial buildings  
18          or structures on property for their own use, or for  
19          use by their grandparents, parents, siblings, or  
20          children and who do not offer the buildings or  
21          structures for sale or lease; provided that this  
22          exemption shall not apply to electrical or plumbing



1 work that must be performed only by persons or  
2 entities licensed under this chapter, or to the owner  
3 or lessee of the property if the owner or lessee is  
4 licensed under chapter 448E. In all actions brought  
5 under this paragraph, proof of the sale or lease, or  
6 offering for sale or lease, of the structure not more  
7 than one year after completion is prima facie evidence  
8 that the construction or improvement of the structure  
9 was undertaken for the purpose of sale or lease;  
10 provided that this provision shall not apply to  
11 residential properties sold or leased to employees of  
12 the owner or lessee; provided further that in order to  
13 qualify for this exemption the owner or lessee must  
14 register for the exemptions as provided in section  
15 444-9.1. Any owner or lessee of property found to  
16 have violated this paragraph shall not be permitted to  
17 engage in any activities pursuant to this paragraph or  
18 to register under section 444-9.1 for a period of  
19 three years. There is a presumption that an owner or  
20 lessee has violated this section[7] when the owner or  
21 lessee obtains an exemption from the licensing



# H.B. NO. 133




- 1 requirements of section 444-9 more than once in two
- 2 years;
- 3 (8) Any joint venture if all members thereof hold licenses
- 4 issued under this chapter;
- 5 (9) Any project or operation where it is determined by the
- 6 board that less than ten persons are qualified to
- 7 perform the work in question and that the work does
- 8 not pose a potential danger to public health, safety,
- 9 and welfare; or
- 10 (10) Any public works project that requires additional
- 11 qualifications beyond those established by the
- 12 licensing law and ~~which~~ is deemed necessary and in
- 13 the public interest by the contracting agency."

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

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

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INTRODUCED BY:

  
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**Report Title:**

Contractors; Exemption

**Description:**

Excludes cost of materials in determining whether cost of project is less than \$1,000 for purposes of exemption from contractor licensing law.

