

---

---

# 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~~] is not more than [~~\$1,000.~~] \$1,600,  
2           exclusive of materials, taxes, and all other items.

3           This exemption shall not apply in any case where [a]:

4           (A) A building permit is required regardless of the  
5                           aggregate contract price, nor where the  
6                           undertaking is only a part of a larger or major  
7                           project or operation, whether undertaken by the  
8                           same or a different contractor; or [~~in which a~~  
9                           ~~division~~]

10          (B) Division of the project or operation is made in  
11                           contracts of amounts not more than [~~\$1,000~~]  
12                           \$1,600 for the purpose of evading this chapter or  
13                           otherwise;

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

16          (6) Any person who engages in the activities regulated in  
17                           this chapter as an employee with wages as the person's  
18                           sole compensation;

19          (7) Owners or lessees of property who build or improve  
20                           residential, farm, industrial, or commercial buildings  
21                           or structures on property for their own use, or for  
22                           use by their grandparents, parents, siblings, or



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



1           lessee has violated this section, when the owner or  
 2           lessee obtains an exemption from the licensing  
 3           requirements of section 444-9 more than once in two  
 4           years;

5           (8) Any joint venture if all members thereof hold licenses  
 6           issued under this chapter;

7           (9) Any project or operation where it is determined by the  
 8           board that less than ten persons are qualified to  
 9           perform the work in question and that the work does  
 10          not pose a potential danger to public health, safety,  
 11          and welfare; or

12          (10) Any public works project that requires additional  
 13          qualifications beyond those established by the  
 14          licensing law and which is deemed necessary and in the  
 15          public interest by the contracting agency."

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

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

19

INTRODUCED BY:

*Kal Broad*  
*Paul Carter*

*Denny Coffman*  
*Cindy Evans*  
*Choi Ky Day*

**Report Title:**

Contractors; Exemptions

**Description:**

Amends the "handyman" exemption to contractor licensing law to include contracts that are no more than \$1,600 for labor, exclusive of materials, taxes, and other items.

