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

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

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

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



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



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

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

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

12           SECTION 2. Statutory material to be repealed is bracketed  
13 and stricken.

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

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INTRODUCED BY:           Cindy Evans          

**JAN 21 2009**



**Report Title:**

Contractors; Licensing; Exemptions

**Description:**

Makes the \$1,000 limit for "handyman" contract exemptions to contractor licensing requirements apply only to labor costs.

