

LATE

TO THE SENATE COMMERCE AND CONSUMER PROTECTION COMMITTEE

TWENTY-FIFTH STATE LEGISLATURE
REGULAR SESSION, 2010

TIME/DATE: 8:30 a.m., Monday, February 3, 2010

TESTIMONY ON SENATE BILL NO. 2707 – “RELATING TO CONTRACTORS.”

TO THE HONORABLE ROSALYN H. BAKER, CHAIR
THE HONORABLE DAVID Y. IGE, VICE CHAIR
AND MEMBERS OF THE COMMERCE AND CONSUMER PROTECTION
COMMITTEE:

The International Union of Painters and Allied Trades, District Council 50, appreciates the opportunity to testify in strong opposition to Senate Bill No. 2707. My name is Lynn Kinney, Business Managers/Secretary Treasurer of the International Union of Painters and Allied Trades, District Council 50 (IUPAT, DC50), an organization comprised of four local unions - Painters, Glaziers, Carpet layers and Drywall Tapers, representing approximately 2000 members throughout the State of Hawaii.

IUPAT, DC50, strongly opposes S.B. No. 2707. This proposal to increase the aggregate amount to \$2500 would allow “handymen” who are unlicensed contractors to perform work on larger projects within the scope of the statute. It would jeopardize public health and safety by creating additional opportunity for more unlicensed activity with less enforcement and protection. Many consumers in the past have been misled and deceived by these unlicensed contractors and have lost large amounts of money which have resulted in poor work quality and craftsmanship at their residence. Furthermore,

because of the added cost of complying with the licensing laws, this measure negatively impacts contractors who obtain licenses.

For the reasons stated above, I urge the committee to reject the proposals in S.B. No. 2707. Thank you once again for the opportunity to testify in opposition to this measure.

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Senator Rosalyn Baker
Chairman, Commerce and
Consumer Protection Committee

February 2, 2010

Re: Testimony against SB 2707

Dear Senator Baker,

The events of the past are the reasons why we have regulations in place today. SB 2707 is a bill that opens the door to bring back the damaging events from the past to plague our State once again. It will further encourage and perpetuate unlicensed activity. Unlicensed work is the major reason we have regulations in place today. It is the reason why countless businesses in Hawaii were required to go through the long process to get a trade license in order to have the privilege to do business in Hawaii.

SB 2707 allows **unqualified** individuals to operate as a legitimate trade business. A \$2500 exception will hurt all license service trades. Many who are barely surviving to stay in business now will go out of business because work will be taken from sources that they normally depend upon as these sources will turn to handymen and their unfair pricing. Though there is no right time for a bill like SB 2707, the timing of this bill is damaging to our economy and will permanently damage good Kamaaina trade businesses.

SB 2707 moves our State backwards in the protection of consumers as it allows unlicensed, untrained individuals to do unregulated trade work. In my trade it will take an individual a minimum of 7 years pass experience in a supervisory position in roofing to be considered for a license. They must provide sworn written testimony of the individual's work experience. The individual then needs to pass a trade test and a business test for further consideration. Next the individual's test, pass experience and financial status is then examined by the full Licensing Board. If the Board does approve the individual to be licensed, they must also follow any requirements, such as all the proper insurances, bonding and financial requirements given by the Board. All of this is to insure protection for the public.

SB 2707 removes the certainty and protection from the public by allowing an individual(s) to perform work without any regulation or assurance that the individual is properly trained, certified or insured in the work they are doing. It also opens the public up to bad work, liability lawsuits (should one of these handymen fall off a roof or get hurt in a homeowner's property or business).

In the roofing industry, if a roof is done incorrectly it is possible that the homeowner may not be able to receive an insurance claim. Therefore, if a handyman does a \$2,500 roofing job and a storm destroys the roof and rain causes water damage to the interior of the

house, the roofing manufacturer and the insurance company can claim the roof came off because of improper installation thereby nullifying any claim to the homeowner.

If a handyman falls off of a roof and gets badly injured and does not have adequate insurance, his family members can hire an attorney and sue the homeowner for damages. This incident has actually happened. Imagine how many more incidents like these will occur once it becomes legal to do trade work up to \$2,500.

The big losers with SB 2707 are the people of Hawaii and the legitimate license companies. SB2707 removes the protection given to the people of State of Hawaii and takes a big step backwards to insuring proper trade practices and creates an unfair work environment.

Competition among licenses' companies is already fierce. Even when a company gets a job the returns are minimal opening the door to losses should there be unforeseen circumstances. It is a very tenuous time in Hawaii. If SB 2707 becomes law it will rapidly close the doors to many good companies. More important, this bill will open the door to fraud and mass liability to consumers.

Thank you for you time and consideration to this very important matter.

Newton Young
President
Akamai Roofing Inc.

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



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GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Facsimile: 586-6221

February 2, 2010

Senator Rosalyn H. Baker, Chair
Committee on Commerce and Consumer Protection
State of Hawaii
The Twenty-Fifth Legislature, Regular Session of 2010

Honorable Rosalyn H. Baker and Members of the Committee:

SUBJECT: S.B. 2707 Relating to Contractors

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii.

The Association for which I speak is strongly opposed to S.B. 2707.

We firmly believe that increasing the exemption amount of "handyman" work from \$1,000 to \$2,500 will further increase the risk to the general public. Unfortunately many citizens don't realize that hiring an unlicensed handyman exposes them to a variety of problems such as, personal liability should an injury occur on their property, limited recourse options if a project is not completed as promised, and virtually no assurance of a handyman's skill, other than the handyman's "word".

Conversely, legitimate contractors who are licensed under the Hawaii contractors licensing statute, must provide the consumer with numerous safeguards such as written contracts, proof of compliance with strict insurance and bonding requirements, certain disclosure notices, and the ability for consumer recourse under the Contractors Recovery Fund. Furthermore, licensing assures that the contractor has the necessary technical skills and experience to perform the work covered by their license. Finally, licensed contractors are listed on the DCCA website, and the public has the ability to research a contractor's complaint history, licenses, insurance, etc., none of which is available for the "handyman".

We therefore respectfully urge the committee to hold this bill.

Thank you very much for this opportunity to testify.

Respectfully yours,

Gregg S. Serikaku
Executive Director