

STAND. COM. REP. NO. 619

Honolulu, Hawaii
March 3, 2011

RE: H.B. No. 319
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 319 entitled:

"A BILL FOR AN ACT RELATING TO OWNER-BUILDERS,"

begs leave to report as follows:

The purpose of this bill is to clarify the exemption for owner-builders with building permits who are unable to complete construction within one year.

The current owner-builder permitting provisions assume that if an owner-builder sells the home not more than one year after completion of the project, the owner-builder exemption cannot apply, the presumption being that the work was for the purpose of the sale and not just a home improvement. However, last year the Legislature amended the law allowing those who faced an unforeseen hardship to retain their owner-builder exemption if the Contractors License Board agreed that the circumstances warranted it. Unfortunately, this did not apply to homeowners who were financially unable to even complete the permitted job and were forced to sell their homes with incomplete work. The Board interpreted the amendment made last year as providing a safety net only for those who were able to finish the job and then sold within a year of completion. This bill will correct that situation and provide those who are unable to even finish the work because of financial hardship to also keep their owner-builder exemption.

HB319 HD1 HSCR CPC HMS 2011-2567



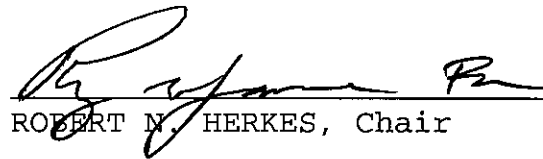
The Hawaii Association of REALTORS® supported the intent of this measure. The Contractors License Board and several concerned individuals offered comments.

Your Committee has amended this bill by:

- (1) Requiring an owner-builder asking for an unforeseen hardship exemption to submit an application describing the unforeseen hardship and including supporting documentation detailing the hardship such as tax returns, medical records, mortgage default letter, or bankruptcy filings; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 319, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 319, H.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,


ROBERT N. HERKES, Chair



