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PRESENTATION OF  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE

TO THE HOUSE COMMITTEE ON  
ECONOMIC REVITALIZATION & BUSINESS

TWENTY-SIXTH STATE LEGISLATURE  
REGULAR SESSION, 2011

THURSDAY, FEBRUARY 3, 2011  
8:00 A.M.

TESTIMONY ON HOUSE BILL NO. 885  
RELATING TO CONTRACTORS

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,  
AND TO THE HONORABLE ISAAC W. CHOY, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 885, Relating To Contractors. My name is Jo Ann Uchida of the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following comments on House Bill No. 885.

House Bill No. 885 requires the Contractors Board to conduct a public hearing prior to a decision on: 1) any application for a contractor's license; 2) any

disciplinary action; and 3) any settlement agreement. The public hearing shall afford interested persons an opportunity to submit data, views, or arguments, orally or in writing, to the Contractors Board.

RICO prosecutes licensing violations on behalf of the boards, commissions, and programs that are administered by the Professional and Vocational Licensing Division. Chapter 91, Hawaii Revised Statutes ("HRS"), also known as the Hawaii Administrative Procedures Act, governs all contested cases, including disciplinary proceedings initiated by RICO. Section 91-9(g), HRS, states: "No matters outside the record shall be considered by the agency in making its decision except as provided herein." This law is designed to ensure that respondents are afforded due process in the course of the proceeding and that decisions are made fairly and impartially.

House Bill No. 885 as drafted would create an ambiguity as to what the Contractors Board may consider in evaluating a contested case, may preclude or complicate compliance with §91-9(g), HRS, and could undermine the legitimacy of any final decision the Board renders. In addition, the procedures set forth in this bill would likely result in making the disciplinary process more time-consuming.

Thank you for this opportunity to testify on House Bill No. 885. I will be happy to answer any questions that the members of the Committee may have.

**PRESENTATION OF THE  
CONTRACTORS LICENSE BOARD**

**TO THE HOUSE COMMITTEE ON  
ECONOMIC REVITALIZATION & BUSINESS**

**TWENTY-SIXTH LEGISLATURE  
Regular Session of 2011**

**Thursday, February 3, 2011  
8:00 a.m.**

**TESTIMONY ON HOUSE BILL NO. 885, RELATING TO CONTRACTORS.**

**TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,  
AND MEMBERS OF THE COMMITTEE:**

My name is Denny Sadowski, Legislative Committee Chair of the Contractors License Board ("Board"). Thank you for the opportunity to testify in opposition to House Bill No. 885, which proposes to add a new section to Chapter 444, HRS, requiring the Board to hold public hearings prior to making determinations on license applications, disciplinary actions, and settlement agreements.

The Board opposes this measure, as we believe the proposed amendments to be unnecessary and redundant. The Board currently conducts its administrative procedures in compliance with Title 16, Chapter 201, Administrative Practice and Procedure, as does all other licensing authorities within the Department of Commerce and Consumer Affairs. Chapter 201 clearly governs the conduct of all proceedings brought before the licensing boards, and a separate process for the Contractors License Board may prove problematic. Furthermore, there is no justification for handling contractor complaints and disciplinary actions any differently from the forty other

licensing boards and programs under the Professional and Vocational Licensing Division.

The Board also is opposed to the requirement that a public hearing be held for each license application when there is any opposition to the application. This process may be abused to delay certain applications for reasons unrelated to the applicant's qualifications, and may prevent the Board from acting on applications in a timely manner. The Board is also concerned about issues relating to confidentiality if the application is subject to a public hearing. Section 92F-14, HRS, of the Uniform Information Practices Act, states that applicants for licensure have a significant privacy interest in the information they submit for consideration by the Board.

For these reasons, the Board is opposed to House Bill No. 885.

Thank you for the opportunity to testify on this measure.

The Pacific Resource  
**PARTNERSHIP**



Testimony of C. Mike Kido  
External Affairs  
The Pacific Resource Partnership

House Committee on Economic Revitalization & Business  
Representative Angus L.K. McKelvey, Chair  
Representative Isaac W. Choy, Vice Chair

IIB 885 – RELATING TO CONTRACTORS  
Thursday, February 3, 2011  
8:00 am  
Conference Room 312

Chair Angus McKelvey, Vice Chair Isaac Choy and Members of the Committee:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union.

PRP is in strong support of HB 885 Relating to Contractors which would require the Contractors License Board to conduct public hearing for license applications and disciplinary proceedings.

Over the past two years, PRP has responded on several occasions to the Contractors License Board's (CLB) posted request for opposition to an application for a license (Contractor). The testimony, in opposition to these applications, submitted by PRP was accompanied by points raised as to why a particular contractor should not be issued a license or additional license classification.

However, when it came to the date when a contractor would appear before the Board to answer to the points raised by PRP, PRP representatives were not allowed into the same room while the Board was discussing the allegations with the contractor, therefore, the contractor was not afforded the opportunity to face its opposition. Further, the opposition was not afforded the opportunity to hear much less rebut any explanation the contractor may have given the Board.

Additionally, there was no decision or response issued by CLB as to how they decided on specific issues that were raised by PRP or why a particular decision to proceed in the issuance process was made.

We feel that an "open door" with regard to the applications process is required to maintain transparency and the integrity of the application process and thus, formal hearings when opposition to an application is submitted would be the best way to ensure this transparency as well as, formal written decisions by the CLB answering the opposing testimony.

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While those opposing this Bill will argue that this could only delay the application process, we feel that this type of delay is worth ensuring that we are admitting the right people into our industry, those who will treat clients fairly and compete in a fair and legal manner to uphold the integrity of our industry.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on HB 885 – Relating to Contractors.