

STAND. COM. REP. NO.

1563

Honolulu, Hawaii

April 5, 2013

RE: S.B. No. 1077
S.D. 2
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 1077, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE OWNER-BUILDER EXEMPTION,"

begs leave to report as follows:

The purpose of this measure is to limit the application of the owner-builder exemption from contractor licensing requirements and enhance pertinent statutes.

Specifically, this measure:

- (1) Repeals the owner-builder exemption for industrial and commercial construction;
- (2) Sets forth additional construction, employment, and other requirements for owners and lessees with an owner-builder exemption;
- (3) Prohibits owners and lessees with an owner-builder exemption from being eligible to recover from the contractors recovery fund; and
- (4) Amends penalties for noncompliance with owner-builder exemption requirements.



Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; the City and County of Honolulu, Department of Planning and Permitting; Building Industry Association of Hawaii; BKA Builders Inc.; Universal Construction, Inc.; The Pacific Resource Partnership; TJR Works! LLC; Kokea Construction & Consultants, Inc.; Subcontractors Association of Hawaii; and one individual. Your Committee received comments on this measure from the Contractors License Board and General Contractors Association of Hawaii.

Your Committee finds that requiring owners and lessees who obtain an owner-builder permit to adhere to additional supervision, licensing, insurance, tax, construction code, and other requirements will promote safety, improve the quality of construction in Hawaii, and reduce unreported cash transactions.

Your Committee has amended this measure by changing the effective date to July 1, 2112, to encourage further discussion.

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 S.B. No. 1077, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1077, S.D. 2, H.D. 2.

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



ANGUS L.K. MCKELVEY, Chair



