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

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

MONDAY, FEBRUARY 3, 2014
2:10 P.M.

TESTIMONY ON HOUSE BILL NO. 2583
RELATING TO ASSISTING UNLICENSED CONTRACTORS

TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND TO THE HONORABLE DEREK S.K. KAWAKAMI, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 2583, Relating to Assisting Unlicensed Contractors. My name is Daria Loy-Goto, Complaints and Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers the following testimony in support of the bill.

House Bill No. 2583 amends §444-9.3, Hawaii Revised Statutes ("HRS") to provide that a contractor licensee who aids and abets an unlicensed contractor may

be subject to further discipline by the Contractors License Board ("Board"). The bill proposes the same amendments as House Bill No. 2274, the Department's Administration bill.

Currently, aiding and abetting an unlicensed person is a misdemeanor and the Board, in recent decisions, has indicated that enforcement of the existing law is outside the scope of administrative proceedings. As a result, RICO is limited in its ability to pursue administrative action against licensees who aid and abet unlicensed contractors.

Although RICO has also relied on §444-17(17), HRS, to administratively prosecute aiding and abetting conduct, this provision only applies to situations where a licensee enters into a contract with an unlicensed contractor. Because aiding and abetting conduct often occurs without a written or oral contract, RICO is foreclosed from prosecuting such conduct in a majority of circumstances. House Bill No. 2583 will enable RICO to pursue, and authorize the Board to take, disciplinary action against contractor licensees who aid and abet unlicensed contractors.

Thank you for the opportunity to testify in support of House Bill No. 2583. I will be happy to answer any questions members of the Committee may have.

SAH - Subcontractors Association of Hawaii

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February 3, 2014

Testimony To: House Committee on Consumer Protection and Commerce
Representative Angus L.K. McKelvey, Chair

Presented By: Tim Lyons
President

Subject: H.B. 2583 - RELATING TO ASSISTING UNLICENSED CONTRACTORS

Chair McKelvey and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The SAH represents the following nine separate and distinct subcontracting organizations.

Those organizations are:

HAWAII FLOORING ASSOCIATION
ROOFING CONTRACTORS ASSOCIATION OF HAWAII
HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION
TILE CONTRACTORS PROMOTIONAL PROGRAM
PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII
SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII
PAINTING AND DECORATING CONTRACTORS ASSOCIATION
PACIFIC INSULATION CONTRACTORS ASSOCIATION
ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

We support this bill.

The subject of unlicensed contractors is often the number one complaint that licensed contractors have. We find it particularly objectionable to complain about unlicensed contractors on the one hand and aid and abet them on the other hand.

Therefore, since this bill will allow the Board to discipline licensees for assisting unlicensed contractors we agree and support it.

Thank you for the opportunity to testify.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Monday, February 3, 2014
2:10 p.m.

**TESTIMONY ON HOUSE BILL NO. 2583, RELATING TO ASSISTING UNLICENSED
CONTRACTORS.**

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

My name is Peter H. M. Lee, Chairperson of the Contractors License Board's ("Board") Legislative Committee. Thank you for the opportunity to testify in support of House Bill No. 2583, which proposes to clarify that a licensed contractor who aids and abets an unlicensed contractor may be subject to additional discipline by the Board.

Although the Board has not had an opportunity to review and discuss this bill, it has supported measures that enhance its ability to protect consumers. Thank you for allowing us to testify on this bill.