

SAH - Subcontractors Association of Hawaii

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January 21, 2014

Testimony To: House Committee on Judiciary
Representative Karl Rhoads, Chair

Presented By: Tim Lyons
President

Subject: H.B. 570 – RELATING TO CONTRACTORS

Chair Rhoads and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The Subcontractors Association of Hawaii is composed of the following nine separate and distinct subcontracting organizations which include:

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

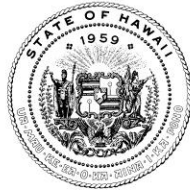
We support this bill.

Unlicensed contracting by itself is a horrible thing as far as we are concerned. There are many fine licensed and affordable contractors who follow the laws, pay their taxes, are covered by the proper insurance and do the proper work. To have individuals out there running around who are unlicensed, most of the time to an unknowing consumer, is just bad for everyone. It is typical that these kinds of individuals don't pay their taxes, they don't honor their warranties and they don't always even finish the job. Particularly susceptible to these kind of fences are the elderly.

We have heard of instances where individuals have gone on rooftops and painted useless coatings and then charged the elderly homeowner by the bucket only to have the roof "leak like a seive" the next time it rained. If the work that you do is in excess of \$10,000 even if you get caught you will still make some money off the job.

Therefore, we are in accordance with raising the penalty to be sure that there is a sufficient financial deterrent to stop this kind of activity.

Thank you.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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

TO THE HOUSE COMMITTEE ON JUDICIARY

TWENTY-SEVENTH STATE LEGISLATURE
REGULAR SESSION, 2014

TUESDAY, JANUARY 21, 2014
2:00 P.M.

TESTIMONY ON HOUSE BILL NO. 570
RELATING TO CONTRACTORS

TO THE HONORABLE KARL RHOADS, CHAIR,
AND TO THE HONORABLE SHARON E. HAR, VICE-CHAIR,
AND THE MEMBERS OF THE COMMITTEE:

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on House Bill No. 570, Relating to Contractors. My name is Daria Loy-Goto. I am the 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. 570 amends §444-10.7, Hawaii Revised Statutes (HRS), to increase the fine against unlicensed contractors who commit violations against the

elderly from \$10,000 to \$20,000. The fine amount has not been increased since 1996 when §444-10.7, HRS, was enacted.

As the enforcement arm for the Contractors License Board, RICO prosecutes unlicensed contracting cases, many of which involve homeowners who are sixty-five years of age and older. Many victims of unlicensed contractors suffer in some way, from lost down payments to poor workmanship. Elderly victims, however, are particularly vulnerable because they may have fewer resources. For the last five years, RICO has investigated and/or prosecuted at least 47 contracting complaints involving elderly complainants. RICO supports this bill because it will strongly deter unlicensed contracting violations perpetrated against the elderly.

Thank you for the opportunity to testify on House Bill No. 570. I will be happy to answer any questions the Committee members may have.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON JUDICIARY

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2014

Tuesday, January 21, 2014
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 570, RELATING TO CONTRACTORS.

TO THE HONORABLE KARL RHOADS, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Peter H. M. Lee, Chair of the Contractors License Board's Legislative Committee. Thank you for the opportunity to testify on House Bill No. 570, which proposes to increase the maximum penalty for targeting elderly persons from \$10,000 to \$20,000.

The Contractors License Board supports the increase of the maximum penalty as it enhances our ability to protect consumers.

Thank you for allowing us to testify on this bill.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

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January 21, 2014

Honorable Karl Rhoads, Chair
House Committee on Judiciary
2:00pm, Room 325
Hawaii State Capitol

Dear Chair Rhoads and Members of the Committee,

SUBJECT: H.B. 570 RELATING TO CONTRACTORS

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii **supports the intent** of H.B. 570, which would increase the fine against unlicensed contractors who commit licensing violations against elders.

While we agree the elderly are the most susceptible to being abused by unlicensed contractors, BIA-Hawaii continues to work to help curb unlicensed construction activity against **all** consumers. Unlicensed contractors are not insured, nor bonded, and avoid paying their share of state and county taxes, which are all part of conducting a legitimate business. Licensed contractors are at a disadvantage because their costs of lawfully doing business are higher.

BIA-Hawaii supports the intent of HB 570, but recommends that the bill **not be limited** to unlicensed contracting activity against the elderly.

We appreciate the opportunity to share with you our views.