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**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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February 22, 2013

TO: HONORABLE DAVID IGE, CHAIR, HONORABLE MICHELLE KIDANI,  
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON WAYS  
AND MEANS

SUBJECT: **SUPPORT OF S.B.1077, SD1, RELATING TO THE OWNER BUILDER  
EXEMPTION.** Sets forth specific responsibilities of and protections for owner-  
builders exempted from licensing and other requirements under chapter 444,  
Hawaii Revised Statutes. (SD1)

HEARING

DATE: Friday, February 22, 2013  
TIME: 9:00 a.m.  
PLACE: Conference Room 211

Dear Chair Ige, Vice Chair Kidani and Members:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 is the largest construction association in the State of Hawaii. The GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA supports the intent of S.B. 1077, SD1, Relating to the Owner Builder Exemption as it intends to further clarify the requirements under Chapter 444, Hawaii Revised Statutes. The purpose of this bill is to limit the application of the owner-builder exemption to residential and agricultural property only, to improve the ability of the regulated industries complaints office to investigate possible violations of the owner-builder law, and to offer additional disclosures for owner-builders when they enter into agreements with licensed subcontractors.

While, GCA supports the intent, **GCA has some concerns with the removal of the applicability of commercial and industrial owner builder exemption** because there seems to be little suggesting that there has been a problem with such use. It would be of interest to know whether the use of the owner builder exemption is occasionally used by commercial or industrial owners, and if no problems exist, why the need to eliminate the use of such? The GCA is concerned that an owner may want to build out their own office space, while using the owner builder exemption. The justification sheet indicates that because commercial or industrial buildings impacts the public, thus the exemption should not be permitted. However, there is concern that there may be unintended consequences especially for the small number of owners that properly utilize this exemption without any problems.

Currently, owners or lessees of real property may qualify for an owner-builder exemption from the licensing requirements of Hawaii's Contractor law in chapter 444, HRS, if the owners or lessees build or improve residential, farm, industrial, or commercial buildings for their own use and do not offer the buildings for sale or lease. Owners or lessees who seek to qualify for an owner builder exemption must register for the exemption and sign a disclosure statement that sets forth the responsibilities of the owner-builder. This bill proposes to increase fines for any violations and require additional record-keeping for any homeowner claiming the exemption. Additionally, this bill hopes to curb any abuse by contractors who may utilize the exemption beyond its intended use.

Thank you for the opportunity to present our views on this bill.