



LATE

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PHONE: (808) 842-4454 * FAX (808) 842-4455 * LIC.ABC-14283

**Testimony to the House Committee on Consumer Protection & Commerce
Wednesday, March 27, 2013
4:00 p.m.
Capitol, Room 325**

**RE: S.B. 1077, S. D. 2, H.D. 1, RELATING TO THE OWNER-BUILDER
EXEMPTION**

Dear Chair McKelvey, Vice-Chair Kawakami, and members of the Committee:

Kokea Construction & Consultants, Inc. strongly supports S.B. 1077, S.D.2, H.D. 1, which proposes to set forth specific responsibilities of, and protections for, owner-builders exempted under Chapter 444, Hawaii Revised Statutes (HRS) and other licensing requirements; amending the fine schedule to be based on the circumstances of each case. S.B. 1077, S.D. 1, H.D. 1 will: 1) help strengthen RICO's ability to monitor and prosecute violations involving owner-builder construction projects; 2) increase protections for owner-builders as well as workers; and 3) ensure that appropriate taxes, including the GET, are paid to the State.

We support a proposal by the GCA to replace language in the current bill with language from the S.D. 1 as follows:

§444-2.5(3)(B) Hire subcontractors appropriately licensed under this chapter to perform all or part of the construction activity.

We agree the current language creates more confusion rather than clarification.

Currently, Chapter 444 – 2.5, HRS, allows owners or lessees of real property to qualify for an owner-builder exemption from the licensing requirements of Hawaii's Contractor law 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 within one year. With the rising cost of construction and the industry's high unemployment, many homeowners are choosing to be their own contractors under Chapter 444-2.5.

The owner-builder exemption was established, and intended, for legitimate circumstances where homeowners had the requisite ability, time, and inclination to save money by performing their own home improvements and construction. Thus, we support the removal of commercial and industrial properties from this exemption.

Testimony to the House Committee on Consumer Protection & Commerce
RE: S.B. 1077, S. D. 2, H.D. 1, RELATING TO THE OWNER-BUILDER
EXEMPTION

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An owner-builder becomes the general contractor responsible for compliance with the regulations of federal, state, and county laws that govern construction: OSHA, EPA, taxes, insurance, etc. Violations of these regulations result in heavy fines levied by the respective agencies. The owner-builder is also liable for all persons who enter their project site. However, many homeowners are ill-advised by unlicensed contractors to obtain an owner-builder permit so the owner can hire or contract with an unlicensed contractor.

The hiring of an unlicensed contractor results in millions of dollars in lost GET because payment is almost always made in cash. Workers who are hired for cash wages are not provided mandated employee benefits, such as workers compensation and insurance. This is both a disservice to the State and to homeowners, who become extremely vulnerable in the event anything adverse occurs to a worker on their property during the project. Legitimate businesses that comply with the legal cost of doing business are at a disadvantage because their costs are higher.

For the preceding reasons, Kokea Construction & Consultants, Inc. **strongly supports** S.B. 1077, S.D.2, H.D. 1.

Thank you for the opportunity to share with you our views.

Sincerely,

KOKEA CONSTRUCTION & CONSULTANTS, INC.


Rodney T. Yamamoto
Executive Vice President



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**Testimony to the House Committee on Consumer Protection & Commerce
Wednesday, March 27, 2013
4:00 p.m.
Capitol, Room 325**

RE: S.B. 1077, S. D. 2, H.D. 1, RELATING TO THE OWNER-BUILDER EXEMPTION

Dear Chair McKelvey, Vice-Chair Kawakami, and members of the Committee,

BKA Builders Inc. **strongly supports** S.B. 1077, S.D.2, H.D. 1, proposes to set forth specific responsibilities of, and protections for, owner-builders exempted under Chapter 444, Hawaii Revised Statutes (HRS) and other licensing requirements; amends the fine schedule to be based on the circumstances of each case. S.B. 1077, S.D. 1, H.D. 1 will: 1) help strengthen RICO's ability to monitor and prosecute violations involving owner-builder construction projects; 2) increase protections for owner-builders as well as workers; and 3) ensures that appropriate taxes, including the GET, are paid to the State.

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For the preceding reasons, BKA Builders Inc. **strongly supports** S.B. 1077, S.D.2, H.D. 1.

Thank you for the opportunity to share with you our views.

UNIVERSAL CONSTRUCTION, INC.

1038 PU'UWAI STREET

HONOLULU, HAWAI'I 96819

Phone: (808) 845-3986 Fax: (808) 842-3881



LATE

March 26, 2013

Testimony to the House Committee on Consumer Protection & Commerce

Wednesday, March 27, 2013

4:00 p.m.

Capitol, Room 325

RE: S.B. 1077, S. D. 2, H.D. 1, RELATING TO THE OWNER-BUILDER EXEMPTION

Dear Chair McKelvey, Vice-Chair Kawakami, and members of the Committee,

We are Dean Asahina, President and Gene Asahina, Secretary/Treasurer of Universal Construction, Inc. We are members of both BIA-Hawaii and the General Contractors Association of Hawaii

Universal Construction, Inc. **strongly supports** S.B. 1077, S.D.2, H.D. 1, proposes to set forth specific responsibilities of, and protections for, owner-builders exempted under Chapter 444, Hawaii Revised Statutes (HRS) and other licensing requirements; amends the fine schedule to be based on the circumstances of each case. S.B. 1077, S.D. 1, H.D. 1 will: 1) help strengthen RICO's ability to monitor and prosecute violations involving owner-builder construction projects; 2) increase protections for owner-builders as well as workers; and 3) ensures that appropriate taxes, including the GET, are paid to the State.

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The owner-builder exemption was established, and intended, for legitimate circumstances where homeowners had the requisite ability, time, and inclination to save money by performing their own home improvements and construction. Thus, we support the removal of commercial and industrial properties from this exemption.

Continued.

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For the preceding reasons, Universal Construction, Inc. **strongly supports** S.B. 1077, S.D.2, H.D. 1.

Thank you for the opportunity to share with you our views.

Very truly yours,

UNIVERSAL CONSTRUCTION, INC.



Dean I. Asahina
President



Gene T. Asahina, AIA
Secretary/Treasurer

DA/gta

kawakami2 - Rise

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 27, 2013 6:36 AM
To: CPCtestimony
Cc: tony@rmasalesco.com
Subject: Submitted testimony for SB1077 on Mar 27, 2013 16:00PM



SB1077

Submitted on: 3/27/2013

Testimony for CPC on Mar 27, 2013 16:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Anthony Borge	Individual	Support	No

Comments: I am in support of S.B. 1077 S.D. 2 H.D.1 Relating to Owner Builder Exemptions. Thank you.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Commerce and Consumer Protection
Representative Angus McKelvey, Chair
Representative Derek Kawakami, Vice Chair

SB 1077, SD2, HD1 – Relating to the Owner-Builder Exemption
Wednesday, March 27, 2013
4:00 pm
Conference Room 325

Aloha Chair McKelvey, Vice Chair Kawakami and members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP supports **SB 1077, SD2, HD1**, Relating to the Owner-Builder Exemption, which sets forth specific responsibilities of and protections for owner-builders exempted from licensing and other requirements under chapter 444, Hawaii Revised Statutes.

We support a proposal by the GCA to replace language in the current bill with language from the S.D. 1 as follows:

§444-2.5(3)(B) Hire subcontractors appropriately licensed under this chapter to perform all or part of the construction activity.

This provides more clarity than the SD2, HD1 language.

The SB 1077, SD2, HD1 will afford owner-builders the same consumer protections currently given to homeowners who are not owner-builders. Currently, section 444-25.5, HRS, provides that licensed contractors must (1) disclose certain information to a homeowner prior to entering into a contract with the homeowner and prior to the application for a building permit; and (2) provide a written contract to the homeowner. Under this bill, owner-builders will benefit from the required disclosures and from written, enforceable contracts.

For these reasons, we respectfully ask for your support of this measure. Thank you for the opportunity to share our views on this important initiative with you.



TJR WORKS!

We help folks appreciate their homes!



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Dear Chair McKelvey, Vice-Chair Kawakami, and members of the Committee,

TJR WORKS! LLC **strongly supports** S.B. 1077, S.D.2, H.D. 1, proposes to set forth specific responsibilities of, and protections for, owner-builders exempted under Chapter 444, Hawaii Revised Statutes (HRS) and other licensing requirements; amends the fine schedule to be based on the circumstances of each case. S.B. 1077, S.D. 1, H.D. 1 will: 1) help strengthen RICO's ability to monitor and prosecute violations involving owner-builder construction projects; 2) increase protections for owner-builders as well as workers; and 3) ensures that appropriate taxes, including the GET, are paid to the State.

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For the preceding reasons, TJR WORKS! LLC **strongly supports** S.B. 1077, S.D.2, H.D. 1.

Thank you for the opportunity to share with you our views.