

**LATE**

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February 5, 2013

**Testimony to the Senate Committee on Commerce and Consumer Protection  
Wednesday, February 6, 2013  
9:00am  
Capitol, Room 229**

**RE: S.B. 1077, RELATING TO THE OWNER-BUILDER EXEMPTION**

Dear Chair Baker, Vice-Chair Galuteria, and members of the Committee,

I am Greg Thielen, President and RME of Complete Construction Services. I am a Small Business Owner and have over 20 years experience in the Construction Industry.

Complete Construction Services **strongly supports** S.B. 1077, which proposes to set forth specific responsibilities of, and protections for, owner-builders exempted under Chapter 444, Hawaii Revised Statutes (HRS). S.B. 1077 will: 1) 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.

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.

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.

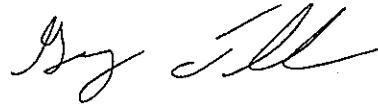
The hiring of an unlicensed contractor results in millions of dollars in lost GET because payment is almost always made in cash. Workers who are hired for cash wages are not provided mandated employee benefits, such as workers compensation and insurance. This is both a disservice to the State and to 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. BIA-Hawaii members have witnessed, first hand, how unlicensed individuals have abused this exemption by performing work without complying with the law.

Complete Construction Services would like to recommend that a filing fee, based on the value of the proposed improvement, be instituted to directly support the Department's inspection efforts.

For the preceding reasons, Complete Construction Services **strongly supports** S.B. 1077.

Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Thielen". The signature is fluid and cursive, with a large initial "G" and "T".

Greg Thielen  
President/RME