

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
AND
TO THE HOUSE COMMITTEE ON CONSUMER
PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Monday, March 25, 2013
2:00 p.m.

TESTIMONY ON SENATE BILL NO. 1293, S.D. 1, RELATING TO CONTRACTORS.

TO THE HONORABLE MARK M. NAKASHIMA, CHAIR,
TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR
AND MEMBERS OF THE COMMITTEES:

My name is Peter Lee, and I am the Chair of Contractors License Board's Legislation Committee. Thank you for the opportunity to testify in opposition to Senate Bill No. 1293, Senate Draft 1, which proposes to require any person applying for license as an electrical contractor, pole and line contractor, or high voltage electrical contractor to possess, at minimum, a journey worker electrician license, and any person applying for license as an electronic systems contractor to possess, at minimum, a journey worker specialty electrician license. The Senate Draft 1 also added language to exempt employees of a public utility from these requirements.

Currently, the requirement for licensure in any classification is four years of supervisory level work experience. The Contractors License Board ("Board") feels this requirement is sufficient, and a separate experience requirement for specific license classifications is unnecessary. The Board is not aware of any issues or problems that arose because the responsible managing employee in any of these classifications did

not have an electrician license. Furthermore, the Board has concerns that this additional requirement will close the door for otherwise qualified individuals to become licensed.

The Board also notes that plumbers, which is the other craft licensed under Chapter 448E, HRS, apparently do not feel the need to similarly require plumbing contractor applicants to hold the journey man plumber license. Therefore, the Board believes that carving out a requirement for one licensed craft and not the other would be inconsistent.

Finally, the Board does not understand the proposed exemption for employees of a public utility. A public utility is not required to obtain a contractor license to act within its capacity as a utility service provider. Therefore, the contractor license requirements do not apply to their employees. However, if the public utility decides to also act as a contractor, then the Board does not understand why it would be exempt from any of the requirements for licensure.

For these reasons, the Board is opposed to Senate Bill No. 1293, Senate Draft 1, and respectfully requests that this measure be held. Thank you for the opportunity to testify on this bill.



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

March 22, 2013

TO: **HOUSE LABOR & PUBLIC EMPLOYMENT COMMITTEE**
HOUSE CONSUMER PROTECTION & COMMERCE COMMITTEE
For Hearing on Monday, March 25, 2013, at 2:00 p.m., in Room 325

RE: **TESTIMONY IN STRONG SUPPORT OF SB1293 SD1**

Honorable Chairs **Nakashima** and **McKelvey**, Vice Chairs, and Committee Members,

The **International Brotherhood of Electrical Workers Local Union 1186** represents over 3,400 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Kaneohe, Hickam, and at every military installation in Hawaii. IBEW Local 1186 also represents over 110 signatory electrical contracting companies that perform most of the electrical work in the state.

We strongly support SB1293 SD1. It fixes a loophole in the existing electrical contractor licensing laws. Electrical contractors in Hawaii must pass a state-required test to manage an electrical contracting company. This Electrical Contractor License to run their business is different from the Journey Worker Electrician License required by state law for an individual to actually perform or supervise any electrical work on the field.

As an example of the scope of the problem and the need to fix this loophole, half of the recent applicants for Hawaii electrical contractor licenses have been as sole-proprietors, who then mistakenly go out and perform or supervise electrical field work on the job site, without having the required Hawaii journey worker electrician license. This unlicensed field work robs the consumer, and is currently being done without all the required knowledge or training mandated by the state of Hawaii to protect public and worker safety, that is required for all other electrical field work that is performed in our state.

To protect the safety of the public and to avoid unintended liability, we urge you to pass SB1293 SD1 to fix this loophole and oversight in the existing electrical contracting law. Thank you for providing us with this opportunity to submit testimony in **strong support**.

Mahalo and aloha,

Damien Kim
Business Manager – Financial Secretary
International Brotherhood of
Electrical Workers, Local Union 1186

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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March 25, 2013

TO: HONORABLE MARK NAKASHIMA, CHAIR, HONORABLE MARK HASHEM, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE DEREK KAWAKAMI, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

SUBJECT: **STRONG OPPOSITION TO S.B. 1293, SD1, RELATING TO CONTRACTORS.** Requires any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor to possess a trade license to perform electrical work in the State. Provides an exemption for employees of a public utility within the State. (SD1)

HEARING

DATE: Monday, March 25, 2013
TIME: 2:00 p.m.
PLACE: Room 325

Dear Chairs Nakashima and McKelvey, Vice Chairs Hashem and Kawakami Committee 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 and 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.

The GCA is in **strong opposition** to the passage of S.B. 1293, SD1 Relating to Contractors, which is proposing to require that any contractor applying for an electrical contractor license under Chapter 444, HRS which includes a C-13 Electrical Contractor; C-15 Electronic Systems Contractor; C-62 Pole and Line Contractor; and C-63 High Voltage Electrical Contractor, would be required to meet additional unnecessary guidelines.

The contractor license issued under Chapter 444, HRS is a license to perform work as a contractor in the state of Hawaii. Such licenses are granted to both individuals and firms. Firms possessing the license must still employ a RME and employ individuals who possess the appropriate licenses as journey workers in specific fields such as electricians, plumbers, asbestos workers and elevator mechanics. The qualified RME's must go through rigorous application process which includes passing an examination, have not less than four years of supervisory experience as a foreman, supervising employee or contractor in a particular classification, and

also meet other criteria, including insurance, worker's compensation and bonding requirements. The individuals employed and perform the actual work hold the journey worker licenses.

A number of questions remain due to the measure's vague intent. If this bill is passed, how would a firm apply for a license as an electrical contractor, electronic systems contractor, pole and line contractor or high voltage contractor, since the firm cannot possess a license as a journey worker specialty electrician? Why must the applicant possess a journey worker specialty license since the work must by law be performed by a licensed individual? Chapter 444, HRS applies to contractor and Chapter 448E, HRS applies to journey worker electricians and plumbers and qualifications and requirements for licensure under either chapter should not be interchangeable.

Passage of this measure will only lead to further confusion and unnecessary regulation of the contractor license application process. We urge that this bill not be favorably considered.

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

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

"Building Better Communities"

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Castle & Cooke Homes Hawaii, Inc.

Testimony to the House Committees on Labor & Public Employment and Consumer Protection & Commerce

Monday, March 25, 2013

2:00 p.m.

Capitol, Room 325

RE: S.B. 1293, S.D. 1, Relating to Contractors

Dear Chairs Nakashima and McKelvey, Vice-Chairs Hashem and Kawakami, and members of the Committees:

My name is Gladys Marrone, Director of Government Relations 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, affiliated with the National Association of Home Builders.

BIA-Hawaii is **opposed** to S.B. 1293, S.D. 1, Relating to Contractors, which would require that any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor possess a trade license to perform electrical work in the State. The bill provides an exemption for employees of a public utility within the State. These additional licensing requirements are unnecessary. While we always work to ensure the public's and worker's safety are protected, we are unaware of any problem that this measure is attempting to address.

The intent behind this bill is unclear. Contractors are governed under Chapter 444, HRS, and a journey worker is governed under Chapter 448E, HRS, yet the bill seems to assume these licensure requirements are reciprocal. This vagueness will only lead to further confusion, unnecessary regulation of the contractor license application process, and increased costs.

Thank you for the opportunity to express our views.



**Testimony to the House Committees on Labor & Public Employment and Consumer
Protection & Commerce
Monday, March 25, 2013
2:00 p.m.
Capitol, Room 325**

RE: S.B. 1293, S.D. 1, Relating to Contractors

Dear Chairs Nakashima and McKelvey, Vice-Chairs Hashem and Kawakami, and members of the Committees:

BKA Builders Inc. is **opposed** to S.B. 1293, S.D. 1, relating to Contractors, which would require that any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor possess a trade license to perform electrical work in the State. The bill provides an exemption for employees of a public utility within the State. These additional guidelines are unnecessary. While we always work to ensure that public and worker safety are protected, we are unaware of any problem that this measure is attempting to address.

The intent behind this bill is unclear. Contractors are governed under Chapter 444, HRS, and a journey worker is governed under Chapter 448E, HRS, yet the bill seems to assume these licensure requirements are reciprocal. This vagueness will only lead to further confusion, unnecessary regulation of the contractor license application process, and increased costs.

Thank you for the opportunity to express our views.



March 23, 2013

Representative Mark M. Nakashima, Chair
Representative Mark J. Hashem, Vice Chair
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice Chair
COMMITTEE ON CONSUMER PROTECTION & COMMERCE

HAWAII HOUSE REPRESENTATIVES
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

HEARING: Monday, March 25, 2013
2:00 p.m.
Conference Room 325

Re: CEDIA's opposition to Senate Bill 1293, SD1, Relating to Contractors

Dear Representative Nakashima, Representative McKelvey, and members of the committees:

On behalf of the Custom Electronic Design & Installation Association (CEDIA), thank you for allowing us the opportunity to provide written testimony opposing Hawaii Senate Bill 1293, SD1, legislation requiring any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor to possess a trade license to perform electrical work in the state.

CEDIA raises concern with the additional layer of regulation Senate Bill 1293, SD1, would place on contractors doing business in Hawaii, specifically electronic systems contractors.

CEDIA is the professional trade association representing companies that specialize in planning and installing electronic systems for the home. These systems include residential networking, home automation / communication, media rooms, home theaters, single / multi-room entertainment, and integrated whole-house subsystems providing control over lighting, security, and heating, ventilation & air conditioning (HVAC) systems.

CEDIA represents seven member companies who work in the residential electronic systems industry in Hawaii. All of these companies are electronic systems contractors (ESCs), many of which are independent retailers and installers representing a vital part of small business in Hawaii.

Senate Bill 1293, SD1, would create an additional licensing requirement to those already in place. Hawaii's licensing requirements for a Journey Worker Specialty Electrician license already addresses the needs of this specialty trade. Senate Bill 1293, SD1, would create an additional layer of regulation and add to the challenges already faced by ESCs working in Hawaii, including but not limited to finding qualified technicians to work within the specific trade of electronic systems.

On behalf of CEDIA, thank you for the opportunity to share our concerns on Hawaii Senate Bill 1293, SD1. CEDIA looks forward to working with members of the Committee on Labor & Public Employment and Committee on Consumer Protection & Commerce, and other industry stakeholders on this important issue to Hawaii and the residential electronic systems industry. Thank you for your time and consideration.

Respectfully submitted,

A handwritten signature in black ink that reads "Darren Reaman". The signature is written in a cursive style with a large, looping initial "D".

Darren Reaman
Director of Public Policy
Custom Electronic Design & Installation Association (CEDIA)
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UNIVERSAL CONSTRUCTION, INC.

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March 23, 2013

Testimony to the House Committees on Labor & Public Employment and Consumer Protection & Commerce

Monday, March 25, 2013

2:00 p.m.

Capitol, Room 325

RE: S.B. 1293, S.D. 1, Relating to Contractors

Dear Chairs Nakashima and McKelvey, Vice-Chairs Hashem and Kawakami, and members of the Committees:

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. is **opposed** to S.B. 1293, S.D. 1, Relating to Contractors, which would require that any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor possess a trade license to perform electrical work in the State. The bill provides an exemption for employees of a public utility within the State. These additional guidelines are unnecessary. While we always work to ensure that public and worker safety are protected, we are unaware of any problem that this measure is attempting to address.

The intent behind this bill is unclear. Contractors are governed under Chapter 444, HRS, and a journey worker is governed under Chapter 448E, HRS, yet the bill seems to assume these licensure requirements are reciprocal. This vagueness will only lead to further confusion, unnecessary regulation of the contractor license application process, and increased costs.

Thank you for the opportunity to express our views.

Very truly yours,

UNIVERSAL CONSTRUCTION, INC.

Dean I. Asahina
President

Gene T. Asahina, AIA
Secretary/Treasurer

DA/GA/gta