

SB 501

Measure Title: RELATING TO CONTRACTORS.

Report Title: Contractors

Description: Amends the definition of "RME" to include the person who qualifies the contracting entity to direct and supervise employees pursuant to chapter 448E, Hawaii Revised Statutes.

Companion:

Package: None

Current Referral: CPN

Introducer(s): BAKER, Dela Cruz, English, Espero, Keith-Agaran, Nishihara, Solomon, Taniguchi

<u>Sort by Date</u>		Status Text
1/18/2013	S	Introduced.
1/22/2013	S	Passed First Reading.
1/22/2013	S	Referred to CPN.
1/31/2013	S	The committee(s) on CPN has scheduled a public hearing on 02-13-13 8:30AM in conference room 229.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE SENATE COMMITTEE ON COMMERCE
AND CONSUMER PROTECTION

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Wednesday, February 13, 2013
8:30 a.m.

TESTIMONY ON SENATE BILL NO. 501, RELATING TO CONTRACTORS.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Peter Lee, and I am the Chair of the Contractors License Board's Legislation Committee. Thank you for the opportunity to testify **in opposition** to Senate Bill No. 501, Relating to Contractors, which amends the definition of the "Responsible Managing Employee" to mean the person who qualifies the contracting entity to direct and supervise employees pursuant to Chapter 448E, HRS, which is the statute for the Board of Electricians and Plumbers.

The Contractors License Board ("Board") licenses contracting entities, such as corporations and partnerships, and these entities qualify for licensure through their Responsible Managing Employee ("RME") who meets the licensure requirements by documenting sufficient work experience and completing licensing examinations. All contracting entities, regardless of the license classification held, must have an RME to maintain its license. It is not clear why this bill seeks to define the RME as one who supervises employees in the electrical and plumbing trades only. We believe such an amendment is inappropriate, as there are numerous other specialty classifications that would be adversely affected.

Testimony on S.B. No. 501
February 13, 2013
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Therefore, the Board is opposed to this bill and respectfully requests that it be held. Thank you for the opportunity to testify on Senate Bill No. 501.

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TESTIMONY SUPPORTING SB501, RELATING TO CONTRACTORS

TO: SENATE COMMITTEE ON COMMERCE AND COMSUMER
PROTECTION (VIA EMAIL)
For Hearing on Wednesday, February 13, 2013, at 8:30 A.M., in Conference Rm
229

RE: STRONG SUPPORT FOR SB501

Honorable Chair Baker, Vice Chair Galuteria, and Commerce and Protection Members,

My name is David Lovelace and I am currently the Responsible Managing Employee for Verizon Federal, Inc., an electrical communication's contractor, and was previously the Training Director for the Local 1186 IBEW Electrical Union.

Please allow me to try an explain how by making the definition change in HRS 444 it clarifies the intent of the requirements in HRS 448E; that direction and supervision of a licensed tradesman is to be given by a licensed supervising individual of that trade. The licensed tradesmen are required by law to obtain classroom curriculum in code changes that define that trade and installation practices that are recognized nationally to be safe installations. As shown in the excerpts below, by making the definition change in HRS 444, it brings together this intent:

§444-1 Definitions.

"RME" [means], also known as, responsible managing employee [-], means the person who qualifies the contracting entity to direct and supervise employees pursuant to chapter 448E."

§448E-1 Definitions.

"Supervising electrician" means any person who has been licensed by the board as a supervising electrician to direct and supervise the performance of electrical work and to perform electrical work.

"Supervising industrial electrician" means any person who has been licensed by the board as a supervising industrial electrician to direct and supervise electrical work related to substation, switchgear, automatic controls, and all other industrial electrical work in existing industrial buildings and work places.


"Supervising specialty electrician" means any person who has been licensed by the board as a supervising specialty electrician to direct and supervise the performance of

electrical work related to installing, repairing, altering, and maintaining, but not the attachment of lighting and power circuits, to the following: electronic equipment, sound public address systems, other than equipment and systems for a single-family or two-family dwelling; master or community radio and television receiving antenna system; sound recording systems other than systems for a single-family or a two-family dwelling; burglar and fire alarm systems; low voltage remote control, other than control for a single-family or two-family dwelling; and low voltage communication signal systems.

§16-77-70 Direct management of the contracting business. (a) "Direct management of the contracting business" as used in chapter 444, HRS, and this chapter means the general supervision of the construction projects undertaken by the contracting entity, the control of technical and administrative decisions, personnel management, the review of construction contracts, and enforcing compliance with all laws and rules affecting the contracting business.

(b) The contracting business of a contracting entity shall be under the direct management of a principal RME.

Thank you,



David Lovelace, RME

Project Manager/Safety Officer

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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February 13, 2013

TO: HONORABLE ROSALYN BAKER, CHAIR, HONORABLE BRICKWOOD GALUTERIA, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION

SUBJECT: **OPPOSITION TO S.B. 501, RELATING TO CONTRACTORS.** Amends the definition of "RME" to include the person who qualifies the contracting entity to direct and supervise employees pursuant to chapter 448E, Hawaii Revised Statutes.

HEARING

DATE: Wednesday, February 13, 2013
TIME: 8:30 a.m.
PLACE: Room 229

Dear Chair Baker and Vice Chair Galuteria and 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 **opposed** to the passage of S.B. 501, Relating to Contractors. The bill proposes to amend Chapter 444, Hawaii Revised Statutes (HRS), Contractors to amend the definition to "RME" now known as responsible managing employee. It is unclear what the intended purpose of this proposal may be. The Contractors License Board appears to have no problem regarding who is qualified to act as "RME".

This measure is unnecessary because it is vague. It is important to understand the differences between Chapter 444, HRS, which regulates the contractor and Chapter 448E, HRS which regulates the journey worker, exclusively the electricians and plumbers. Under Chapter 444, HRS the company holds the license which employs individuals that carry these journey worker licenses to perform this type of work.

There may be more than one RME in most firms licensed under Chapter 444, HRS, most of whom do not supervise electricians or plumbers. Furthermore, the RME for electrical or plumbing need not be an individual licensed under Chapter 448E, because, they do not perform the actual work. The RME is the supervisor, and manages the work of the firm. The RME in some firms, especially small firms, may also be an individual who possesses a journeyman's license and can therefore also perform the work. However, this may not be true for larger firms.

Under the proposed definition, it is unclear if this definition applies to all contractors licensed under Chapter 444, HRS, or to just electrical or plumbing contractors.

The GCA believes that the proposed amendment is unnecessary and vague and respectfully recommends the bill be held.

Thank you for considering our views on this matter.

SB501

Submitted on: 2/7/2013

Testimony for CPN on Feb 13, 2013 08:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Serikaku	PAMCA	Oppose	No

Comments: SB501 is defective because it requires the Responsible Managing Employee (RME) for all contractors, regardless of the type of work involved, to be licensed under the Electricians and Plumbers licensing law HRS 448E. As an example, under this bill, the RME for a painting contractor would now be required to have an electricians or plumbers license, which is completely unrelated to the type of work a painting contractor performs. Therefore, we oppose SB501 and request that the committee hold the bill.