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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
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Written Comments

SCR84 SD1

REQUESTING THE CONTRACTORS LICENSE BOARD TO CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED STATUTES

Comments by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the House Committee on Consumer Protection and Commerce

Thursday, April 18, 2013, 10:30 a.m.
Conference Room 016

Chair McKelvey and Members of the Committee:

Good morning Chair McKelvey and members of the Committee, my name is Charlotte Carter-Yamauchi and I am the Acting Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on S.C.R. No. 84, S.D. 1, Requesting the Contractors License Board to Conduct an Assessment and Prepare a Report that Evaluates Each Licensing Classification Under Chapter 444, Hawaii Revised Statutes.

The purpose of this measure, among other things is to request that:

- (1) The Contractors License Board conduct an assessment and prepare a report that evaluates each licensing classification under chapter 444, Hawaii Revised Statutes, that includes:
 - (A) A comprehensive assessment and review of all licenses issued pursuant to chapter 444, Hawaii Revised Statutes, including the criteria, requirements, and procedures needed for "A" general engineering contractor licenses, "B" general building contractor licenses, and "C" specialty licenses, including all "C" specialty licenses that are automatically granted;

- (B) An assessment of whether the state licensing requirements are in line with similar licensing requirements in other jurisdictions and meet general construction industry standards and practices;
 - (C) A specific evaluation of the definition of a C-5 contractor, including whether this definition is too broad, whether this definition includes an appropriate balance between the work that is performed and the experience necessary for a license, and a determination of whether this definition should be modified;
 - (D) A determination of whether chapter 77, Hawaii Administrative Rules, appropriately reflects the intent of the Legislature, with a specific focus on the scope of work that corresponds to each contractor classification;
 - (E) Suggested amendments or modifications to the practice of issuing licenses for each license classification, as appropriate; and
 - (F) A brief description of the process the Board used in making its findings and recommendations in the report;
- (2) The Contractors License Board transmit a draft report, including any recommendations for amendments to chapter 444, Hawaii Revised Statutes, and chapter 77, Hawaii Administrative Rules, to the Legislative Reference Bureau no later than November 1, 2013; and
 - (3) The Legislative Reference Bureau submit a final report, including any recommendations for amendments to chapter 444, Hawaii Revised Statutes, and chapter 77, Hawaii Administrative Rules, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2014.

While the Legislative Reference Bureau takes no position on this measure, we submit the following comments for your consideration.

The Bureau believes that the services requested of the Bureau as contemplated under this measure are manageable and that the Bureau will be able to provide the services in the time allotted; provided that the draft work product is submitted to the Bureau by November 1, 2013, and the Bureau's interim workload isn't adversely impacted by too many other studies or additional responsibilities such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for this opportunity to provide written comments.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

TWENTY-SEVENTH LEGISLATURE
Regular Session of 2013

Thursday, April 18, 2013
10:30 a.m.

**TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 84, S.D. 1,
REQUESTING THE CONTRACTORS LICENSE BOARD TO CONDUCT AN
ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH LICENSING
CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED STATUTES.**

TO THE HONORABLE ANGUS L.K. MCKELVEY, 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 comment on Senate Concurrent Resolution No. 84, Senate Draft 1, which requests that the Contractors License Board ("Board") prepare a report evaluating each licensing classification under Chapter 444, Hawaii Revised Statutes.

The Board testified before your Committee on the companion resolutions (HCR 85/HR 67) on March 27, 2013, questioning the need for a report justifying the automatic specialty classifications that come with the general contractor licenses, and evaluating the definition of the C-5 (Cabinet, millwork, and carpentry remodeling and repairs) classification. The Senate Draft 1 of SCR 84 redirects the focus of the report to the assessment of all contractor license classifications. The Board did not have the opportunity to discuss the Senate Draft 1; therefore, we have no official position on the amendments, other than to question the need for continuing to single out the C-5 classification for further scrutiny.

Testimony on SCR 84, S.D. 1
April 18, 2013
Page 2

Thank you for the opportunity to comment on this measure.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

April 18, 2013

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

SUBJECT: **COMMENTS & SUGGESTED AMENDMENTS TO SCR 84, SD1**
REQUESTING THE CONTRACTORS LICENSE BOARD TO CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED STATUTES.

HEARING

DATE: Thursday, April 18, 2013
TIME: 10:30 a.m.
PLACE: Conference Room 325

Dear Chair Angus McKelvey, Vice Chair Kawakami and Members of the Committee,

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.

GCA submits comments and **requests amendments as attached** to SCR 84, SD1 to neutralize the Resolution and delete all references to any particular licenses, and instead be inclusive to allow a thorough review of all licensing classifications.

SCR 84, SD1 proposes to require the Contractors License Board to prepare a report that conducts an assessment evaluating all licensing classifications under Chapter 444, Hawaii Revised Statutes. This Concurrent Resolution is a result of the deferral of both S.B. 347 and H.B. 78, which proposed to amend Section 444-8, Hawaii Revised Statutes (HRS) and eliminate the issuance of select automatic "C" specialty licenses to licensed "A" general engineering contractor and the licensed "B" general building contractor. With respect to the "A" and "B" licenses – areas in which automatic "C" licenses are granted, applicants for licenses are tested in areas that automatic "C" licenses are granted.

Earlier this session, GCA opposed S.B. 347 and H.B. 78 because (1) no known problems with the current licensing of "A" and "B" general contractors were known; and (2) the Contractor's License Board (Board) licensing procedure properly qualifies applicants for "A" or "B" licenses by meeting a number of requirements, including, but not limited to, passage of an examination,

at least 4 years in a supervisory position or a contractor in the particular classification being applied to, credit reports and financial statements, tax clearances, worker's compensation insurance, bonding requirements, and approval by the Board.

GCA believes that **all** license classifications should also be included in the review by the Contractor's License Board in order to further eliminate any claims that licensees may be unqualified to meet such criteria. Thus, GCA respectfully requests that these amendments be considered.

SENATE CONCURRENT

RESOLUTION

REQUESTING THE CONTRACTORS LICENSE BOARD TO CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED STATUTES.

WHEREAS, Hawaii's contractor licensing law, codified as chapter 444, Hawaii Revised Statutes, is a consumer protection statute intended to protect the public's health, safety, and welfare when dealing with persons engaged in the construction industry, and therefore requires a licensee to show experience for each license obtained; and

WHEREAS, the Contractors License Board is the governing board for contractors licensed in Hawaii; and

WHEREAS, the Contractors License Board issues "A" general engineering contractor licenses, "B" general building contractor licenses, and "C" specialty licenses; and

WHEREAS, the Contractors License Board has adopted administrative rules that include various "C" specialty license classifications with categories and descriptions of each specialty license classification; and

WHEREAS, although payment of application, testing, and license fees are required as part of the regulatory system for contractors, the Contractors License Board automatically grants seventeen additional "C" specialty licenses to licensed "A" general engineering contractors and ten additional "C" specialty licenses to licensed "B" general building contractors without the need for further examination or additional payment of fees; and

WHEREAS, past interpretations from the Contractors License Board have determined that a "B" licensee may perform painting, ceramic tile, and other specialty licensed work required on a project without possession of those specific licenses; and

~~WHEREAS, in addition, the C-5 Cabinet, Millwork, and Carpentry Remodeling and Repairs specialty classification is automatically granted to "B" general building contractors; and~~

WHEREAS, the Contractors License Board has not recently reviewed the criteria, requirements, and procedures for "A" general engineering contractor licenses, "B" general building contractor licenses, and "C" specialty licenses; and

WHEREAS, a comprehensive evaluation of each licensing classification under chapter 444, Hawaii Revised Statutes, is necessary to instill confidence in the construction industry and ensure that all criteria, requirements, and procedures for the three licensing classifications are up to date; now, therefore,

BE IT RESOLVED by the Senate of the Twenty-seventh Legislature of the State of Hawaii, Regular Session of 2013, the House of Representatives concurring, that the Contractors License Board is requested to conduct an assessment and prepare a report that evaluates each licensing classification under chapter 444, Hawaii Revised Statutes; and

BE IT FURTHER RESOLVED that the Contractors License Board is requested to include the following in the report:

(1) A comprehensive assessment and review of all licenses issued pursuant to chapter 444, Hawaii Revised Statutes, including the criteria, requirements, and procedures needed for "A" general engineering contractor licenses, "B" general building contractor licenses, and "C" specialty licenses, including all "C" specialty licenses that are automatically granted;

(2) An assessment of whether the state licensing requirements are in line with similar licensing requirements in other jurisdictions and meet general construction industry standards and practices;

~~(3) A specific evaluation of the definition of a C-5 contractor, including whether this definition is too broad, whether this definition includes an appropriate balance between the work that is performed and the experience necessary for a license, and a determination of whether this definition should be modified;~~

| (4) A determination of whether chapter 77, Hawaii Administrative Rules, appropriately reflects the intent of the Legislature, with a specific focus on the scope of work that corresponds to each contractor classification;

| ~~(45)~~ Suggested amendments or modifications to the practice of issuing licenses for each license classification, as appropriate; and

| (56) A brief description of the process the Board used in making its findings and recommendations in the report; and

BE IT FURTHER RESOLVED that the Contractors License Board is requested to look beyond the membership of the Contractors License Board and actively engage other interested industry stakeholders and union representatives when preparing its assessment and report; and

BE IT FURTHER RESOLVED that the Contractors License Board is requested to transmit a draft report, including any recommendations for amendments to chapter 444, Hawaii Revised Statutes, and chapter 77, Hawaii Administrative Rules, to the Legislative Reference Bureau no later than November 1, 2013; and

BE IT FURTHER RESOLVED that the Legislative Reference Bureau is requested to submit a final report, including any recommendations for amendments to chapter 444, Hawaii Revised Statutes, and chapter 77, Hawaii Administrative Rules, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2014; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Director of Commerce and Consumer Affairs, Interim Director of the Legislative Reference Bureau, and Contractors License Board.

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



PLUMBING AND MECHANICAL
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OF HAWAII

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GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

March 22, 2013

Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice Chair
Committee on Consumer Protection and Commerce
House of Representatives
The Twenty-Seventh Legislature, Regular Session of 2013

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee:

SUBJECT: SCR 84 SD1 Evaluation of HRS 444 Contractor Licenses

My name is Gregg Serikaku, Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii, and we represent plumbing, air conditioning, refrigeration, and fire sprinkler contractors in Hawaii, and are the management representatives for the largest certified training programs for each of these trades.

The Association for which I speak supports SCR 84 SD1.

Evaluation of automatic specialty licenses:

Currently an "A" general engineering contractor is automatically granted 17 additional specialty contractor licenses, and a "B" general building contractor is automatically granted 10 additional specialty contractor licenses, regardless of whether the "A" or "B" contractor has shown experience in performing work in each specialty category. Therefore, simply by virtue of having an "A" or "B" contractors license, the licensee is able to contract and perform work involving specialized trades such as solar energy systems, swimming pools, welding, pump installation, etc., even though they may have never performed work of this nature before. This creates a potential problem for unsuspecting consumers and is not consistent with the Legislature's primary intent in creating Hawaii's contractor licensing law, HRS444, which was to protect the public's health, safety, and general welfare, in dealing with persons engaged in the construction industry, and to provide an effective protection against incompetent, inexperienced, unlawful and unfair practices of contractors.

Further, pursuant to Section 16-77-18, Hawaii Administrative Rules (HAR), every individual applicant or RME for a contractors license shall have not less than four years of supervisory experience as a contractor in the particular classification in which the applicant intends to engage. The Contractors Licensing Board has prudently maintained that this experience should not be obtained concurrently and that if an applicant wants to apply for more than one specialty contractor license, that individual must show 4 years of separate experience in each of the classifications. Why then, is the "A" and "B" general contractor allowed to gain the requisite experience of 17 and 10 specialty trades over a single four year period? This surely does not make sense and is something that should be reviewed by the Contractors Licensing Board.

Clarification of the C-5 specialty license:

The scope language of the C-5 Cabinet, Millwork, and Carpentry Remodeling and Repairs classification, presents a serious concern among specialty contractors because it may be mistakenly interpreted to allow a C-5 contractor to perform a much broader spectrum of work than what was intended.

This classification was originally created as a way to allow a contractor to perform non-structural renovations and repairs on small scale and residential one and two family dwellings which included the work that was incidental and supplemental to the carpentry remodel and repair work. Recently however, we have seen instances of C-5 contractors performing work on larger public works projects, and also performing significant volumes of work outside of their license scope simply because they considered the work incidental to the remodel project. We believe that the Contractors Licensing Board should review the scope language of the C-5 classification and clarify the scale of projects allowed, and that the incidental and supplemental work only applies to the cabinet, millwork and carpentry remodel work on the project.

For these reasons we strongly support t SCR 84 SD1.

Thank you for this opportunity to testify.

Respectfully yours,



Gregg S. Serikaku
Executive Director



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April 18, 2013

Testimony To: House Committee on Consumer Protection & Commerce
Representative Angus L.K. McKelvey, Chair

Presented By: Kaleo Nakamura
President

Subject: SCR 84, SD 1 - REQUESTING THE CONTRACTORS LICENSE BOARD
TO CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT
EVALUATES EACH LICENSING CLASSIFICATION UNDER CHAPTER
444, HAWAII REVISED STATUTES.

Chair McKelvey and Members of the Committee:

I am Kaleo Nakamura, President of the Hawaii Flooring Association, an organization of contractors that install carpet, resilient flooring and wood flooring. We support this Resolution.

It appears to us that there has been a substantial amount of time since the current license classifications have been reviewed and modernized. It is often the case that private industry modernizes far before the law does and we think that since law has not been reviewed since its inception, that this assessment and evaluation should be done.

Based on the above, we support this Resolution.

Thank you.



ROOFING CONTRACTORS ASSOCIATION OF HAWAII

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April 18, 2013

Testimony To: House Committee on Consumer Protection & Commerce
Representative Angus L.K. McKelvey, Chair

Presented By: Bernadette Robins
President

Subject: SCR 84, SD 1 - REQUESTING THE CONTRACTORS LICENSE BOARD TO
CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH
LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED
STATUTES.

Chair McKelvey and Members of the Committee:

I am Bernadette Robins President of the Roofing Contractors Association of Hawaii and we support this Resolution.

Roofing contractors have long felt that general contractors should not receive two (2) of the ten (10) automatic license classifications that they automatically receive having to do with roofing. We find that in today's economy there is no rationale for that and based on that, as well as the rest of the Resolution, we would highly recommend the passage of this measure.

Thank you.



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April 18, 2013

Testimony To: House Committee on Consumer Protection & Commerce
Representative Angus L.K. McKelvey, Chair

Presented By: Roy Uyesuji
President

Subject: SCR 84, SD 1 - REQUESTING THE CONTRACTORS LICENSE BOARD TO
CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES EACH
LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII REVISED
STATUTES.

Chair McKelvey and Members of the Committee:

I am Roy Uyesuji President of the Tile Contractors Association of Hawaii and we are in support of this Resolution.

We are particularly concerned with the broadness of the C-5 classification and believe that it should be restricted to items that are incidental and supplemental to carpentry, not to the entire contractors license law.

Based on the above we would respectfully request the adoption of this Resolution as we would like to see an assessment of that license category.

Thank you.



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April 18, 2013

Testimony To: House Committee on Consumer Protection & Commerce
Representative Angus L.K. McKelvey, Chair

Presented By: Ron Labanon
President

Subject: SCR 84, SD 1 - REQUESTING THE CONTRACTORS LICENSE BOARD TO
CONDUCT AN ASSESSMENT AND PREPARE A REPORT THAT EVALUATES
EACH LICENSING CLASSIFICATION UNDER CHAPTER 444, HAWAII
REVISED STATUTES.

Chair McKelvey and Members of the Committee:

I am Ron Labanon, President of the Pacific Insulation Contractors Association and we support this Resolution. This Resolution speaks about the need to evaluate and assess the various license classifications. We agree with that intent and think that this should be done and we look forward to participating in any studies that might be done.

Based on the above, we request your favorable adoption.

Thank you.

Painting and Decorating Contractors Association of Hawaii



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April 17, 2013

Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice Chair
Committee on Consumer Protection and Commerce
Conference Room 016
State Capitol

Date of Hearing: Thursday, April 18, 2013
Time: 10:30 am
Place: Conference Room 016
State Capitol

RE: SCR 84 Requesting the Contractors License Board to conduct an assessment and prepare a
SD 1 report that evaluates each licensing classification under Chapter 444, Hawaii
Revised Statutes

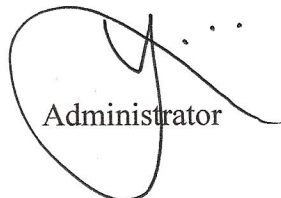
Chair McKelvey, Vice Chair Kawakami and Members of the Committee on Commerce
Protection and Commerce:

The Painting and Decorating Contractors Association (PDCA) of Hawaii was chartered
in 1961 and represents over 30 contractors and supplier firms that employ over 2000 individuals
Statewide.

We are in strong support of SCR 84, SD 1 and urge your committee to proceed toward
approval. We believe automatically granting "C" specialty licenses is not in the best interest of
the public. Our contractors must qualify for "C" specialty licenses by demonstrating four years
of supervisory experience in that specific trade along with the examination. The granting of "C"
specialty licenses to "A" and "B" contractors without the same requirements imposed on the "C"
specialty contractors does not protect the consumer and must stop.

Thank you for the opportunity to submit our testimony.

Raymond H. Fuji


Administrator