

STAND. COM. REP. NO.

1060

Honolulu, Hawaii

March 20, 2013

RE: S.B. No. 1077
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Sir:

Your Committees on Water & Land and Agriculture, to which was referred S.B. No. 1077, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE OWNER-BUILDER EXEMPTION,"

beg leave to report as follows:

The purpose of this measure is to provide better regulatory oversight for owner-builders by, among other things:

- (1) Limiting the exemption from licensing as a contractor to residential or farm construction;
- (2) Clarifying owner-builder responsibilities for compliance with construction and labor law; and
- (3) Requiring disclosures by licensed subcontractors at the time a homeowner signs a contract for construction services regardless of the homeowner's owner-builder status.

The Department of Commerce and Consumer Affairs; City and County of Honolulu Department of Planning and Permitting; Building Industry Association of Hawaii; Contractors License Board; Subcontractors Association of Hawaii; Pacific Resource Partnership; and two concerned individuals testified in support of this measure. The General Contractors Association of Hawaii offered comments.

SB1077 HD1 HSCR WAL-AGR HMS 2013-2591



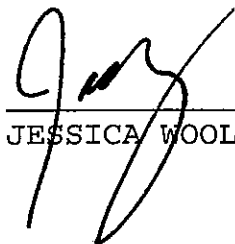
Your Committees note that Hawaii's owner-builder law covers a variety of scenarios, from owner-builders seeking to build for their immediate or extended family members to owner-builders who repeatedly obtain the exemption to buy, build, and sell. Your Committees are concerned that the increase in fines for owner-builder violations may be too harsh for first time owner-builders who are clearly building for self or family members. Your Committees recommend the inclusion of language that gives the enforcement agency the ability to determine fines based on a review of the circumstances of each case.

Therefore, your Committees have amended this measure by:

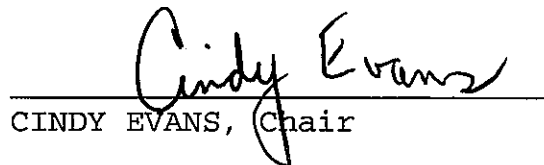
- (1) Granting the contractors licensing board the flexibility to determine fine amounts based on the circumstances of each case; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Water & Land and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1077, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1077, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Water & Land and
Agriculture,



JESSICA WOOLEY, Chair



CINDY EVANS, Chair



