

STAND. COM. REP. NO.

364

Honolulu, Hawaii

FEB 15 2013

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

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1077 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to set forth specific responsibilities of and protections for owner-builders exempted from licensing and other requirements under chapter 444, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs, Contractors License Board, The Pacific Resource Partnership, General Contractors Association of Hawaii, Building Industry Association of Hawaii, Subcontractors Association of Hawaii, and Complete Construction Services Corp. Your Committee received testimony in opposition to this measure from the Hawaii Farm Bureau Federation. Your Committee received comments on this measure from the Hawai'i Association of REALTORS.

Your Committee finds that currently, owners or lessees of real property may qualify for an owner-builder exemption under chapter 444, Hawaii Revised Statutes, if the owners build or improve certain buildings or structures on the property for their own use. Owners or lessees who seek to qualify for this exemption must register for the exemption and sign a disclosure statement that sets forth the responsibilities of the owner-builder. However, your Committee further finds that owner-builders often



obtain owner-builder permits without full knowledge of the responsibilities and risks they assume. This measure sets forth specific requirements for owner-builders so the owner-builders will know exactly what is required of them. This measure will also strengthen the Regulated Industries Complaints Office's ability to monitor and prosecute violations involving owner-builder construction projects.

Your Committee has heard the concerns that this measure may impact the low-risk nonresidential farm structures that were previously exempted from permitting requirements under Act 114, Session Laws of Hawaii 2012. Amendments are therefore necessary to address these concerns and clarify that the owner-builder exemption does not apply to specific agricultural buildings and structures.

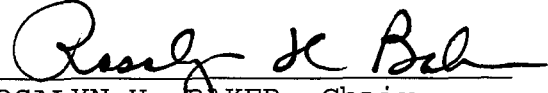
Your Committee has amended this measure by:

- (1) Specifying that an owner or lessee exempted under the owner-builder exemption is not eligible to recover from the contractors recovery fund;
- (2) Specifying that the owner-builder exemption does not apply to agricultural buildings, structures, or appurtenances thereto that do not require a building permit or are exempted from the building code;
- (3) Clarifying that the disclosure requirements for licensed contractors will apply prior to entering into a contract with a homeowner, including an owner-builder, or at the time a homeowner, including an owner-builder, signs a contract involving home construction or improvements; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1077, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

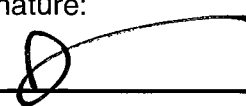


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 1077	Committee Referral: CPN, WAM	Date: 2/13/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam				✓
TOTAL	5			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes