

# SB 2618

Measure Title: RELATING TO THE CONTRACTORS LICENSE BOARD.

Report Title: Contractors License Board; Membership

Description: Increases the membership of the contractors license board from 13 to 15. Increases from 10 to 12 the members who are actively engaged in the contracting business. Increases from 5 to 7 the members who are specialty contractors. Requires that 1 member be affiliated with a state apprenticeship program. Decreases from 3 to 2 the members who are noncontractors.

Companion: HB1527

Package: None

Current Referral: CPN

Introducer(s): WAKAI, GALUTERIA, Baker, Ige, Keith-Agaran, Kidani, Ruderman

**PRESENTATION OF THE  
CONTRACTORS LICENSE BOARD**

**TO THE SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION**

**TWENTY-SEVENTH LEGISLATURE  
Regular Session of 2014**

Thursday, February 20, 2014  
10:00 a.m.

**TESTIMONY ON SENATE BILL NO. 2618, RELATING TO THE CONTRACTORS  
LICENSE BOARD.**

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

My name is Peter H.M. Lee, Chairperson of the Contractors License Board ("Board") Legislative Committee. Thank you for the opportunity to testify on Senate Bill No. 2618, which proposes to change the composition of the Board.

The Board strongly opposes this measure for the following reasons.

Currently, the Board consists of thirteen members pursuant to Hawaii Revised Statutes section 444-3: five general contractors, five specialty contractors, and three noncontractors. This composition provides an equal number of general and specialty contractor Board members, with the addition of three noncontractors or public members. The current composition is balanced and has worked well for many years as industry, business and consumer interests are all represented.

This bill proposes to alter the Board's composition by adding two new specialty contractors. This change will clearly create an imbalance on the Board in favor of specialty contractors. This imbalance may lead to one-sided decisions that are based

solely on jurisdictional lines. The Board is not in favor of any change to its composition and believes that such a change may result in inequitable decisions.

This bill also proposes to add a member that is "affiliated with a state certified apprenticeship program" under Hawaii Revised Statutes Chapter 372. It is unclear who would qualify as being "affiliated" with the program. This proposal may also lead to an imbalance on the Board and inequitable decisions depending on whether the member that is "affiliated with a state certified apprenticeship program" is employed by a general or specialty contractor.

This bill further amends the composition of the Board by reducing the number of noncontractors or public members from three to two. The Board is opposed to this because the public members represent the consuming public and bring a different perspective to the Board. Their input is valuable and necessary as they represent the ultimate users that licensing laws are designed to protect: the public.

For these reasons, the Board is strongly opposed to Senate Bill No. 2618 and respectfully requests that it be held. Thank you for the opportunity to testify on this measure.

# **BIA-HAWAII**

**BUILDING INDUSTRY ASSOCIATION**

THE VOICE OF THE CONSTRUCTION INDUSTRY

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Bays Lung Rose & Holma

### **Stephen Hanson**

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## **TESTMONY TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

**THURSDAY, FEBRUARY 20, 2014**

**10:00 A.M.**

**STATE CAPITOL - ROOM 229**

### **RE: S.B. 2618, RELATING TO THE CONTRACTORS LICENSE BOARD**

Dear Chair Baker, Vice-Chair Taniguchi, and members of the Committee:

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

BIA-Hawaii is **strongly opposed** to S.B. 2618, which would increase the membership of the contractors license board from 13 to 15; increase from 10 to 12 the members who are actively engaged in the contracting business; increases from 5 to 7 the members who are specialty contractors; requires that 1 member be affiliated with a state apprenticeship program; and decreases from 3 to 2 the members who are noncontractors.

What is the purpose for changing the members of the contractors license board (CLB)? The current composition of the CLB has been in existence for at least 50 years and exists to protect consumers from unqualified and/or unscrupulous people who do contracting work. Changing the composition of the CLB is dangerous, at best. The CLB evaluates hundreds of license applications per month to determine if the applicant is qualified to take the test to be licensed in one of our 100 plus license categories. We need as many qualified contractor eyes looking at these as possible. Not less. Having an unbalanced board will not protect the public's health and safety.

This proposal does nothing to enhance the operation of the CLB, but instead does just the opposite.

We are **strongly opposed** to S.B. 2618 and respectfully request that the measure be held.

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Honolulu, HI 96819  
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**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 20, 2014

TO: HONORABLE ROSALYN BAKER, CHAIR, HONORABLE BRIAN TANIGUCHI, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SUBJECT: **OPPOSITION TO S.B. 2618, RELATING TO CONTRACTORS LICENSE BOARD.** Increases the membership of the contractors license board from 13 to 15. Increases from 10 to 12 the members who are actively engaged in the contracting business. Increases from 5 to 7 the members who are specialty contractors. Requires that 1 member be affiliated with a state apprenticeship program. Decreases from 3 to 2 the members who are noncontractors.

Hearing

DATE: Thursday, February 20, 2014  
TIME: 10:00 a.m.  
PLACE: Room 229

Dear Chair Baker, Vice Chair Taniguchi and Committee Members,

The General Contractors Association of Hawaii (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.

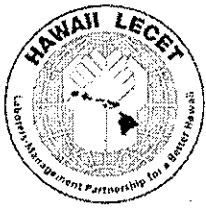
GCA is in **opposition** to S.B. 2618, which is proposing to amend Section 444-3, HRS by essentially adding two specialty contractor members to the Contractors License Board (Board), while reducing the number of public members from three to two and also requiring that one member be affiliated with an apprenticeship program under Chapter 372, HRS. This measure is not necessary and would create an unfair representation in favor specialty contractors.

The current balance of general contractors, specialty contractors and public members required has worked well with a balanced composition of the industry from each island represented. The Board's current representation ensures varied viewpoints and experience to properly evaluate each applicant's request for a contractors license and other various requests that are presented before the board, including scope determinations, administrative proceedings and other related issues. The public members play an important role in allowing a perspective from the consumer and others affected by the

industry but are not directly involved and reducing such members would be detrimental to the voice of the general public.

The GCA strongly believes that contractors should be appointed to the Board based on the current statute qualifications and based on their background and expertise. This measure offers no basis for increasing the number of specialty contractors from five to seven and furthermore, it would make the representation among the industry unequal and could lead to further disputes among the industry. Furthermore, the added requirement that one industry member be affiliated with an apprenticeship program under Chapter 372, HRS does not appear to be necessary. The apprenticeship program is administered by the Department of Labor and Industrial Relations, which has no jurisdiction over Chapter 444, HRS governing the Contractors License Law.

The GCA respectfully requests that this committee to defer S.B. 2618. Thank you for this opportunity to present our views on this very important measure.



# HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST

## TESTIMONY OF HAWAII LECET CLYDE T. HAYASHI - DIRECTOR

THE SENATE  
THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2014

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION  
Senator Rosalyn H. Baker, Chair  
Senator Brian T. Taniguchi, Vice Chair

### NOTICE OF HEARING

DATE: Thursday, February 20, 2014  
TIME: 10:00am  
PLACE: Conference Room 229  
State Capitol  
415 South Beretania Street

### TESTIMONY ON SENATE BILL NO. 2618, RELATING TO CONTRACTORS LICENSE BOARD (CLB).

TO THE HONORABLE ROSALYN BAKER, CHAIR; BRIAN TANIGUCHI, VICE CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Clyde T. Hayashi, and I am the Director of Hawaii Laborers-Employers Cooperation and Education Trust (LECET). Hawaii LECET is a labor-management partnership between the Hawaii Laborers Union, Local 368, and its unionized contractors.

Thank you for the opportunity to testify in **strong opposition** to Senate Bill No. 2618, Relating to Contractors License Board (CLB), which increases the membership of the contractors license board from 13 to 15. Specifically, it proposes to increase from 10 to 12 the members who are actively engaged in the contracting business. Of these 12 contractor members, 5 shall be general engineering or building contractors, and 7 shall be specialty contractors. It also requires that 1 member be affiliated with a state apprenticeship program, and thus, decreases from 3 to 2 the members who are noncontractors.

The existing makeup of the CLB consists of thirteen (13) members...five (5) representing general contractors, five (5) representing specialty contractors, and three (3) representing the public. For decades, the CLB has long been the battleground between the general contractors versus the specialty contractors. We feel the existing makeup of five (5) general contractors, and five (5) specialty contractors on the CLB is fair and balanced and that no side should have more members than the other. An unbalanced CLB will not be very productive.

Mahalo for the opportunity to provide testimony in **strong opposition** to Senate Bill No. 2618.

To: Committee on Commerce and Consumer Protection

Thursday, Feb 20, 2014; 10:00am; Room 229 State Capitol

Testimony on Senate Bill 2618, relating to Contractors License Board

Senator Baker, Chair, Senator Taniguchi vice-Chair, members of the committee

My name is Scotty Anderson; from July 2003 to July 2011 I served as a Public Member of The State Contractors License Board, the last two years as its Chair.

Thank you for this opportunity to testify in strong opposition to Senate Bill 2618 which proposes to increase the membership of the board. The bill asks to increase the number of contractors by two, decrease the number of Public members, change the balance of general engineering and building contractors versus specialty contractors and requires that one member be affiliated with a state apprenticeship program, which would therefore decrease the number of Public Members.

To what benefit to the people of Hawaii? What is the purpose of changing a board that has functioned extremely well for over 50 years? I question who benefits from these suggested changes.

The bill that is before you will not provide a better CLB, but instead would provide an unbalanced board where specialty contractors would have too much influence and thus change the balance that the Board currently enjoys.

Thank you for this opportunity to testify in strong opposition. I am available to answer any specific questions.



# ***SAH - Subcontractors Association of Hawaii***

***1188 Bishop St., Ste. 1003\*\*Honolulu, Hawaii 96813-2938***

***Phone: (808) 537-5619 ✦ Fax: (808) 533-2739***

February 20, 2014

Testimony To: Senate Committee on Commerce and Consumer Protection  
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons  
President

Subject: S.B. 2618 -- RELATING TO THE CONTRACTORS LICENSE BOARD

Chair Baker and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The Subcontractors Association of Hawaii is composed of the following nine separate and distinct subcontracting organizations which include:

HAWAII FLOORING ASSOCIATION  
ROOFING CONTRACTORS ASSOCIATION OF HAWAII  
HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION  
TILE CONTRACTORS PROMOTIONAL PROGRAM  
PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII  
SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII  
PAINTING AND DECORATING CONTRACTORS ASSOCIATION  
PACIFIC INSULATION CONTRACTORS ASSOCIATION  
ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

We can support this bill.

This Committee is well aware of the struggles between subcontractors and general contractors throughout the years. Unfortunately, we have seen them intensify. Certainly one way to regulate the profession and gain industry input is to do as it is currently constructed with an equal number of general contractors and subcontractors. In reality however and as the generals have testified on many occasions there are over 100 different specialty licenses. In the case of general contractors, there are 2 license categories. There are 5 or 6 times as many subcontractors as there are general contractors.

Based on that then, it would certainly make some degree of sense to provide for more subcontractors on the Board as opposed to general contractors. Part of the Board's function is to review the applications for licensure. It is a fact that unless a board member holds a specialty license in the particular category that the licensee is applying for, they typically know very little about that specialty classification but yet they are called upon in order to judge the experience qualifications of the individual trying to obtain that specialty license. Based on that then we would agree that there be more specialty contractors than generals in order to provide broader coverage of knowledge based decisions.

We support this bill.

Thank you.

# IRONWORKERS STABILIZATION FUND

February 18, 2014

Rosalyn Baker, Chair  
Committee on Commerce and Consumer Protection  
State Senate  
State Capitol  
415 S. Beretania Street  
Honolulu, Hawaii 96813

Date: February 20, 2014

Time: 10:00 a.m.

Place: Conference Room 229, State Capitol

Dear Honorable Chair Baker and Members of the Committee on Commerce and Consumer Protection:

Re: Strong Support for SB2618 – Relating to Contractors License Board

We are in strong support of SB 2618, Relating to Contractors License Board; that increases the amount of specialty contractors from 5 to 7 members and requires 1 member be affiliated with a state apprenticeship program.

The purpose of this bill is to ensure fair representation of contractor's license board members for each category. Right now there are equal representation of general engineers, general building and specialty contractors. However, when reviewing the amount of specialty contractors in the Hawaii Administrative Rule the amount of specialty contractors far exceeds the amount of general engineers or general building contractors. Consequently, to ensure public safety it is only proper to have additional specialty contractors to review their area of expertise. Additionally, when reviewing any major construction project approximately 80% of the job is done by a specialty licensed contractor.

**Additionally, we would like to add that only specialty contractors can serve in that area since their expertise and knowledge is there to protect public safety. As such, we believe that a general engineering contractor and/or general building contractor does not have the experience or the knowledge of the specialty contractor.**

Again we strongly support this measure for the working men and women of Hawaii. Thank you for your time and consideration.

Sincerely,

Arnold Wong /s/