

# SB 2945

Measure Title: RELATING TO CONTRACTORS.

Report Title: Contractors; Electrical Work; Licensing Requirements

Description: Requires any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor to possess a trade license to perform electrical work in the State.

Companion: HB2219

Package: None

Current Referral: CPN

Introducer(s): BAKER, WAKAI, Espero, Kahele, Taniguchi

# **BIA-HAWAII**

**BUILDING INDUSTRY ASSOCIATION**

THE VOICE OF THE CONSTRUCTION INDUSTRY

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

**THURSDAY, FEBRUARY 20, 2014**

**10:00 A.M.**

**STATE CAPITOL - ROOM 229**

### **RE: S.B. 2945, RELATING TO CONTRACTORS**

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JW, Inc.

##### **Ryan Engle**

Bays Lung Rose & Holma

##### **Stephen Hanson**

simplicityHR by ALTRES

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 **opposed** to S.B. 2945, which would require any person applying for a license as an electrical contractor, pole and line contractor high voltage electrical contractor, or electronic systems contractor to possess a trade license to perform electrical work in the State. This bill is unnecessary as existing licensing requirements are more than adequate and addresses proponent's concerns of safety.

Supporters of this bill assert as their primary concern assurance of public and worker safety in the performance of electrical construction work. Currently, the requirement for licensure in any classification is four years of supervisory level work experience including federal, mainland, and unlicensed work experiences. In addition, we are not aware of any issues or problems that have occurred because the responsible managing employee (RME) in any of these classifications did not have a trade/craft license.

If concerns remain regarding a sole-proprietor who applies for an electrical contractor license and mistakenly perform electrical work without the required trade license, we believe that to be an enforcement issue and should not be attempted to be addressed legislatively.

Furthermore, this bill would require a trade/craft license to be a RME for an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor at the time of application for a license. However, the bill is silent on whether the new applicant would be required to maintain his trade/craft license during renewals every two years.

S.B. 2495 would lead to further confusion, additional regulation of the contractor license application process, and increased costs.

We appreciate the opportunity to share with you our views.

SB 2945

RELATING TO CONTRACTORS

KEN HIRAKI  
VICE PRESIDENT – GOVERNMENT & COMMUNITY AFFAIRS  
HAWAIIAN TELCOM

February 20, 2014

Chair Baker and members of the Committee:

I am Ken Hiraki, testifying on behalf of Hawaiian Telcom on SB 2945 - Relating to Contractors.

While Hawaiian Telcom takes no position on the overall intent of the bill, we respectfully request that the bill be amended to allow an exemption for communications and information service providers that are regulated by the Public Utilities Commission similar to current exemptions found in Hawaii Revised Statutes Chapter 448E, the National Electric Code, and the FCC. This would enable our ability to continue work related to communication and information lines that involve only low levels of electricity as opposed to high voltage electricity lines that may cause serious injury to an individual not properly trained and licensed to complete such work.

Following subsection (b) of page 2, section 2, line 9 please insert the language below:

“(c) All persons performing communications or information services within the State under a franchise or charter granted by the State which is regulated by the public utilities commission, shall be exempt from the provision of this chapter.”

Based on the aforementioned, Hawaiian Telcom respectfully requests that our proposed amendment be adopted. Thank you for the opportunity to testify.

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



**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. 2945, RELATING TO CONTRACTORS.** Requires  
any person applying for a license as an electrical contractor, pole and line  
contractor, high voltage electrical contractor, or electronic systems contractor to  
possess a trade license to perform electrical work in the State. Conference Committee

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.

The GCA is in opposition to S.B. 2945, which is similar to last session's S.B. 1293, HD1, Relating to Contractors because this measure will lead to unintended consequences, does not address the issue of unlicensed activity by unlicensed electricians, restricts opportunities for existing electrical contractors to move their business forward, and also deters interested persons and limit the pool of qualified electrical contractors entering the field of electrical work.

**Contractor License vs. Journey Worker or Trade License**

In order to understand the possible unintended consequences that this bill may bring, it is important to first understand the different licensing classifications in certain construction trades. A contractor license is issued under Chapter 444, HRS and is a license to operate a business as a contractor in the state of Hawaii. Such licenses are granted to both individuals and firms. Firms possessing the license must still employ a RME, known as a Responsible Managing Employee. The qualified RME's must go through rigorous application process which includes passing an examination, have not less than four years of supervisory experience as a foreman, supervising employee, or contractor in the past ten years in the applied-for classification, have a good reputation for honesty, truthfulness, financial integrity and fair dealing, and also meet other criteria, including insurance, worker's compensation and bonding requirements.

Firms must also employ individuals who possess the appropriate licenses as journey workers in specific fields such as electricians, plumbers, asbestos workers, boilermakers and elevator mechanics. A journey worker license, issued under Chapter 448E, HRS is also known as a trade license and is sometimes used interchangeably. The individuals employed who perform the actual work hold the journey worker licenses. A journey worker/trade license is issued to an individual only; in this case an electrical journey worker/trade license is issued to the individual under Chapter 448E, HRS. In order to attain the electrician journey worker/trade license one must complete 10,000 hours in the trade under the supervision of a journey worker or supervising electrician, which can take up to four years to attain.

**S.B. 2945 will lead to unintended consequences**

- **Chapter 444, HRS applies to the contractor and Chapter 448E, HRS applies to the individual journey worker electricians and qualifications and requirements for licensure under either chapter should not be interchangeable.** As pointed out above the differences between Chapter 444, HRS and Chapter 448E, HRS are stark. The licensing of the individual tradesperson under Chapter 448E, HRS was intended to ensure the individual understands the intricacies of a specialized trade. The only other trades in the construction industry that are individually licensed are plumbers, asbestos technicians, elevator technicians and boilermakers.
- **Potential Jurisdictional Dispute for Pole and Line Installations:** The “A” general engineering contractor is permitted to perform some C-62 work, in particular the “A” general engineering contractor can “install poles in all new pole lines and replace poles” while using a licensed C-62 license holder to do any electrical work. See HAR 16-77-32(b). Would this bill lead to pole related work being revoked or further requiring the “A” general contractor to take have an RME with an electrical journey worker/trade license?
- **Potential Jurisdictional Dispute regarding Duct and Conduit Work:** Potential jurisdictional disputes could increase regarding jurisdiction over duct line and conduit line work. The bill does not address whether the “A” general engineering contractors, many of whom now use laborers to perform the duct or conduit work, must now use licensed journeyman electrical workers to perform the work. The Contractors License Board has consistently held that such work by the “A” general engineering contractor is permitted as long as all work related to wiring is conducted by a licensed electrician holding a trade license but not necessarily work to lay the duct and conduit lines. There is a concern that this legislation would allow the electricians to claim jurisdiction over laying of the conduit and duct lines, even though the “A” general worker is not pulling wires.
- **Restrictions for New Applicants:** This bill would require certain aspiring electrical contracting firms, including C-13 electrical contractors, C-15 Electrical Systems Contractor, C-62 Pole and Line Contractor and C-63 High Voltage Electrical Contractor to meet the requirements under 448E, HRS to attain a license. Under 448E, HRS, a tradesperson must go through 10,000 hours of training, which could take up to 4 to 5

years to attain. This would restrict healthy competition in the electrical trade to the detriment of the consumers and the general public.

- **Training of DCCA Staff:** Claims by proponents last session indicated that there is a disconnect inside the DCCA with in-house staff answering questions that may mislead callers and its field enforcement personnel – however if this is the problem, DCCA training of its personnel may be the more direct solution, not changes in licensing laws with all of its uncertain and potentially negative consequences.
- **Is the bill retroactive and will it apply to renewals? If the bill is not retroactive, existing contractors without the trades license will still be able to practice as an electrical contractor.** It is unclear whether or not this bill is retroactive, if not, the current holders of electrical contractor licenses who are not licensed as a journeyworker electricians may still supposedly perform journeyman work– and thus the claimed threat to public health and safety will still exist. DCCA training and raising the public’s awareness of electrical licensing laws may be a more appropriate solution to address the problems being raised. Furthermore, the language in the bill appears to apply to new applicants only, but what about upon renewal, would existing electrical contractors be required to meet the new law’s requirement of being a licensed journeyworker under 448E, HRS?

#### **Possible Solutions**

During the interim, GCA had discussions with proponents of this measure and GCA concluded that further education through educating both the contractors and the public would be the better solution. Furthermore, continued enforcement by DCCA’s Regulated Industries Complaints Office (RICO) would be more appropriate as a solution to address the issues of performance of work by unlicensed persons.

The GCA received information from RICO that there are a sufficient number of field investigators which includes working supervisors and neighbor island officers and a specialized team that focuses on unlicensed activity. RICO is also working toward the formulation of another specialized team of investigators that would focus solely on the investigation of unlicensed activity, totaling two full time investigative teams. Additionally, RICO has been involved in educational campaigns to warn the public about unlicensed contractors and electricians, in particular. Attached is a recent brochure regarding hiring a licensed contractor with specific reference to performance of electrical work.

In closing, this measure will only lead to further confusion and the unnecessary regulation of the contractor license application process. We urge that this bill be held.

Thank you for the opportunity to present our views on this matter.

**Testimony before the Senate Committee On  
Commerce & Consumer Protection**

**By Leroy J. Chincio Jr.  
Superintendent, Construction Management Division  
Construction and Maintenance Department  
Hawaiian Electric Company, Inc.**

**February 13, 2014**

**Senate Bill 2945  
Relating to Electrical Contractors**

Chair Baker, Vice Chair Taniguchi, and Members of the Committee:

My name is Leroy Chincio and I am testifying on behalf of the Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company.

Senate Bill 2945 seeks to require any person applying for an electrical contractor license to possess at a minimum, a journey worker electrician license. We respectfully oppose this bill because we feel under the current law, the requirements for an electrical contractor's license sufficiently addresses the need for trade knowledge.

Currently, there is a two part requirement to obtain an electrical contractors license:

- 1) Three separate experience certifications documenting "level of knowledge and skill expected of a journeyman" with a minimum of four years full time supervisory experience verified and approved by the Contractor's License Board, and
- 2) Successfully passing a two part written examination administered by a professional testing service. Part one of the test covers business and law topics such as contracts, safety, labors laws, etc. Part two covers specific trade knowledge in the classification requested, such as Electrical – High Voltage.

The current requirements already ensure that each applicant demonstrates the technical and business expertise without the need to take an additional test prior to applying for an electrical contractor's license.

We appreciate the support of the Legislature in hearing and understanding our concerns.

Thank you for the opportunity to testify on this matter.





**Satellite Broadcasting  
& Communications  
Association**

**Lisa Volpe McCabe  
Senior Director Public Policy**

**SATELLITE BROADCASTING & COMMUNICATIONS ASSOCIATION  
TESTIMONY IN OPPOSITION TO S.B. 2945 BEFORE THE  
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

On behalf of the Satellite Broadcasting and Communications Association (SBCA), I am Lisa McCabe, Senior Director of Public Policy at SBCA. SBCA is the national trade organization representing all segments of the consumer satellite industry. SBCA advocates on behalf of the industry before legislative and regulatory bodies at the state level to assure fair and reasonable access to its services and is committed to creating value added programs to improve the long term growth and sustainability of our member companies. SBCA members include satellite television providers DIRECTV and DISH Network, satellite internet providers Hughes and ViaSat, as well as small businesses, installation providers and technicians in Hawaii.

SBCA respectfully opposes S.B. 2945 as written. In its current form, S.B. 2945 raises the bar for companies and technicians who install satellite service for consumers in Hawaii. The bill would place a restriction on professionals by requiring them to obtain additional training and licensing that does not match the scope of work they perform. This would add to the licensing requirements in our industry, making it more difficult to find technicians to perform installations for consumers in Hawaii.

DIRECTV, DISH and SBCA already have training standards in place for installers. Along with industry leaders, SBCA has developed the SBCA National Standards and Testing Program, which provides an industry-endorsed benchmark of knowledge for the installation of satellite products and services. The program aims to ensure that installers properly install systems, improve service to consumers, and comply with state codes and regulations. Additionally, DISH and DIRECTV, and their subcontractors, operate their own quality control programs that involve inspection of field work to ensure compliance with industry standards and local codes.

The requirements of this bill unintentionally raise the bar for all electricians, and do not take into consideration the work performed by our industry, which requires minimal voltage to enable transmission. The handling of low-voltage wiring and electronic systems differs from high-voltage electrical contracting and can be treated as a separate discipline rather than being placed under the same requirements as high voltage work.

Accordingly, we suggest the following amendment be added to the bill in order to distinguish our technicians from those who work on high voltage projects:

§ 444 (c): This section shall not apply to a person licensed as a C-15 electronic systems contractor, a C-15a fire and burglar alarm contractor, or a C-15b telecommunications contractor.”

Thank you for the opportunity to testify on this measure.



CUSTOM  
ELECTRONIC  
DESIGN &  
INSTALLATION  
ASSOCIATION

February 18, 2014

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

HAWAII STATE SENATE  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

HEARING: Thursday, February 20, 2014  
10:00 am  
Conference Room 229

Re: CEDIA's opposition to Senate Bill 2945 in its current form

Dear Senator Baker, Senator Taniguchi, and members of the committee:

On behalf of the Custom Electronic Design & Installation Association (CEDIA), thank you for allowing us the opportunity to provide written testimony opposing Hawaii Senate Bill 2945, legislation requiring any person applying for a license as an electrical contractor, pole and line contractor, high voltage electrical contractor, or electronic systems contractor to possess a trade license to perform electrical work in the State.

CEDIA raises concern with the additional layer of regulation Senate Bill 2945 would place on contractors doing business in Hawaii, specifically electronic systems contractors.

CEDIA is the professional trade association representing companies that specialize in planning and installing electronic systems for the home. These systems include residential networking, home automation / communication, media rooms, home theaters, single / multi-room entertainment, and integrated whole-house subsystems providing control over lighting, security, and HVAC systems.

CEDIA represents nine member companies who work in the residential electronic systems industry in Hawaii. All of these companies are home technology professionals, many of which are independent retailers and installers representing a vital part of small business in Hawaii.

Senate Bill 2945 would create an additional licensing requirement to those already in place. Hawaii's licensing requirements for a Journey Worker Specialty Electrician license already addresses the needs of this specialty trade. Senate Bill 2945 would create an additional layer of regulation and add to the challenges already faced by home technology professionals working in Hawaii, including but not limited to finding qualified technicians to work within the specific trade of electronic systems.

On behalf of CEDIA, thank you for the opportunity to share our concerns on Hawaii Senate Bill 2945. CEDIA looks forward to working with members of the Committee on Commerce and Consumer Protection, and other industry stakeholders on this important issue to Hawaii and the residential electronic systems industry. Thank you for your time and consideration.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Darren Reaman". The signature is fluid and cursive, with a large initial "D" and "R".

Darren Reaman  
Director of Public Policy  
Custom Electronic Design & Installation Association (CEDIA)  
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