
A BILL FOR AN ACT

RELATING TO CONTRACTORS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 444-16.5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§444-16.5 Bond. The contractors license board [~~may~~]
4 shall require each licensee, applicant, individual or corporate,
5 who is a specialty contractor to put up bond in the sum of not
6 less than \$5,000 executed by the licensee or applicant as
7 principal and by a surety company authorized to do business in
8 the State as surety. Additionally, the surety company's
9 leadership shall not have any members in common with the
10 leadership of the specialty contractor.

11 The board [~~may~~] shall require each licensee, applicant,
12 individual or corporate, who is a general contractor to put up a
13 bond in the sum of not less than \$5,000 executed by the licensee
14 or applicant as principal and by a surety company authorized to
15 do business in the State as surety. Additionally, the surety
16 company's leadership shall not have any members in common with
17 the leadership of the general contractor.



1 The board, in exercising its discretion, shall take into
2 consideration the licensee's or applicant's financial condition
3 and experience in the field.

4 The bond shall be in a form as the board may prescribe,
5 conditioned upon the payment of wages, as defined in section
6 104-1, to the employees of the contractor or any other person or
7 entity entitled to wages when due, and giving employees or any
8 other person or entity entitled to wages who have not been paid
9 a right of action on the bond in their own names; and upon the
10 payment for goods and services, in accordance with section 444-
11 25, to the subcontractors of the contractor, and giving the
12 subcontractors a right of action on the bond in their own names;
13 and upon the honest conduct of the business of the licensee, and
14 upon the right of any person injured or damaged by any wrongful
15 act of the licensee to bring an action on the bond; provided
16 that any claim for wages shall have priority over all other
17 claims."

18 SECTION 2. Section 444-25, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§444-25 Payment for goods and services.** A contractor
21 shall pay the contractor's subcontractor for any goods and



1 services rendered within ten days after receipt of an invoice by
2 the subcontractor that includes any supporting documents as
3 required by the terms of the subcontract [~~and after receipt by~~
4 ~~the contractor of payment from the owner for the subcontractor's~~
5 ~~work, whichever occurs later~~]. The subcontractor shall be
6 entitled to receive interest on the unpaid amount at the rate of
7 one and one-half per cent per month from the date payment is
8 due; provided that this section shall not apply if the delay in
9 payment is due to a bona fide dispute between the contractor and
10 the subcontractor concerning the goods and services contracted
11 for.

12 If payment is contingent upon receipt of funds held in
13 escrow or trust, the contractor shall clearly state this fact in
14 the contractor's solicitation of bids. If the solicitation for
15 bids contains the statement that the time of payment is
16 contingent upon the receipt of funds held in escrow or trust and
17 a contract is awarded in response to the solicitation, interest
18 shall not begin to accrue upon any unpaid balance until after
19 the tenth day following receipt by the contractor of an invoice
20 by the subcontractor that includes any supporting documents as
21 required by the terms of the subcontract and receipt of the



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1 escrow or trust funds, whichever occurs later; provided that
 2 this section shall not apply if the delay in payment is due to a
 3 bona fide dispute between the subcontractor and the contractor
 4 concerning the goods and services contracted for.

5 SECTION 3. Statutory material to be repealed is bracketed
 6 and stricken. New statutory material is underscored.

7 SECTION 4. This Act shall take effect upon its approval.
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INTRODUCED BY:

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Report Title:

Contractors; Surety Bonds

Description:

Mandates the contractors license board to require specialty and general contractors to put up surety bonds. Expanded rights for subcontractors.

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