



January 30, 2017

Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair
House Committee on Labor & Public Employment

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

HEARING: Tuesday, January 31, 2017
9:00 AM
House Conference Room 309

Re: CEDIA's opposition to House Bill 976

Dear Representative Johanson, Representative Holt, and members of the committee:

On behalf of the Custom Electronic Design & Installation Association (CEDIA), thank you for the opportunity to provide written testimony on House Bill 976, legislation relating to contractors.

CEDIA is the professional trade association of companies that specialize in designing and installing electronic systems for the home. These systems include home networking, home automation and communication systems, media rooms, and single or multi-room entertainment systems.

CEDIA represents 15 Hawaii-based member companies with bona fide qualifications and years of experience in this specialized, ever-changing, and technology-driven field. Most CEDIA members are small, independent home technology professionals with a strong entrepreneurial spirit. Home technology professionals design, install, and integrate electronic systems throughout the home and represent a vital part of small business throughout Hawaii. Home technology professionals are licensed as electronic systems contractors.

In its current form, House Bill 976 has numerous unintended consequences for electronic systems contractors.

As introduced, House Bill 976 states, "Effective July 1, 2017, any person applying for a license as an electronic systems contractor shall possess, at a minimum, a journey worker specialty electrician license pursuant to chapter 448E, or an electrical engineering degree from a duly accredited college." (Page 2, lines 9-13).

The scope of work for electronic systems contractors is separate from electrical work. The training and skills required to work on low-voltage residential electronic systems is not the same as high-voltage electrical work. By requiring any person applying for a license as an electronic systems contractor to be a journey worker specialty electrician is problematic by imposing unnecessary licensing requirements for home technology professionals who install and integrate low-voltage electronic systems.

The wire infrastructure used in low-voltage electronic systems are in place to provide a conduit for information in the form of voice, data, audio and video systems. The handling of low-voltage wiring and electronic systems are quite different from high-voltage electrical contracting and need to be respected as a separate discipline. These complex systems require well-trained and technologically astute home technology professionals.

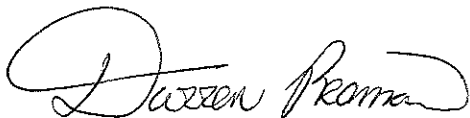
CEDIA supports licensing for home technology professionals when the license properly represents the specific skills for the work they complete. House Bill 976 does not make a proper distinction by now forcing home technology professionals to be licensed as journey worker specialty electricians.

As introduced, House Bill 976 would place a severe burden on home technology professionals by forcing them to meet the electrician experience requirements and obtain a statewide license which does not properly represent the profession. Furthermore, the work of a home technology professionals is a completely separate trade from that of electricians and should not be bundled into an electrician license. House Bill 976 would unfairly restrict and decrease the number of home technology professionals who work on projects throughout Hawaii.

Another area of concern in House Bill 976 is the lack of grandfathering provided for those who have been licensed as an electronic systems contractor for many years. They would now be required to meet the license requirements as a journey worker specialty electrician.

On behalf of CEDIA and our Hawaii-based members, thank you for the opportunity to voice our concerns on House Bill 976. CEDIA looks forward to working with members of the House Committee on Labor & Public Employment, staff and other industry stakeholders to address our concerns on House Bill 976. Thank you for your time and consideration.

Respectfully submitted,

A handwritten signature in black ink that reads "Darren Reaman". The signature is fluid and cursive, with a large initial 'D' and 'R'.

Darren Reaman
Director of Government Affairs
Custom Electronic Design & Installation Association (CEDIA)
800.669.5329 ext. 144
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ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

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January 30, 2017

To: House Labor & Public Employment Committee
Honorable Chairman Johanson & Vice Chairman Holt

From: Al Itamoto, Executive Director
Electrical Contractors Association of Hawaii
National Electrical Contractors Association, Hawaii Chapter

Subject: HB 976 Relating to Contractors

Notice of Hearing

Date: Tuesday, January 31, 2017
Time: 9:00 AM
Place: Conference Room 309
State Capitol
415 South Beretania Street

Dear Chair Johanson and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing over 100 electrical contractors doing business in the State of Hawaii. ECAH **strongly supports** the intent and purpose of HB 976 with the deletion of paragraph (c) of the newly added language to Section 2 of Chapter 444, Hawaii Revised Statutes that would allow employees of a public utility an exemption from this section. Section 1 of S.B. 1293 clearly states that purpose of this bill is to recognize that there is an inherent hazard related to electrical work and that there is a need to protect the public and promote worker safety with respect to the performance of electrical work. This action starts with the responsibility of the Contractor's License Board's (CLB) issuance of a C-13, electrical contractors license; C-15, electronic systems contractor's license; C-62, pole and line contractor's license or C63, high voltage electrical contractor's license.

In order to qualify, an applicant should have the four years of supervisory experience in accordance with 448E, HRS or an electrical engineering degree from an accredited college. The supervisory experience would require a journeyman electrician's license or journeyman supervisory electrician's license to properly supervise electrical work.

Hawaii Administrative Rules (HAR) 16-77-70 states that the RME is responsible for the "direct management" of the contracting business and defines "direct management as, general supervision of construction projects undertaken, control of the technical decisions, personnel management and enforcing compliance with all laws and rules affecting the contracting business. Proper supervision and

technical decisions of electrical work comes with proper training and competency in the electrical trade that is obtained through the electrician's licensing process.

The primary concern of this bill is to assure public safety and worker safety in the performance of electrical construction work. The journey worker has a proven competency in the National Electrical Code and the NFPA 70E relating to electrical fire safety at the time of obtaining his license by passing the journey worker's examination as well as upon the renewal of the license with continuing education.

We however, oppose to the exemption to employees of a public utility company or community antennae television company as their work experience does not include all the aspects of an electrical contractor as a journeyman electrician would be trained for and has experience in the performance of their work. All applicants of any electrical contractor license should qualify with the same requirements in this section.

Based on the above, ECAH **strongly supports** the passage of HB 976 with the deletion of sub paragraph (c) and urge the committee to move this bill forward.

Thank you for the opportunity to provide testimony on this issue.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON
LABOR & PUBLIC EMPLOYMENT

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Tuesday, January 31, 2017
9:00 a.m.

TESTIMONY ON HOUSE BILL NO. 976, RELATING TO CONTRACTORS.

TO THE HONORABLE AARON LING JOHANSON, 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 House Bill No. 976, which proposes to 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, at minimum, a journey worker specialty electrician license or an electrical engineering degree.

The Board has not had the opportunity to discuss this bill and will be discussing this measure at its next meeting on February 17, 2017. However, in the past the Board has testified in opposition to similar measures that increase the licensure requirements for electrical, pole and line, high voltage electrical and electronic systems contractors for the following reasons.

Currently, the requirement for licensure in any contractor classification is four years of supervisory level work experience. The Board feels this requirement is sufficient, and a separate experience requirement for specific license classifications is unnecessary. The Board is not aware of any issues or problems that arose because the responsible managing employee in any of these classifications did not have an

electrician license. Furthermore, the Board has concerns that this additional requirement will close the door for otherwise qualified individuals to become licensed.

The Board also notes that plumbers, which is the other craft licensed under Chapter 448E, HRS, apparently do not feel the need to similarly require plumbing contractor applicants to hold the journeyman plumber license. Therefore, the Board believes that carving out a requirement for one licensed craft and not the other would be inconsistent.

Additionally, this bill also proposes to exempt employees employed by a public utility. The Board does not understand the proposed exemption for employees of a public utility, because a public utility is not required to obtain a contractor license to act within its capacity as a utility service provider. Therefore, the contractor license requirements do not apply to their employees. However, if the public utility decides to also act as a contractor, then the Board does not understand why it would be exempt from any of the requirements for licensure.

This bill further proposes to exempt employees employed by a community antennae television company. Currently, community antennae television companies are required to be licensed if they are acting as a contractor. Thus, it is unclear why this bill proposes to exempt employees employed by a community antennae television company.

Thank you for the opportunity to comment on House Bill No. 976.



International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

January 29, 2017

TO: **HOUSE LABOR & PUBLIC EMPLOYMENT COMMITTEE**
For Hearing on Tuesday, January 31, 2017, at 9:00 a.m., in Room 309

RE: **TESTIMONY IN STRONG SUPPORT OF HB 976**

Honorable Chair Johanson, Vice Chair Holt, and Committee Members,

The **International Brotherhood of Electrical Workers Local Union 1186** represents over 4,000 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Hickam, Kaneohe, and military facilities throughout Hawaii. IBEW Local 1186 also represents over 120 signatory electrical contracting companies that perform most of the electrical work in our state.

We strongly support HB 976. This legislation fixes a loophole in the existing electrical contractor licensing laws. Electrical contractors in Hawaii must pass a state-required test to manage an electrical contracting company. This Electrical Contractor License to run their business is different from the Journey Worker Electrician License required by state law for an individual to actually perform or supervise any electrical work in the field.

As an example of the scope of the problem and the need to fix this loophole, half of the recent applicants for Hawaii electrical contractor licenses have been as sole-proprietors, who then mistakenly go out and perform or supervise electrical field work on the job site, without having the required Hawaii journey worker electrician license, or having the equivalent background knowledge of an electrical engineer. This unlicensed field work robs the consumer, and is currently being done without all the required knowledge or training mandated by the state of Hawaii. These safeguards protect public and worker safety that is required for all electrical field work that is performed in our state.

To protect the safety of the public and avoid unintended liability, we urge you to pass HB 976 to fix this loophole and oversight in the existing electrical contracting law. We also ask that line 14 on page 2 be amended by deleting “All employees employed by” to clarify the Public Utility exemption. Thank you for providing us with this opportunity to submit our testimony in strong support.

Mahalo and aloha,

Damien Kim
Business Manager – Financial Secretary
International Brotherhood of
Electrical Workers, Local Union 1186

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

January 31, 2017

Chair Johanson, Vice Chair Holt and Members of the Committee,

The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members working in the utility, outside construction, cable, telecom and maintenance industries throughout the State of Hawaii and respectfully offers the following testimony in **STRONG SUPPORT** of House Bill 976 (HB976).

As Hawaii moves towards its renewable energy future, more and more consumers are opting to install renewable energy resources including photovoltaic and battery-backup systems. These systems, essentially power plants attached to a home could put home occupants, emergency workers and utility workers at risk if improperly installed. Therefore, it is essential that anyone contracted to install these systems be well-trained, experienced and knowledgeable or in other words licensed at the journey-worker level to provide such electrical work.

Passage of HB976 ensures consumers opting to install such systems, or hiring a contractor to perform traditional electrical work, that any such contractor meets the knowledge requirements essential to providing safe, reliable service.

Mahalo for the opportunity to provide testimony on this issue.

Respectfully,



Michael M. Brittain
Asst. Business Manager
IBEW1260 / AFL-CIO

TESTIMONY TO THE COMMITTEE ON LABOR
and PUBLIC EMPLOYMENT
Tuesday, January 31, 2017: 9:00 AM
Conference Room 309, State Capitol

Re: HOUSE BILL 976 RELATING TO CONTRACTORS

To: Chair Johanson, Vice Chair Holt, and Members of the COMMITTEE ON
LABOR and PUBLIC EMPLOYMENT

From: David Lovelace, retired RME for Verizon Federal and previous Training
Director Hawaii Electricians Local 1186 IBEW

If HOUSE BILL 976 is admended to include a definition change in HRS444-1 under "RME" to include "RME-means responsible managing employee and the one who directs and supervises employees", I will SUPPORT it. Otherwise I OPPOSE. I have worked in the electrical industry for over 40 years. I hold a State of Hawaii electrical supervising license and have held an RME cntractor's license which allows me to "direct and supervise" electrical work per the requirements of HRS 448E. In the course of my career I have experienced and witnessed electrical injuries and accidents that only experience and knowledge could have corrected. As this bill is written it will undermine the existing requirement stated in HRS448E that requires an electrical supervising license to direct and supervise the installation of electrical work and thereby increases the risk of injury to electricians or installations that are electrically explosive in nature. To insure the safety and well being of the people of Hawaii this bill, if it is to go forward, should also contain the definition change for the term RME.

Sincerely,

David Lovelace

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Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

LATE

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January 31, 2017

TO: HONORABLE AARON JOHANSON, CHAIR HONORABLE DANIEL HOLT,
VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON LABOR
AND EMPLOYMENT

SUBJECT: **COMMENTS AND SUGGESTED AMENDMENTS TO H.B. 976,
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 or an
electrical engineering degree from an accredited college to perform electrical
work in the State. Exempts employees of a public utility.

House Labor and Employment Committee Hearing

DATE: Tuesday, January 31, 2017
TIME: 9:00 a.m.
PLACE: Room 309

Dear Chair Johanson, Vice Chair Holt and Members of the Committee

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred 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 appreciates the opportunity to share our comments regarding H.B. 976, Relating to Contractors. While GCA appreciates the intent of this legislation, GCA has suggested amendments to Hawaii Revised Statutes, Section 444-25.5 that could address the concern that electrical contractors may be performing work when they are not properly licensed to do perform.

Contractor License vs. Journey Worker or Trade License

An electrical contractor license is issued under Chapter 444, HRS and is a license to operate a business as an electrical contractor in the state of Hawaii. Such licenses are granted to both individuals and firms. Firms possessing the license must still employ a Responsible Managing Employee, also known as an RME. The qualified RME must go through a rigorous application process which includes passing an examination, have not less than four years of supervisory experience, be a supervising employee, or a 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.

For electrical work, a Chapter 444 license does NOT permit a licensee to *perform* electrical work and the Contractors License Board makes that clear in writing for applicants applying for an electrical contractor license and requires applicants to sign an affidavit of acknowledgement. See page 5 of Requirements for License-Contractor. The Application form clearly states: **ATTENTION: CONTRACTORS APPLYING FOR ELECTRICAL OR PLUMBING RELATED CLASSIFICATIONS**. Please be advised that in order to perform electrical or plumbing work in Hawaii, **an individual must also obtain an electrician (i.e. ES or EJ) or plumber (PM or PJ) license OR hire someone with the appropriate license to perform the work (Refer to Hawaii Revised Statutes, Chapter 448E). YOU MAY NEED THIS TYPE OF LICENSE TO GET A BUILDING PERMIT.**

Electrical firms must also employ workers who possess the appropriate electrical licenses as journey workers to perform the actual field work pursuant to Chapter 448E, HRS. A journey worker is issued to an individual only. In order to attain the electrician journey worker 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.

This measure indicates that the intent of this measure “is to protect the public and promote worker safety,” it is important to understand that under the current law only licensed electrical journey workers licensed under HRS 448E are properly licensed to *perform* electrical work. This proposal would restrict who can apply for an electrical contractor license by limiting it to only those who have a journeyman license.

GCA has the following questions about this proposal that should be considered while this bill is under consideration:

1. If public protection and worker safety is at stake, how would the bill protect those currently licensed electrical contractors that do not have an RME that complies with the new requirement?
2. Would the bill adversely affect current well-established electrical contractors having well-qualified family members being groomed to take over the business with no journey worker license?
3. This bill sweeps in the C-15 Electronic systems contractor, C-62 Pole and line contractor and the C-63 High voltage electrical contractor classifications.
 - a. Would those firms that install home theatre television systems, sound public address systems, sound recording systems and other low-voltage systems in homes, that do not require a journey worker specialty electrician licensees, now be required to do so to obtain a C-15 business license?
 - b. Are there any instances of where C-62 or C-63 businesses having field workers perform the work without having them licensed under Chapter 448E? If not should those contractor licenses be swept into the new requirement?
4. If the concern is to help enforce this law better to protect unsophisticated homeowners, GCA respectfully requests consideration of the attached proposal instead, which should adequately warn homeowners that a properly licensed journeyman electrician must actually perform electrical work.

Thank you for the opportunity to present our views on this matter and for considering our proposed amendments.

Proposed HD1 to HB 976, Relating to Contractors – Replace bill with the following

§444-25.5 Disclosure; contracts. (a) Prior to entering into a contract with a homeowner, or at the time a homeowner signs a contract, involving home construction or improvements, licensed contractors shall:

(1) Explain verbally in detail to the homeowner all lien rights of all parties performing under the contract, including the homeowner, the contractor, any subcontractor, or any materialman supplying commodities or labor on the project;

(2) Explain verbally in detail the homeowner's option to demand bonding on the project, how the bond would protect the homeowner, and the approximate expense of the bond;

(3) Explain verbally in detail to the homeowner that no person having a license as an electrical contractor may perform the work permitted under those licenses without also possessing a journey worker electrician license pursuant to Chapter 448E, HRS and have homeowner sign an acknowledgement that they have been advised that in order to perform electrical or plumbing work in Hawaii, an individual must also obtain an electrician (i.e. ES or EJ) or plumber (PM or PJ) license OR hire someone with the appropriate license to perform the work; and

(~~3~~4) Disclose all information pertaining to the contract and its performance and any other relevant information that the board may require by rule.

(b) All licensed contractors performing home construction or improvements shall provide a written contract to the homeowner. The written contract shall:

(1) Contain the information provided in subsection (a) and any other relevant information that the board may require by rule;

(2) Contain notice of the contractor's right to resolve alleged construction defects prior to commencing any litigation in accordance with section 672E-11;

(3) Be signed by the contractor and the homeowner; and

(4) Be executed prior to the performance of any home construction or improvement.

(c) For the purpose of this section, "homeowner" means the owner or lessee of residential real property, including owners or lessees of condominium or cooperative units, notwithstanding owner-builder status.

(d) Any violation of this section shall be deemed an unfair or deceptive practice and shall be subject to provisions of chapter 480, as well as the provisions of this chapter.