

**PRESENTATION OF THE  
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE

TWENTY-NINTH LEGISLATURE  
Regular Session of 2017

Thursday, March 30, 2017  
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 865, S.D. 1, RELATING TO CONTRACTORS.**

TO THE HONORABLE ROY M. TAKUMI, 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. 865, S.D. 1, which proposes to require any person applying for a license as an electrical contractor or electronic systems contractor to possess (at minimum) an electrician journey worker trade license or an electrical engineering degree.

The Board strongly opposes this measure for the following reasons.

Currently, to obtain a contractor’s license in any classification, an applicant is (among other things) required to possess financial integrity, pass an examination, and have at least four years of supervisory level work experience in the classification being applied for. There is no additional requirement that an applicant have a separate underlying trade license like the one proposed in this bill.

Not all electrical or electronic systems contractor’s responsible managing employees (“RME”) have the underlying journey worker electricians’ licenses specified in this bill. Nevertheless, the Board determined that they still possessed the necessary experience supervising the appropriate electrical work. If passed, this measure will

close the door for otherwise qualified individuals to become licensed as electrical and electronic systems contractors unless they hold the appropriate underlying journey worker electricians' licenses or an electrical engineering degree.

The Board is not aware of any issues or problems that arose because the RME in either of these electrical contractor classifications did not have an underlying journey worker electrician's license. There has been no evidence that an electrical contractor who does not have an underlying journey worker electrician's license has harmed the public or is a danger to the public any more than an electrical contractor who does possess an underlying journey worker electrician's license. Thus, the Board feels that the current experience requirement is sufficient, and believes that a separate experience requirement for these electrical contractor classifications is unnecessary.

The Board also notes that plumbers, which is the other trade licensed under HRS chapter 448E, apparently do not feel the need to similarly require plumbing contractor applicants to first hold the journey worker plumber's license. Like applicants for electrical contractor's licenses, the Board has issued plumbing contractor licenses to RMEs who did not have underlying journey worker plumbers' licenses. Consequently, the Board believes that this bill establishes inconsistent treatment between electrical and plumbing contractor applicants.

Additionally, this bill also proposes to exempt public utilities and community antennae television companies. Currently, a public utility company is not required obtain a contractor's license to act as a public utility (i.e., they do not fall within the definition of a "contractor" in HRS section 444-1 when acting as a public utility).

Similarly, a community antennae company is not required to obtain a contractor's license to act as a community antennae company. However, if the public utility or community antennae company decides to also act as a contractor, then the Board does not understand why it would be exempt from any of the contractor licensing requirements.

For these reasons, the Board respectfully requests that this measure be held.

Thank you for the opportunity to testify in opposition to Senate Bill No. 865,  
S.D. 1.

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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 30, 2017

TO: HONORABLE ROY TAKUMI, CHAIR, HONORABLE LINDA ICHIYAMA, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

SUBJECT: **COMMENTS & SUGGESTED AMENDMENTS** REGARDING S.B. 865, SD1, **RELATING TO CONTRACTORS**. Requires any person applying for a license as an 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 public utilities and community antennae television companies. Effective 7/1/2050. (SD1)

#### HEARING

DATE: March 30, 2017  
TIME: 2:00 p.m.  
PLACE: Conference Room 329

Dear Chair Takumi, Vice Chair Ichiyama and Committee Members,

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 S.B. 865, SD1 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. 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?
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 SB 865, SD1, 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;

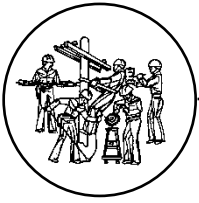
(2) Contain notice of the contractor's right to resolve alleged construction defects prior to commencing any litigation in accordance with section 672E-11;

(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.



## HAWAII ELECTRICIANS MARKET ENHANCEMENT PROGRAM FUND

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March 29, 2017

TO: The Honorable Roy M. Takumi, Chair  
The Honorable Linda Ichiyama, Vice Chair  
Members of the Committee on Consumer Protection and Commerce

SUBJECT: Hearing on Thursday, March 30, 2017, at 2:00 p.m., in Room 329  
**Testimony in STRONG SUPPORT of SB 865 SD1**

The Hawaii Electricians Market Enhancement Program (HEMEP) is a Labor and Management Cooperation representing the IBEW Local Union 1186 and its more than 4,000 members, the Electrical Contractors Association of Hawaii and over 120 Licensed Electrical Contractors in the State of Hawaii.

HEMEP stands in **STRONG SUPPORT** of the proposals in SB 865 SD1.

This bill is favored by both Labor and Management as it promotes both public and worker safety, as well as helps to further clarify and correct conflicts in the contracting laws and the laws pertaining to electrical work. The bill will also provide consumers and homeowners with a less complicated experience with the dual-licensing system currently in place.

The laws and rules pertaining to electricians in HRS 448E, often need to work together with the contracting laws in HRS 444. For example, an individual licensed tradesman-or journeyworker electrician may NOT act as a contractor. However, ALL electrical work must not only be performed by a licensed electrician, the supervision of such work is also required to be performed by the appropriately licensed person. And since the contractor or RME is ultimately responsible for the supervision and performance of work, it would seem appropriate that this person also be a licensed electrician.

We believe this bill only increases public and worker safety, and assists homeowners and consumers. We ask the committee to also support this bill.

Thank you for the opportunity to provide this testimony.

Respectfully,

Ryan Takahashi  
Director of Compliance

# Testimony before the House Committee on Consumer Protection & Commerce

By Paul A. Nakagawa  
Superintendent, T&D Infrastructure  
Construction and Maintenance Department  
Hawaiian Electric Company, Inc.

Thursday, March 30, 2017  
2:00p.m., Conference Room 329

Senate Bill 865 SD1  
Relating to Contractors

Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

My name is Paul Nakagawa, and I am testifying on behalf of the Hawaiian Electric Company, Inc. and its subsidiaries, Hawaii Electric Light Company, Inc. and Maui Electric Company, Limited (collectively, the “Hawaiian Electric Companies”) in support of SB 865 SD1. We appreciate the Senate Committee on Commerce, Consumer Protection and Health in hearing our concerns and proposing amendments in support of our testimony on SB 865. However, because the “specialty contractor” license classification number (e.g. C-13, C-62, and C-63) is not stated in the language of this measure, we propose the following amendments for explicit clarity when referring to an electrical contractor in this measure.

1. We propose page 2, line 3 be revised to read: ***“Effective July 1, 2017, any person applying for a license as an electrical contractor, except as a pole and line contractor or as a high voltage electrical contractor, shall possess, at a minimum, a journey worker electrician license pursuant to chapter 448E, or an electrical engineering degree from a duly accredited college.”***
2. Similarly, we propose page 4, line 10 be revised to read: ***“(g) Effective July 1, 2017, in addition to the requirements set forth in this section, electrical contractors and electronic systems contractors, except pole and line contractors or a high voltage electrical contractors, who are licensed under this chapter shall meet the requirements of section 444- .”***

Thank you for the opportunity to testify on this matter.



# IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

March 30, 2017

The Twenty-Ninth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Consumer Protection & Commerce

SB865 - RELATING TO CONTRACTORS

Chair Takumi, Vice Chair Ichiyama 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 Senate Bill 865 (SB865).

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 SB865 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



# International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003  
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March 28, 2017

TO: **HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

For Hearing on Thursday, March 30, 2017, at 2:00 p.m., in Room 329

RE: **TESTIMONY IN STRONG SUPPORT OF SB 865 SD1**

**Honorable Chair Takumi, Vice Chair Ichiyama, and Committee Members,**

The **International Brotherhood of Electrical Workers Local Union 1186** represents nearly 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 SB 865 SD1.** 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 can improperly 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 work is currently being done without all the required knowledge or training mandated by the state of Hawaii. These safeguards protect public and worker safety, but consumers are misled into thinking they have hired properly licensed workers themselves.

To protect the safety of the public and avoid unintended liability, we urge you to pass SB 865 SD1 to fix this loophole and oversight in the existing electrical contracting law. 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



March 30, 2017

TO: THE HONORABLE ROY M. TAKUMI  
CHAIR, COMMITTEE ON CONSUMER PROTECTION AND COMMERCE  
THE HONORABLE LINDA ICHIYAMA  
VICE CHAIR, COMMITTEE ON CONSUMER PROTECTION AND  
COMMERCE  
MEMBERS OF THE HOUSE COMMITTEE ON CONSUMER PROTECTION  
AND COMMERCE

FROM: BRUCE CONWAY, SR. DIRECTOR OF OPERATIONS  
POWER CONTRACTING LLC

RE: SENATE BILL 865, SD 1 RELATING TO CONTRACTORS – **COMMENTS**

Dear Chair Takumi, Vice Chair Ichiyama, and Members of the Committee:

I am Bruce Conway, Sr. Director of Operations for POWER Contracting LLC writing to comment on SB 865, SD1 Relating to Contractors. We are a licensed electrical contractor in Hawaii with C-62 and C-63 license. We are providing testimony to ensure language previously contained in the original version of this bill, prior to the Senate Draft 1 continues to be excluded from the final version of SB 865, SD1.

The skills associated with C-62 or C-63 licenses are different than the skills of a Journeyman Electrician and should not be treated the same. The work we do requires the skills of Journeyman Lineman. Our Journeyman Lineman hold Journeyman Lineman cards from the IBEW and have completed apprenticeship training that requires field training, class time, and passing the Journeyman Lineman exam. Although both the Journeyman Electrician and Journeyman Lineman have to possess the same knowledge about electrical theory and some practical applications, the skills required to do their respective jobs are vastly different.

Journeyman Lineman must possess the knowledge and skills to work on energized lines with primary voltages up to 138,000 Volts in Hawaii. They are often working from structure heights in excess of 100 feet. The work at times requires "long lining" from a helicopter where they are suspended below the chopper by a rope and special harness while being transported to inaccessible structures and lowered onto the structure to perform the work. Our Journey Lineman routinely climb wood poles, steel poles, and steel towers using 100% fall protection to gain access to the required work. They work replacing these poles, structures, and towers which are often in hard to reach, remote locations, and special equipment and skills are required to execute the work safely.

The Hawaii Contractors License Board requires the Responsible Managing Employee ("RME") for C-62 & C-63 licenses to have had direct supervision of crews doing this work for 4 years out of the last 10 years and to pass a test on their knowledge of the work. For Union Electrical Contractors, the RME is considered management so that individual, if they were an active Union Journeyman at the time they became the RME, would no longer be able to be active in the Union. While the RME has the general knowledge to oversee the project, the work is done by highly trained Journeyman Linemen under the supervision of a Foreman who themselves must be a qualified Journeyman Lineman.

The Hawaii Contractors License Board requires someone desiring to qualify as an RME for a C-13 license to have direct supervision of work on the "customer's side of the meter" for 4 years in the last 10. They must also pass a test on their knowledge of the work but the work itself must be done by a licensed Journeyman Electrician in Hawaii. This work would typically involve residential, commercial, and even some industrial wiring that would range from 120 volts up to and including 600 volts which is considered secondary wiring. It would be done almost exclusively de-energized. All of this type of work falls under the National Electrical Code (NEC) and the NFPA 70E and is subject to inspection and approval by county governing agencies. The construction and maintenance of high voltage power lines is built to the specifications of the customer, usually an electric utility, and must meet their approval.

Someone possessing an Electrical Engineering ("EE") degree would certainly understand electric theory but as stated above the C-62 & C-63 RME must also have 4 years out of the last 10 years with direct supervision of crews doing the work. The individual with the EE degree could certainly have this experience depending on the positions they have held in their careers. It is important to note that the EE degree is not what gives the individual the experience needed to ensure public and worker safety for the C-62 & C-63 license, but rather the experience and unique skills directly related to the high voltage line work trade. As stated above, our industry works on the construction and maintenance of high voltage power lines both overhead and underground with distribution and transmission voltages requiring the specialized skills of Journeyman Lineman, Foreman, and General Foreman who are all trained certified Journeyman Lineman. The RME for our company has had direct supervision of these crews for a minimum of 4 years out of the last 10 years and has demonstrated a knowledge of the work through the testing process required by the Hawaii Contractors License Board.

To summarize, Journeyman Electricians and Journeyman Linemen both work with electricity but in vastly different ways. An individual with an EE degree understands electrical theory, and depending on the career experience can have experience supervising either of these groups. However, their EE degree alone does not make them qualified to ensure public or worker safety for the work on high voltage lines. The safety of our employees is of paramount importance to our company. For all the reasons laid out above we respectfully request that SB 865, SD1 not be amended.