

SB865

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 or an electrical engineering degree from an accredited college to perform electrical work in the State. Exempts employees of a public utility.

Companion: [HB976](#)

Package: None

Current Referral: CPH

Introducer(s): KOUCHI (Introduced by request of another party)

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

Friday, February 24, 2017
9:30 a.m.

TESTIMONY ON SENATE BILL NO. 865, RELATING TO CONTRACTORS.

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. 865 which proposes to require any person applying for a license as an electrical contractor, pole and line contractor, or high voltage electrical contractor to possess (at minimum) a journey worker electrician’s license or an electrical engineering degree, and any person applying for a license as an electronic systems contractor to possess (at minimum) a journey worker specialty electrician’s 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 contractor RMEs 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 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 responsible managing employee ("RME") in any 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.

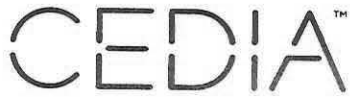
The Board also notes that plumbers, which is the other trade licensed under HRS chapter 448E, apparently do not feel the need to similarly require plumbing contractor applicants to first hold the journey worker plumber's license. Like applicants for electrical contractor's licenses, the Board has issued 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 employees employed by a public utility and a community antennae television company. The Board does not understand the proposed exemption for employees of a public utility and a community antennae television company. Currently, a public utility company is not required to 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). 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 contractor licensing requirements.

This bill further proposes to exempt employees employed by a community antennae television company. Currently, the Board understands that 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.

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.



February 22, 2017

Senator Rosalyn H. Baker, Chair
Senator Clarence K. Nishihara, Vice Chair
Senate Committee on Commerce, Consumer Protection, and Health

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

HEARING: Friday, February 24, 2017
 9:30 AM
 Conference Room 229

Re: CEDIA's opposition to Senate Bill 865

Dear Senator Baker, Senator Nishihara, 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 Senate Bill 865, 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 technology integrators with a strong entrepreneurial spirit. Technology integrators design, install, and integrate electronic systems throughout the home and represent a vital part of small business throughout Hawaii. Technology integrators are licensed as electronic systems contractors.

In its current form, Senate Bill 865 has numerous unintended consequences for electronic systems contractors.

As introduced, House Bill 865 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 technology integrators 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 technology integrators.

CEDIA supports licensing for technology integrators when the license properly represents the specific skills for the work they complete. Senate Bill 865 does not make a proper distinction by now forcing technology integrators to be licensed as journey worker specialty electricians.

As introduced, Senate Bill 865 would place a severe burden on technology integrators 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 technology integrators is a completely separate trade from that of electricians and should not be bundled into an electrician license. Senate Bill 865 would unfairly restrict and decrease the number of technology integrators who work on projects throughout Hawaii.

Another area of concern in Senate Bill 865 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 Senate Bill 865. CEDIA looks forward to working with Senator Kouchi, members of the Senate Commerce, Consumer Protection, Health, staff and other industry stakeholders to address our concerns on Senate Bill 865. 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 loop at the beginning and a long, sweeping tail.

Darren Reaman
Director of Government Affairs
Custom Electronic Design & Installation Association (CEDIA)
800.669.5329 ext. 144
dreaman@cedia.org



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

February 22, 2017

TO: **SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,
AND HEALTH**

For Hearing on Friday, February 24, 2017, at 9:30 a.m., in Room 229

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

Honorable Chair Baker, Vice Chair Nishihara, 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 SB 865. 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 to fix this loophole and oversight in the existing electrical contracting law. We would also recommend 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

February 24, 2017

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

SB865 - RELATING TO CONTRACTORS

Chair Baker, Vice Chair Nishihara and Members of the Committee,

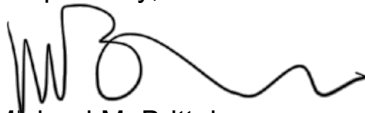
The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members working in the utility, outside construction, cable, telecom and maintenance industries throughout the State of Hawaii and respectfully offers the following testimony in **STRONG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

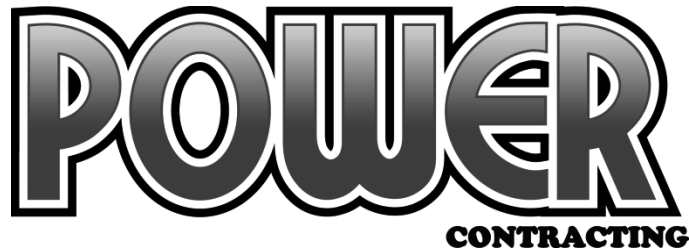
Passage of SB865 ensures consumers opting to install such systems, or hiring a contractor to perform traditional electrical work, that any such contractor meets the knowledge requirements essential to providing safe, reliable service.

Mahalo for the opportunity to provide testimony on this issue.

Respectfully,



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



February 24, 2017

TO: SENATOR ROSALYN H. BAKER, CHAIR COMMERCE, CONSUMER PROTECTION, AND HEALTH
SENATOR CLARENCE K. NISHIHARA, VICE-CHAIR COMMERCE, CONSUMER PROTECTION, AND HEALTH
MEMBERS OF THE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

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

RE: SENATE BILL 865 RELATING TO CONTRACTORS – **OPPOSE**

Dear Chair Baker, Vice-Chair Nishihara and Members of the Committee:

I am Bruce Conway, Sr. Director of Operations for POWER Contracting LLC writing to oppose SB 865 Relating to Contractors. We are a licensed electrical contractor in Hawaii with C-62 and C-63 license.

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 which are a completely different set of skills. Our Journeyman Lineman hold Journeyman Lineman cards from the IBEW and have completed apprenticeship training to include required field training, class time, and successfully passing the Journeyman Lineman test. 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 Journeyman 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 our company. We do not believe this bill serves to improve the safety of the public or of our workers. Safety of employees doing work for Electrical Contractors with a C-62 or C-63 license will not be improved by requiring the RME to be a Journeyman Electrician or to possess an EE degree. Our crews work under the most stringent of OSHA rules, Company Safety rules and our Customer's Safety rules. We employ full time Safety Professionals trained in the safe work practices associated with Distribution/Transmission line construction and maintenance. For all the reasons laid out above we respectfully but strongly oppose SB 865 and ask that the bill be deferred.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcawhawaii.org
Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 24, 2017

TO: HONORABLE ROSALYN BAKER, CHAIR HONORABLE CLARENCE NISHIHARA, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND HEALTH

SUBJECT: **COMMENTS REGARDING S.B. 865, 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.

HEARING

DATE: February 24, 2017
TIME: 9:30 a.m.
PLACE: Conference Room 229

Dear Chair Baker, Vice Chair Nishihara 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, 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 SD1 to SB 865, 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.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 23, 2017 10:35 AM
To: CPH Testimony
Cc: cliff@controlfreakshawaii.com
Subject: *Submitted testimony for SB865 on Feb 24, 2017 09:30AM*

SB865

Submitted on: 2/23/2017

Testimony for CPH on Feb 24, 2017 09:30AM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Clifford Wright	Home Security & Sound Inc	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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