

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Wednesday, February 21, 2018
2:00 p.m.

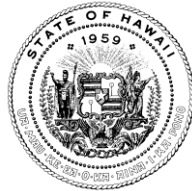
TESTIMONY ON HOUSE BILL NO. 1877, H.D. 1, RELATING TO CONTRACTORS.

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Peter H.M. Lee, and I am the Chairperson of the Contractors License Board ("Board") Legislative Committee. Thank you for the opportunity to testify in opposition to H.B. 1877, H.D. 1. which proposes to raise the "handyman" exemption from \$1,000 to \$5,000.

The Board believes that raising the exemption will increase the likelihood of consumer harm and contribute to the problem of unlicensed activity. If the exemption is raised to \$5,000, unlicensed individuals who have not met the Board's experience, examination, and insurance requirements will legally be able to perform much more work than is currently allowed. This measure will also negatively impact small contractors, particularly in the specialty contractor classifications, as they will have difficulty competing with unlicensed individuals who do not have to pay license fees and maintain liability insurance. Furthermore, consumers will not be able to file complaints with the Regulated Industries Complaints Office for poor workmanship or other problems.

Thank you for the opportunity to testify in opposition to H.B. 1877, H.D. 1.



DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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DEPUTY DIRECTOR

**PRESENTATION OF
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
REGULATED INDUSTRIES COMPLAINTS OFFICE**

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

**TWENTY-NINTH LEGISLATURE
Regular Session of 2018**

Wednesday, February 21, 2018
2:00 p.m.

**TESTIMONY ON HOUSE BILL NO. 1877 H.D.1
RELATING TO CONTRACTORS.**

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 1877 H.D.1, Relating to Contractors. My name is Daria Loy-Goto, and I am the Complaints and Enforcement Officer for the Department’s Regulated Industries Complaints Office (“RICO”). RICO takes no position on this bill, which is a companion to S.B. 2376, but offers enforcement-related comments.

H.B. 1877 H.D.1 amends Hawaii Revised Statutes section 444-2 by increasing the “handyman” exemption for unlicensed contracting work. In effect, the bill would permit all construction work under a certain dollar value, except electrical and plumbing work, to be performed by unlicensed individuals who have not met the Contractors License Board’s experience, examination, and insurance requirements. The current handyman exemption is \$1,000.

The State’s licensing laws are designed to protect Hawaii’s citizens. Contracting laws set forth experience, education, workmanship, and important consumer

disclosures that are geared toward ensuring that contracting work in the State meets certain minimum standards. The current \$1,000 handyman exemption represents a policy judgment by the Legislature that the risk of harm to consumers for jobs under \$1,000 is reasonable, in light of the typical work that is performed in that price range. While RICO recognizes there are market factors that are driving an interest in permitting more unlicensed activity to occur, any increase in the exemption amount as proposed in this bill should be approached with caution to ensure that consumer interests are not adversely affected.

Thank you for the opportunity to testify on H.B. 1877 H.D.1. I am happy to answer any questions the Committee may have.



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
650 Iwilei Road, Suite 285 · Honolulu, HI 96817 · Phone: 808-845-3238 · Fax: 808-845-8300 · URL: hilecet.org

February 21, 2018
HOUSE OF REPRESENTATIVES
COMMITTEE ON CONSUMER PROTECTION & COMMERCE

NOTICE OF HEARING

DATE: Wednesday, February 21, 2018
TIME: 2:00 P.M.
PLACE: Conference Room 329

RE: STRONG OPPOSITION TO HB 1877 HD1 - RELATING TO CONTRACTORS

Aloha Committee Chair Roy Takumi, Vice Chair Linda Ichiyama, and members of the Committee on Consumer Protection & Commerce...

The Hawaii Laborers-Employers Cooperation and Education Trust (LECET) is a labor-management partnership between the 5000+ members of the Hawaii Laborers Union and its 250+ unionized contractors.

Hawaii LECET STRONGLY OPPOSES HB 1877 HD1 which proposes to raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Handyman construction work up to \$1000 are considered casual, minor, or inconsequential in nature. At any level higher, a handyman's project may require a permit, insurances, inspections, and other regulatory requirements to protect the handyman, the owner/client, and public safety.

Proponents of this bill claim... **“Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners....”**. We agree and those work specified above should be within the current handyman \$1000 exemption. If a handyman wants to do work over \$1000, then they should considered applying for their contractor's license, rather than raising the exemption ceiling to legalize their unlicensed activity.

The handyman is currently an unregistered and unlicensed group in Hawaii. No one seems to know how many handyman individuals are out there. Of the testimonies provided to LAB on Feb. 13, 2018, there was only **ONE** actual handyman that testified in support of this bill. Where are the rest Handyman's?

For these reasons, we ask for your consideration to **defer HB 1877 HD1 indefinitely.**

With respect,

Joy Kimura
Hawaii Laborers-Employers Cooperation
and Education Trust

HB-1877-HD-1

Submitted on: 2/19/2018 2:06:47 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen K. Cardoza	Windward Realty LLC	Support	No

Comments:

February 21, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce State Capitol, Room
329 Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Karen K. Cardoza and I **strongly support** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statues Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor because their overhead is higher. Many contractors are very busy and are unwilling to take on little jobs when they have larger more lucrative contracts to choose from. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, the minimum wage, housing and inflation have all risen dramatically. The increase to the handyman exemption will help keep pace with current levels of these and many other costs.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Thank you for the opportunity to testify in strong support of this measure.



February 21, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Amanda Frazier, and I **strongly support** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

I see situations every week where tenants call in with repairs, or every month when a tenant moves out and a new one moves in. Sometimes a unit needs to be painted either to re-rent or for a sale. The job might be only \$1,500 - \$2,500, and a contractor wouldn't want the job, so they might actually quote something more along the lines of double the price, because they really do not have the time to fit in a small job into their schedule.

You might have contractors lobbying against this bill, but the fact is, those contractors do not even want the smaller jobs.

Realistically, especially due to inflation, cost of goods, and rising costs of labor, the handyman exemption should be raised to over \$1,000. The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Mahalo for the opportunity to testify in strong support of this measure.

HB-1877-HD-1

Submitted on: 2/19/2018 6:30:09 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John M Kevan	Maui Paradise Properties	Support	No

Comments:

I strongly support House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000. Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. This does not apply to electrical or plumbing work.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners and Property Management Companies like ours who manage these for remote owners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher and just as important is there are not enough license contractors for the work of maintaining homes and Transient accommodations for Hawaii's guest. The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels. The penalties were raised in 2009 but not the corresponding ability to do more work which also made no sense.

Mahalo for the opportunity to testify in strong support of this measure.

John Kevan



February 13, 2018

The Honorable Aaron Ling Johanson, Chair
House Committee on Labor & Public Employment
State Capitol, Room 309
Honolulu, Hawaii 96813

RE: House Bill 1877 Relating to Contractors

HEARING: Tuesday, February 13, 2018, at 9:15 a.m. in 309

Aloha Chair Aaron Ling Johanson, Vice Chair Holt and Members of the Committee,

I am Dan O'Hanlon a Principle Broker and Long Term Property Manager on Maui and I **strongly support** House Bill 1877, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000.

Handypersons provide a valuable service by doing maintenance and minor jobs on short notice. Occasionally issue arise that must be dealt with immediately for the protection of the Tenant and the property. Contractors (other than plumbers and a few electricians) will seldom come to a job (or even be available to answer the phone) and dive right in when needed on short notice. The final amount of work that will be needed is not always known when the job is started. Handypersons show up and work until the job is done. Often by the time the place is put back together, things have added up and take more time and materials than the current \$1000 limit. It is unacceptable to have the Handyperson try to gauge this and then stop in the middle of a job.

Here on Maui contractors must not need small jobs because they will not even respond to inquiries for smaller jobs. Contractors also charge much more (if you can even get one) which puts more pressure on rental rates. We provide housing. Rates are too high already.

A job as big as tiling a bathroom is too small to get a contractors attention around here. It is nearly impossible to get this work done (including the materials) for less than \$1000. I would need to leave the property empty and wait until the contractor "has time" instead of getting a tenant the housing they need.

As a professional Property Manager I just want the job done and the Tenant and Owner happy. Either raise the limit on Handyman work or provide some other means of getting repairs done in a timely manner and at reasonable rates.

Mahalo for your consideration of my testimony,

Dan O'Hanlon PB R
Sailors Realty

HB-1877-HD-1

Submitted on: 2/19/2018 4:16:25 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Deal	Kauai Board of Realtors	Support	No

Comments:

February 21, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce

State Capitol, Room 329

Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Chad Deal government affairs director of the Kaua`i Board of REALTORS® "KBR", the voice of real Estate on Kaua`i, and its 540 members. KBR **strongly supports** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is

equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Mahalo for the opportunity to testify in strong support of this measure.

HB-1877-HD-1

Submitted on: 2/20/2018 5:23:33 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth Ishimitsu	Marie Hansen Properties	Support	No

Comments:

I support this bill. I am a property manager and mainly handle apartment buildings. With the increase of costs of materials, etc. my handyman expenses are increasing. We need the raise that threshold and not keep it at \$1000 where it has been for many years.

STEWART AND ASSOCIATES, INC



February 21, 2018

The Honorable Roy M. Takumi, Chair
House Committee on
Consumer Protection & Commerce
State Capitol, Room
329
Honolulu, Hawaii 96813

RE: House Bill 1877 , HD1,
Relating to Contractors HEARING:
Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Mark Stewart, Realtor, Owner and Principal Broker for Stewart and Assoc Inc. I am a second generation Realtor with over 25 years' experience in property management on Oahu.

We presently manage over 200 properties including single family homes, condos and townhomes.

I **strongly support House Bill 1877**, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit.

However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This

STEWART AND ASSOCIATES, INC



does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing regular and preventive maintenance for minor jobs, such as touching up painting, interior closet door repair/replacing or repairing a gate .

These and many more projects will often exceed \$1000.00, especially with the cost of materials constantly rising.

However it is nearly impossible to get a licensed contractor who will be willing to take on these types small jobs in a timely manner, if at all.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Mahalo in advance for the opportunity to testify in strong support of this measure.

A handwritten signature in black ink, appearing to be 'Mark Stewart', written over a horizontal line.

Mark Stewart R GRI
Stewart & Assoc Inc



1088 BISHOP STREET #408
HONOLULU, HI 96813
PH: (808) 597-1216

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

February 20, 2018

Representative Roy M. Takumi, Chair
Representative Linda Ichiyama, Vice-Chair
House of Representatives Committee on Consumer Protection and Commerce
The Twenty-Ninth Legislature, Regular Session of 2018

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

SUBJECT: HB1877 HD1 Relating to Contractors

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii.

The Association for which I speak is **strongly opposed** to HB1877.

We firmly believe that increasing the current \$1,000 threshold of the “handyman” exemption will further increase the harmful effects of unlicensed contracting. Currently, individuals who perform such “handyman” work are not required to have a contractors license to solicit and contract for their work, and this directly increases the risk to the general public by escalating a consumer’s exposure to potentially unqualified or substandard work. Unfortunately, many citizens don’t realize that hiring an unlicensed handyman exposes them to a variety of problems such as personal liability should an injury occur on their property, no guarantees of proper insurance or bonding, limited recourse options if a project is not completed as promised, and virtually no assurance of a handyman’s skill, other than the handyman’s “word”.

Conversely, legitimate contractors who are licensed under the Hawaii contractors licensing statute (Chapter 444), must provide the consumer with numerous safeguards such as written contracts, proof of compliance with strict insurance and bonding requirements, certain lien disclosure notices, and the ability for consumer recourse under the Contractors Recovery Fund. Furthermore, licensing assures that the contractor has been approved by the State’s Contractors License Board as having the necessary technical knowledge and experience to perform the work covered by their license. Finally, licensed contractors are listed on the DCCA website, where the public has the ability to research a contractor’s complaint history, licenses, insurance, etc., none of which is available for the handyman.

Another harmful effect of the handyman exemption is that many of these unlicensed handymen perform their work “under the radar” on a cash basis which deprives the State of Hawaii from collecting the requisite general excise taxes as well as income taxes from these transactions. In fact, the underground cash economy is estimated to cost the State millions in lost tax revenues each year. This is counter-productive to economic development and business, and efforts should be made to reduce, not increase, the probability of such situations.

Therefore, we respectfully request that this Committee consider the following:

1. Place an annual limit on the total amount of handyman work that can be performed by any individual.
2. Require any person who contracts and performs handyman work to duly register in a statewide database specifically created to track these individuals.
3. Require the handyman to provide a written and signed disclosure to each customer stating that they are not a licensed contractor under HRS 444.

Thank you very much for this opportunity to testify.

Respectfully yours,



Gregg S. Serikaku
Executive Director

HB-1877-HD-1

Submitted on: 2/20/2018 9:48:03 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Becky Gustafson	Gustafson Real Estate LLC	Support	No

Comments:

February 20, 2018

The Honorable Roy M. Takumi
Chair House Committee on Consumer Protection & Commerce
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Becky D. Gustafson, Realtor/Property Manager and I strongly support House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Handymen and women provide a valuable service by doing a variety of small maintenance jobs such as installing a sliding screen door, replacing the bottom of a bath vanity rotted from a water leak, hanging curtain rods and vertical blinds, checking and replacing old battery-operated smoke detectors, hauling off trash left behind by former tenants. These small jobs are insignificant to a licensed contractor, but very important to tenants and owners. Licensed contacts don't even want to quote these small jobs because they want jobs they can send workers to for a full day – not an hour or two. In our busy construction atmosphere, contractors understandably don't want or need the small jobs.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "Handyman Exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Mahalo for allowing me the opportunity to testify in strong support of this measure.

Respectfully Submitted,

Becky D. Gustafson

License #: RB:13835

Realtor/Property Manager
Gustafson Real Estate LLC
License #: 21797

1003 Bishop Street, Suite 2700

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HB-1877-HD-1

Submitted on: 2/20/2018 8:34:04 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Drudi Johnston	Marie Hansen Properties	Support	No

Comments:

Good morning and thank you for allowing me to testify this morning. I am a Realtor and have been a property manager for 30 years. I've seen lots of positive changes in our industry in thirty years.

Today I am asking you to make another positive change and that is to raise the the "handyman" amount from \$1,000.00 to \$5,000.00. This has been done with a great deal of thought. Contractors say that there is no recourse should a job not turn out right. This is why we aren't asking for more than what can be recovered in small claims court.

It is a real challenge to get a contractor to leave a job to come and rescreen a few screens or hang some doors. I work with great contractors and they've apologized that they can't leave a job.

I know that at our company all vendors have insurance or they don't work with us.

At our Office we participate each year as a NARPM (National Association Residential Property Manager) member in our Mom and Pop seminar which is for owner/landlords. We have speakers from many industries and give each participant a huge binder of great information of how to be a good landlord and who to call to inquire about contractors and handymen, etc. We are trying to educate as we do our business.

Again, what we are asking for is not unreasonable. Please approve this Bill HB1877

Respectfully.

Drudi Johnston, RB-20008

Marie Hansen Properties, Inc.

SAH - Subcontractors Association of Hawaii
1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938
Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 21, 2018

Testimony To: House Committee on Consumer Protection & Commerce
Representative Roy M. Takumi, Chair

Presented By: Tim Lyons, President

Subject: H.B. 1877, HD 1 – RELATING TO CONTRACTORS

Chair Takumi and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we strongly oppose this bill. The Subcontractors Association represents the following nine separate and distinct contracting associations who have combined their testimony in the interest of saving time and resources.

HAWAII FLOORING ASSOCIATION
ROOFING CONTRACTORS ASSOCIATION OF HAWAII
HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION
TILE CONTRACTORS PROMOTIONAL PROGRAM
PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII
SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII
PAINTING AND DECORATING CONTRACTORS ASSOCIATION
PACIFIC INSULATION CONTRACTORS ASSOCIATION

Although the construction industry is one industry it is composed of many different niche contractors. The contractors involved in some large projects, many middle sized projects and those doing federal work are moving along and still see relatively stable business...at least for a while.

Those smaller contractors, engaged in primarily homeowner activity however, have experienced the downturn and it is those very contractors that this bill effects.

It is quite typical in many construction trades that about 50% of the price is associated with labor and about 50% with materials. So when you raise the current \$1000 exemption amount for needing a contractor's license to \$5000 as was proposed in the original bill, you are in effect raising the ceiling for the types of jobs that qualify for no license from \$1000 to \$10,000. Savvy handymen will get around the law by having homeowners buy materials and only charge for labor.

Now some may say that \$5000 is nothing and dependent on the type of project that may be correct. As an example, \$5000 as part of room addition project is minor but the construction industry is composed of many different subcontractors who very often are engaged just to do one item such as tile a bathroom floor, roof a carport, paint a room, install new living room carpet, put in all new screens, install raingutters and so on. Every item I have just mentioned can be done for under \$5000 in labor and no building permit is required.

The problem is that this bill allows two separate and distinct sectors to go after the same work. One is regulated and the other is not. Because there are direct costs associated with regulation it creates a very unlevel playing field for the regulated side of the business. In these and upcoming tough times, when competition will be fierce, we feel that it is not fair for government to interfere and tip

the scales to one side.

The individuals that perform the work under \$1000 are most commonly referred to as handymen and there is no regulatory structure or benefits of regulation for the consumer who deal with these individuals. The current law allows those who perform work under \$1000 to run under the radar. It is unfortunate that we have never, ever heard of a case where a handyman turned down a job because it came in at over \$1000. It just doesn't happen with over \$1000 jobs and it would not happen with jobs over \$5000. Contrary to that, the legislature has already determined that those in the construction industry are "bad guys" and require regulation in order to protect the public. Why not handymen? Why not registration, certification or licensing?

What is it about the consumers who deal with these individuals that make them any less deserving of protection than those who engage a contractor for \$1500 or \$4000? Why should those homeowners be unknowingly exposed to lawsuits from injured employees of the handyman (if any); why should the contractor not have to tell the consumer of their rights before engaging handyman services and, why do they not deserve the benefit of a mandatory written contracts to avoid disputes just like when they deal with a licensed contractor for a \$2000 job?

So what kind of regulatory costs does a licensed contractor have that an unlicensed contractor or handyman does not? Here is a partial list:

- *the attached Disclosure of Lien Rights has to be attached to contracts.

- *there is access to a recovery fund, a pool of money for consumers that have been ripped off but only if by licensed contractors.

*there is a right to cancel.

*there are special penalties against contractors who hire illegal immigrants but it does not apply to handymen.

*in order to renew licenses the contractor has to prove taxes were paid, that he has workers' compensation insurance and that he has paid taxes such as, unemployment insurance and temporary disability insurance.

*there is extra protection for seniors, but again, only if they use a licensed contractor.

*there are protections since a written contract is required.

*there is a protection that the homeowner knows that he has a right to get the job bonded for their own protection.

*the consumer has to know and be advised that there is a Right to Cure in case there is defective workmanship.

*the consumer has a right to know who the subcontractors are on a particular job so that they can go after them if they have to.

*consumers have the right to know when the completion date is for their contract.

*and, the address of the contractor must be up to date in order to locate them.

Handymen have none of these requirements.

Is there a shortage of handymen? Attached is just one days listing from the newspaper's Service Directory (1/23/18). It lists six (6) such ads just for that day.

In short, this bill might have good intentions but it has horrible unintended consequences not only for the industry but also for the average consumer and we oppose it.

Thank you.

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DISCLOSURE OF LIEN RIGHTS

HOMEOWNERS TAKE NOTICE

Any person who furnishes labor (prime or subcontractor) or materials (material supplier) for your home improvement or renovation project and is not paid can file a claim (lien) in court against your property. This is true even if you have paid the contract price in full to the prime contractor and the contractor fails to pay his subcontractors or material suppliers.

In order to obtain a lien against your property, a contractor, subcontractor or material supplier must go to court and show that goods or services for the project have been supplied but not been paid for. You will be notified to appear and defend against these claims in court.

If a lien is obtained, you are entitled to prove in a later court proceeding that you paid your prime contractor in full. The court could then enter judgment in your favor against the prime contractor and direct payment out of the contractor's recovery fund up to the amount allowed by law, if the prime contractor was properly licensed at the time you entered into the contract with the prime contractor.

WHAT YOU CAN DO

Here is what you can do to help prevent problems:

- (1) Make certain that the contractor is licensed. Call 587-3295 to verify licensure.
- (2) On bigger jobs ask the contractor to explain to you about the possibility of providing a PERFORMANCE AND PAYMENT BOND which will guarantee completion of the project and payment of all liens. This Bond is usually provided by surety companies or material supply houses to qualified contractors. It may cost you approximately 5% of the project cost.
- (3) YOU SHOULD NOT MAKE ANY ORAL AGREEMENTS. Make sure everything is put in writing, including the price, what work is to be done, any specific exclusions or restrictions, and the grade and brand of materials to be used. If you later agree to make any changes in the original specifications, THESE CHANGES SHOULD BE IN WRITING AS WELL.
- (4) TAKE TIME TO STUDY THE AGREEMENT. Do not let a contractor or salesman hurry you into signing a contract; especially when you feel pressured by emergencies.
- (5) REMEMBER, A CONTRACT IS A LEGAL, BINDING DOCUMENT. Make certain you understand the contract. If not, spend a few extra dollars to have an attorney explain it to you.
- (6) OBTAIN A LIEN RELEASE FROM SUBCONTRACTORS. A mechanic's lien could be placed on your home by a subcontractor if the general contractor fails to pay his bills-EVEN THOUGH YOU HAVE PAID FOR THE WORK. The same thing holds true FOR SUPPLIERS OF CONSTRUCTION MATERIALS INCORPORATED INTO YOUR JOB...GET A LIEN RELEASE! Contractors could provide you with a lien release form. This form will essentially state that you have paid or have entered into an agreement to pay the subcontractor or supplier for their work, and that the subcontractor or supplier therefore relinquishes their lien rights.
- (7) DO NOT APPROVE PLANS OR BLUEPRINTS unless you understand them.
- (8) PLEASE BE SURE YOUR CHECKS are made out to the CONTRACTOR, NOT TO A SALESMAN.
- (9) Make sure and publish a "NOTICE OF COMPLETION" in the newspaper as soon as the work is done. No lien may be claimed 46 days after the notice is published.

(10) Discuss with your contractor the possibility of withholding a portion of payment until the 45-day period for filing liens has expired. The amount withheld should be sufficient to cover all claims which might be filed. You and your contractor must agree on the amount.

(11) If you have any questions about lien rights or other contract matters, DO NOT SIGN this or any contract. Contact your lawyer first.

I (we) have discussed with the contractor the lien rights of those who will be supplying labor or materials to my (our) project as well as steps I (we) can take to reduce our lien liability. I (we) have read and understand this DISCLOSURE OF LIEN RIGHTS.

DATED this _____ day of _____, 20_____.

CONTRACTOR

OWNER

WITNESS

OWNER

HB-1877-HD-1

Submitted on: 2/20/2018 10:03:30 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl Kunimoto	Marie Hansen Properties	Support	No

Comments:

I am the owner of a local property management company in Honolulu. We manage over 600 homes. Our goal is to provide safe and well cared for properties for our tenants and also maintain our clients homes.

We follow the landlord tenant code and all local laws. We use only licensed electricians and plumbers for electrical and plumbing repairs. We truly struggle with the current \$1000 cap for the handyman law. This is such a low number because it includes parts as well as labor over the course of the entire year for each property! When we call contractors to do the smaller jobs, they either refuse because it isn't worth their time, or they take such a long time getting around to fitting the job in. They also charge much higher rates which upsets the owners of the property. It's hard to believe you've allowed this to go on for so many years. If you were working in the industry and had to deal with the challenge of finding contractors to do small jobs, you would have changed this law many years ago! Why protect the contractor unions when the contractors refuse to do small jobs?

Please, please, please do not make us go another year without increasing the handyman cap to \$5000 per year. We want all our investment homes to sparkle and we want to provide quality homes for our tenants. With this law in place, it is making it very difficult for us. We live in a state that requires high maintenance with the salt air and hot sun. We really need this cap increased for the sake of our tenants, our owners and for the property managers who are required to keep the homes maintained. Pass this bill to protect the tenants who live in the property and the owner of the property.

Sincerely,


Cheryl Kunimoto R, PB


President

Marie Hansen Properties



 | 808-733-7060

 | 808-737-4977

 | 1259 A'ala Street, Suite 300
Honolulu, HI 96817

February 21, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Ken Hiraki, Director of Government Affairs, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its almost 9,500 members. HAR **strongly support** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Furthermore, from a consumer protection standpoint, the consumer has the small claims court as an outlet should they believe that a handyman's work is not up to par.

Mahalo for the opportunity to testify in strong support of this measure.





ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter
1286 Kalani Street, Suite B-203
Honolulu, Hawai'i 96817
PH: (808) 847-7306
FX: (808) 841-8096
Email: ecah@ecahi.com



February 20, 2018

To: House Committee on Consumer Protection & Commerce
Honorable Chairman Roy Takumi & Vice Chairman Linda Ichiyama

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

Subject: HB 1877, HD1 Relating to Contractors

Notice of Hearing

Date: Wednesday, February 21, 2018
Time: 2:00 PM
Place: Conference Room 329
State Capitol
415 South Beretania Street

Dear Chair Takumi 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 opposes** the intent and purpose of HB 1877, HD1 raising the threshold under the contractor licensing law's handyman exemption from \$1,000 to an undisclosed amount. Raising the threshold to a higher limit up to \$5,000 as this measure was first proposed compete with contracts that many of our specialty contractors consider their bread and butter work. Those licensed contractors have oversight by DCCA and have minimum requirements like Workers Comp Insurance, Liability Insurance, providing the home owner with their contractor's license and notifying the homeowner of their lien rights. None of which is required by the handyman. This affords the homeowner protection from predatory and unlicensed contractors.

It's time to have a registry for every handyman doing business in the State of Hawaii to provide some oversight over who's doing handyman work. This should include obtaining a general excise tax license to insure proper filing and payment of taxes and penalties where applicable.

Certain handymen have been known to perform electrical and plumbing work without the proper electrical or plumbing license. This is considered unlicensed work. Increasing the threshold would increase the amount of unlicensed and unpermitted work. The electrical trade carries an inherent risk to contractors and workers. The licensing process includes the training, testing and re-licensing required to be certified and licensed in the State of Hawaii. The license further protects the consumers.

Based on the above, ECAH **strongly opposes** the passage of HB 1877, HD1 and encourages this committee to kill this bill.

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



**International Union of Painters and Allied Trades
District Council 50**

2240 Young Street
Honolulu, HI 96826

Phone
808.941.0991

Fax
808.955.9091

Email
info@dc50.org

Website
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**TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
TWENTY-NINTH LEGISLATURES
REGULAR SESSION OF 2018**

TIME/DATE: 2:00 P.M. – WEDNESDAY, FEBRUARY 21, 2019

**TESTIMONY IN OPPOSITION TO HOUSE BILL NO. 1877. H.D. 1 – “RELATING TO
CONTRACTORS.”**

**TO CHAIR TAKUMI AND MEMBERS OF THE HOUSE
COMMITTEE ON CONSUMER PROTECTION & COMMERCE:**

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to testify in OPPOSITION to House Bill No. 1877, H.D. 1, – “RELATING TO CONTRACTORS.” My name is Lorna Woo, Director of Government Affairs, District Council 50. DC50 is an organization that represents five (5) local unions, the Painters, Local Union 1791; the Glaziers Architectural and Glass Metal Workers, Local Union 1889; the Carpet Linoleum and Soft Tile, Local Union 1926; the Drywall, Tapers Finishers, Local Union 1944 and the Pearl Harbor Metal Trades Specialty Workers, Local Union 1944 – approximately 2000 members statewide.

DC50 stands in opposition to House Bill No. 1877, H.D. 1. We strongly believe that by increasing the “handyman” threshold amount to \$5,000, would create a public health and general safety risk. Currently, under chapter 444 of the Hawaii Revised Statutes, contractors are not required to obtain a license to perform work valued at a \$1,000 or less. Most often, these unlicensed contractors are performing work for the public who seldom ever deal with a contractor. The average consumer does not know the importance of hiring a highly-skilled, well-trained, and certified licensed contractors;

and the legal benefits and protection they are entitled to under the law. Consumers are often misled and deceived by these unlicensed contractors and have lost large sums of money and time which have resulted in poor work quality and craftsmanship on their projects. We believe that the proposed increased amount of the handyman exemption would create a negative impact in the economy of smaller licensed contractors. The increase would create an uneven playing field because licensed contractors are required to pay registration, insurance/bonding fees, etc., unlike unlicensed handymen.

For these reasons, we strongly urge the committee to reject the proposals in House Bill No. 1877, H.D. 1. Thank you for the opportunity to testify in opposition to this measure.

HB-1877-HD-1

Submitted on: 2/20/2018 12:15:49 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Hiro Martin	Locations Llc.	Support	No

Comments:

To whom it may concern, please pass bill HB1877 to allow us to use handymen for up to \$5000 in work done versus the current \$1000 limit.

Thanks and Regards

Hiro Martin

HB-1877-HD-1

Submitted on: 2/20/2018 1:43:53 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Myrna Matsumoto	Locations LLC	Support	No

Comments:

I am Myrna Matsumoto and I strongly support House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount. Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects. Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from. The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels. Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption. Mahalo for the opportunity to testify in strong support of this measure.

HB-1877-HD-1

Submitted on: 2/20/2018 2:03:41 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
jan kim	locations llc	Support	No

Comments:

Hello: I am in full support of this bill as in our business, we need our handymen to have better opportunities for our clients and business. The General Contractors do not want to work with jobs that are less than \$2,000. Thank you

HB-1877-HD-1

Submitted on: 2/20/2018 1:24:54 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patti Arakaki	Locations LLC	Support	No

Comments:

\$1,000 cap for handyman work is too low with the expense of material and labor and should be raised to \$5,000.

HB-1877-HD-1

Submitted on: 2/20/2018 2:18:22 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ruvi Velasco	Narpm	Support	No

Comments:

As property managers and a home owner, it is hard to find contractors to do small jobs up to between \$1200-\$4500. I've read testimony that they want to lower the handyman's liability to \$500, are they crazy! Raise their liability to \$5000 and make handyman's register in the State of Hawaii to legitimize business. Regardless if you leave it at \$1000 or raise it \$5000, there will always be cash deal bases. Property managers don't deal with cash deals. Mahalo!

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
Committee on Consumer Protection & Commerce
Representative Roy M. Takumi, Chair
Representative Linda Ichiyama, Vice Chair

Wednesday, February 21, 2018
2:00 P.M.
State Capitol – Room 329

Aloha Chair Takumi, Vice Chair Ichiyama and members of the Committee:

We respectfully oppose HB 1877, HD1 which raises the threshold under the contractor licensing law's handyman exemption from \$1000 to an unspecified amount.

We believe raising the threshold of the handyman's exemption will open the door for increased unlicensed activity in the construction industry and pose a greater risk to homeowners. More specifically, we would like to raise the following concerns:

- Unlicensed individuals are not contractors;
- Unlicensed individuals have not met the Contractors License Board's experience, examination, and insurance requirements;
- There are no guarantees that unlicensed individuals are properly trained or possess the necessary education or experience needed to ensure quality work and the overall safety of the consumer or homeowner;
- Unlicensed individuals are not likely to have worker's compensation or liability insurance, which could put the homeowner's property at risk if anyone is injured on the job or if there is any damage while the work is being done;
- The homeowner cannot recover damages sustained by an act, representation, transaction, or conduct of an unlicensed individual from the Contractor's Recovery Fund (The Fund is only available to homeowners who hire a licensed contractor).

Thank you for allowing us to voice our opinion and we respectfully request that this bill be held by the committee.



(Continued From Page 1)

About PRP

Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.

HB-1877-HD-1

Submitted on: 2/20/2018 12:10:44 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lillian Marie Ruiz	Locations	Support	No

Comments:

Please approve. Great benefit for our local handymen and cost effective to our owners.

HB-1877-HD-1

Submitted on: 2/20/2018 2:04:26 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rexie Castro	Property Management	Support	No

Comments:

HB-1877-HD-1

Submitted on: 2/16/2018 7:51:22 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Glennon T. Gingo	Individual	Support	No

Comments:

HB-1877-HD-1

Submitted on: 2/19/2018 3:48:35 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kasandra Shriver	Individual	Support	No

Comments:

Aloha and Mahalo for the opportunity to **testify in strong support of HB 1877**, to increase the handyman exemption.

I am a homeowner on Oahu, and I have previously owned investment property as well.

As you are aware the handyman exemption amount of \$1000 has not been increased since 1992 despite the high cost of living on Oahu, which has driven up both wages and the cost of goods. The median home price in 1992 was \$349,000 and today it is \$760,000 more than a 100% increase. The minimum wage in 1992 was \$4.75, and today it's \$10.10, a greater than 100% increase. The small claims jurisdictional limit in 1992 was \$1,750 and today it's \$5,000 -- a greater than 200% increase. It's time to increase the handyman exemption to keep up with today's rising prices of both labor and goods.

In today's market, it's difficult to have any minor job cost less than \$1000. For instance, the cost of drapes or blinds and the labor for hanging curtains or blinds can easily exceed \$1000 -- is this is a job for a contractor? No. Cleaning services on some large homes can cost in excess of \$1,000. Should the cleaner be a contractor or be required to work for the contractor? No. How about when a tenant leaves a property a mess -- a couple of walls need painting, a filter needs to be removed and replaced, the blinds need to be replaced, the cabinets need to be adjusted, a few panes of jalousie glass need to be replaced -- these are all minini jobs perfect for one handyman -- but the cost easily exceeds \$1,000. We need the exemption amount increased.

Finally, it is very difficult to find a contractor that will take these small jobs, and if on the rare occasion you can find one, they are booked out weeks and months in advance. As a landlord, we are required to have items fixed within 14 days, or the tenant may coordinate and complete the repair and deduct the amount from the rent; landlords should not be penalized and lose control of repairs because we are forced to use contractors for these small jobs. We need to be able to hire readily available labor for small jobs without the fear of breaking the law or conspiring to break the law.

Common sense must prevail. I urge you to listen to and advocate for the people of Hawaii and NOT the contractor's unions. It's time to raise the exemption to a

reasonable amount -- this should certainly be greater than \$1,000, and perhaps up to \$5,000 which is the small claims jurisdictional limits.

Mahalo for the opportunity to testify,

Kasandra Shriver
Kailua, Hawaii

HB-1877-HD-1

Submitted on: 2/19/2018 6:24:01 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Ellis	Individual	Oppose	No

Comments:

I oppose HB1877 - as a Property Manager (member of the National Association of Property Managers -NARPM) and a Realtor (member of the National Association of Realtors-NAR, member of Hawaii Association of Realtors-HAR, member of Honolulu Board of Realtors-HBR), I engage the services of both handyman and licensed contractors, depending on the extent of work to be accomplished. I owe it to my clients (property owners) to provide a level of quality workmanship meeting the needs necessary. This has been accomplished by the handyman (a select few) that I have used reguarly (keeping within the current \$1,000 limit - these hard working handyman's appreciate the business and keep themselves busy), and the selected licensed contractors I closely work with (who often are able to provide timely estimates) and consistently meet my needs of quality work and integrity. **You have to return business to those that service you well and have built a level of trust with...and they have all the time.**

HB-1877-HD-1

Submitted on: 2/18/2018 11:50:44 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
ron moore	Individual	Support	No

Comments:

I am a retired police officer since 2000 and been a handyman on the Waianae Coast. We have a need to handymen on the coastline. Because of material cost and being on the island with high traffic it's very difficult to find any contractor to drive to Waianae. Would be nice to have a program to allow handymen become A or B contractors.

HB-1877-HD-1

Submitted on: 2/18/2018 9:38:44 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lurline R. Johnson	Individual	Support	No

Comments:

Property Profiles, Inc.

Real Estate and Property Management Services

February 18, 2018

The Honorable Roy M. Takumi

Chair House Committee on Consumer Protection & Commerce

State Capitol, Room 329 Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am a Realtor whose does property management and I strongly support House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount. Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects. Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because there overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from. [I

As a property manager it is almost impossible to get a contractor to do a small job – anything from \$1000 to \$1500. Contractors normally want to do jobs that are more substantial and profitable but that doesn't always work for us as property managers when we just have a few items that need to be fixed.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels. Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption. Mahalo for the opportunity to testify in strong support of this measure

Lurline R. Johnson, (B) CRB, CRS, GRI, REALTOR

Property Manager, Lic #RB-17746

February 17, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Roy Vandoorn and I **strongly support** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

In this period of full employment and active construction, finding a licensed contractor to do smaller jobs is next to impossible. Contractors are not calling back for jobs less than \$10,000 or \$20,000, so if you have a small job in the \$2000 to \$5000 range, no one will come out to even look at the project. If the law is not changed, you are forcing people to break the law to make repairs to their home. This is especially the case for our senior citizens who are no longer capable of working on their own homes. Let's not turn our senior citizens into criminals, simply because they are no longer capable of doing home repairs and upgrades.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to

\$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Mahalo for the opportunity to testify in strong support of this measure.

HB-1877-HD-1

Submitted on: 2/17/2018 11:24:15 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherie Hitchcock	Individual	Support	No

Comments:

I am in support of the increase for the handyman exemption. If contractors who are fighting this bill would do handyman work we wouldnt have an issue here. The problem we property managers are having is that no contractor are willing to do small repair work! so why are they fighting this? I have been in this business for over 20 years and I never had a contractor be willing to do a job under \$1000. Why can't we support the small business whp specialize in handyman work so they to can profit from this growing business. Please raise the limit to \$5000, this will assure repair work being doen on a timely manner.

Thank you

HB-1877-HD-1

Submitted on: 2/16/2018 7:57:34 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Davis	Individual	Support	No

Comments:

Aloha Chair Takumi, Vice-Chair Ichiyama and members of the Committee.

My name is Peter Davis, and I am a resident of Maui. I am writing in support of HD1877, HD1.

In Maui, we don't have a lot of licensed contractors, and even fewer that are willing to take on the smaller (\$1,000-4,000) jobs. In fact, they most often refuse to even come out and look at such jobs. We therefore really need handymen to help us maintain our homes.

I was surprised to learn that the handyman exemption hasn't been increased since 1992. This is ridiculous given how prices have increased over the last 25 years. It's time for the law to get reset to a level that makes sense.

I am a senior citizen and at a point where I shouldn't be climbing ladders anymore. Please give this bill your favorable consideration so that my wife and I can continue to live in a home that doesn't become unsafe due to lack of maintenance.

Thank you!

Peter Davis

February 21, 2018

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Kim Arongay and I **strongly support** House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

This bill will help many small business owners, property owners, property managers, realtors and many more people.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Mahalo for the opportunity to testify in strong support of this measure.

HEARING BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE
February 21, 2018
2:00 p.m.

House Bill 1877, HD1
Relating To Contractors

- Painting Industry of Hawaii Labor Management Cooperation Trust Fund
- Hawaii Tapers Market Recovery Trust Fund
- Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889
AFL-CIO Stabilization Trust Fund
- Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund

Chair Takumi and Members of the Committee:

Thank you for this opportunity to submit testimony on behalf of the Painting Industry of Hawaii Labor Management Cooperation Trust Fund, Hawaii Tapers Market Recovery Trust Fund, Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund, and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund in **strong opposition** to House Bill 1877, HD1.

This measure raises the threshold for the handyman exemption found in Hawaii Revised Statutes §444-2(4) from \$1,000 to a blank amount.

Any increase in the handyman threshold will result in increased unlicensed activity and a greater risk of harm to homeowners. Unlicensed contractors are not required to maintain liability or workers compensation insurance which exposes the homeowner to potential lawsuits arising out of injury or property damage. Moreover, if the unlicensed contractor fails to complete the job or performs unacceptable work, the homeowner will not be able to file complaints with the Contractors License Board or seek recovery from its recovery fund.

We strongly disagree that the threshold should be increased simply because of inflation or increased costs in related to construction. Even in today's market, considerable amounts of work can be done under the current threshold. This is especially so for specialty contractors such as painters, or floor layers.

Finally, increasing the threshold has a significant, negative impact on licensed contractors, and smaller licensed contractors in particular. Many contractors in the finishing trades would be adversely affected by an increase in the threshold because it would make them less competitive against unlicensed handymen who do not have to bear the increased costs of being a licensed contractor.

For all of these reasons, we ask that the Committee defer this measure. Thank you again for this opportunity to share our comments and concerns.

Jeffrey S. Masatsugu

February 12, 2018

The Honorable Aaron Ling Johanson, Chair
House Committee on Labor & Public Employment
State Capitol, Room 309
Honolulu, Hawaii 96813

RE: House Bill 1877 Relating to Contractors

HEARING: Tuesday, February 13, 2018, at 9:15 a.m. in 309

Aloha Chair Aaron Ling Johanson, Vice Chair Holt and Members of the Committee,

I am Rhonda Hutchinson and I **strongly support** House Bill 1877, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Furthermore, from a consumer protection standpoint the \$5,000 handyman exemption limit coincides with the current small claims court limit. This will provide an outlet to the consumer should they believe that a handyman's work is not up to par.

Mahalo for the opportunity to testify in strong support of this measure.

Rhonda Hutchinson, 41-949 Laumilo St, Waimanalo, HI 96795, 808-369-4121

HB-1877-HD-1

Submitted on: 2/20/2018 12:07:19 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katharine J K Spencer	Individual	Support	No

Comments:

The current handyman exemption of \$1000 per job is way too low. And when we try to get a contractor in to do a small job of about \$1500, it's way too small for them!! They refuse to even come out and give a bid!

Inflation has gone up, So how can we not raise this amount???

Just one small house (1 /2bedroom) costs over 1000 to paint!

Please help us with this problem.

Kat Spencer, R, GRI, e-PRO, NARPM, AHWI

Dower Realty, Inc.

808-230-7639

Katnkevin@gmail.com

HB-1877-HD-1

Submitted on: 2/20/2018 12:11:52 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
sheila kawakami	Individual	Support	No

Comments:

I really want this bill to pass because I manage over 150 properties and am forced to hire a contractor for work that should be done by my handy such as replacing screens, small items but several items which could possibly exceed \$1000. This amount of money doesn't cover much these days. When I contact a contractor, they're usually "out" for 3 months and bid the job high because they don't really want the small jobs. If my handyman does a job but something unexpected comes up where he'll also need to replace more parts, I can't use him for the small add on.

HB-1877-HD-1

Submitted on: 2/20/2018 12:15:02 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Carl Frazier	Individual	Support	No

Comments:

I am for this bill. I'm a professional property manager and it's virtually impossible to get a contractor to do a job for less than two or three or even five thousand. We need to change this limit now. Thank you.

HB-1877-HD-1

Submitted on: 2/20/2018 12:19:10 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Morgan-Dupuis	Individual	Support	No

Comments:

Aloha... I support this bill 100%. As a residential property manager for almost 20 years so many times we need to have work done on a property that exceeds \$1000, but is too small, under \$5000 for a contractor. Most contractors do not have time to "bid" on a small job or hire a crew to do the work. Please increase the "handyman" \$1000 limit to \$5000. Patricia Morgan-Dupuis R, GRI, e-Pro, NARPM

HB-1877-HD-1

Submitted on: 2/20/2018 12:19:35 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Brett Schenk	Individual	Support	No

Comments:

Honorable Chairman,

I'm writing to provide specific details in support of HB 1877. The \$1000 limit has been in place since 1992. Union and Handyman hourly rates have at least doubled or more in the past 25 years and materials prices in Hawaii have almost tripled. I recommend raising the maximum allowable amount to equal limit for small claims court (\$5,000). Thank you in advance for your consideration.

Brett Schenk, Realtor , BIC, CRS, GRI, CNE

Licensed 1999

WoodstockProperties, Inc.

HB-1877-HD-1

Submitted on: 2/20/2018 12:24:37 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Shanda Lewis	Individual	Support	No

Comments:

HB-1877-HD-1

Submitted on: 2/20/2018 12:58:15 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tiffany Kane	Individual	Support	No

Comments:

In my experience, the Handyman Limit is too low. As a Property Manager, it is very difficult to find a contractor willing to even estimate our 'smaller' jobs. We often get pushed to the back burner when Big jobs come in and we are stuck apologizing to homeowners associations and negotiating away fines as our needed work can it be completed on time. Even worse is when a tenant suffers loss of enjoyment or safety because we cannot find a serious or vendor to take on the job. My name Tiffany Kane and I strongly support this bill. Mahalo

HB-1877-HD-1

Submitted on: 2/20/2018 12:58:59 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Judy Awaya	Individual	Support	No

Comments:

I strongly support the handyman bill to increase to \$5,000. I work with a lot of seniors and not passing this bill will create a lot of hardship.

HB-1877-HD-1

Submitted on: 2/20/2018 1:06:03 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Yamachi	Individual	Support	No

Comments:

My name is Nancy and I am in strong support of this bill. It's very difficult many times for a handyman bill to come in at less than \$1000. On the other hand it's also difficult to find contractors who will work for small jobs that come in right over \$1000. Please increase the handyman exemption so that it is over \$1000.

Thank you for the opportunity to testify.

HB-1877-HD-1

Submitted on: 2/20/2018 1:07:34 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Craig Minami	Individual	Support	No

Comments:

I strongly support the increase of this HB 1877 bill to raise the handyman exemption from \$1000 to \$5000. In today's economic environment , this change is highly recommended. The amount of \$1000 does not justify the same work, living and business costs of the past. It is time to increase the amount.

Thank you for hearing me out and supporting this bill.

Aloha and Mahalo,!

Sincerely,

Craig Minami

HB-1877-HD-1

Submitted on: 2/20/2018 1:29:51 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Adderley	Individual	Support	No

Comments:

I support this bill due to recent increase in material cost and labor cost.

HB-1877-HD-1

Submitted on: 2/20/2018 1:35:51 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Elizabeth A Karimoto	Individual	Support	No

Comments:

Due to the increasing cost of materials and labor, we need to increase the exemption from \$1000.00 to \$5,000.00. The licenses contractors are so busy now with remodeling jobs they put minor repairs at the bottom of their list. I have also experienced no return phone calls because they are not interested in small repair jobs.

Thank you

Elizabeth Karimoto (R) CRS,GRI

Blue Sky Realty & Management

Office: (808) 988-1191

HB-1877-HD-1

Submitted on: 2/20/2018 2:00:15 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dionne Good	Individual	Support	No

Comments:

HB-1877-HD-1

Submitted on: 2/20/2018 2:20:50 PM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Raynard Marquina	Individual	Support	No

Comments:

The Honorable Roy M. Takumi, Chair

House Committee on Consumer Protection & Commerce State Capitol, Room 329
Honolulu, Hawaii 96813

RE: House Bill 1877, HD1, Relating to Contractors

HEARING: Wednesday, February 21, 2018, at 2:00 p.m.

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

I am Raynard Marquina and I strongly support House Bill 1877, HD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor be hired for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows the hiring of a person not licensed as a contractor if the total cost of the project, including labor, materials, and all other costs, is equal to or less than \$1,000. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Handymen provide a valuable service by doing maintenance and minor jobs, such as installing a screen door, touching up paint, or repairing a gate for homeowners. These are projects that are often too small for a licensed contractor to be willing to take on because their overhead is higher. It is also difficult for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 26 years ago. Since then, the cost of living, housing and inflation have all risen drastically. The increase to the handyman exemption will help keep pace with current levels.

Additionally, Act 195 passed in 2009, increased the monetary sanctions for engaging in contracting without the required license from \$500 to \$2,500 for the first offense and \$1,000 to \$3,500 for the second offense. This represents up to a five-fold increase in penalties without any increase in the handyman exemption.

Mahalo for the opportunity to testify in strong support of this measure.



LATE

February 21, 2018

TO: House Committee on Consumer Protection & Commerce
FROM: Blake Parsons, Executive Director
SUBJECT: Opposition to *H.B. 1877, HD1 - Relating to Contractors*

Chair Takumi and Members of the Committee:

My name is Blake Parsons. I am the Executive Director of the Sheet Metal Contractors Association (SMCA), a trade association that represents signatory sheet metal and air conditioning contractors in Hawaii.

SMCA **opposes H.B. 1877, HD1.**

Increasing the “handyman” exemption from \$1,000 to \$5,000 further promotes unlicensed contracting and puts people in harm’s way by exposing them to unsafe, unchecked workmanship.

Our contractors have completed a rigorous contractor licensing process, secured insurance and bonding, and provided written contracts, among many other assurances to the consumer that their quality work will be backed by the letter of the law.

By increasing the “handyman” exemption, the State would effectively promote the idea that the aforementioned assurances are not needed for substantial projects up to \$5,000 - this is simply NOT in the best interest of the consumer or the general public.

It is never in the interest of the consumer to use an unlicensed contractor and we respectfully request that your committee actually reduce or eliminate the “handyman” exemption altogether. My members - licensed contractors - would be happy to provide a plethora of examples of dangerous work they have corrected that was initially performed by unlicensed contractors.

Therefore, **we oppose H.B. 1877, HD1.** I appreciate the honor to submit testimony to your committee.

Mahalo,

A handwritten signature in blue ink, appearing to be "Blake Parsons".

Blake Parsons

Executive Director

HB-1877-HD-1

Submitted on: 2/21/2018 11:33:32 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pamela Tumpap	Maui Chamber of Commerce	Oppose	No

Comments:

The Maui Chamber of Commerce and our Construction Industry of Maui trade council oppose this measure. We support fair and equitable laws, but by giving handymen a larger exemption, it creates inequality in the industry. Licensed contractors must meet stringent license requirements and be appropriately insured while handymen and women do not have to meet those same standards. This creates an unfair competitive environment. During the recession and since, many unlicensed individuals are competing against licensed contractors and have the advantage of not having to incur the same expenses as licensed contractors, but since the state has been unable to enforce the current law, this unfair competition remains. We understand that property managers feel that the limit is too low and are reporting that they have had a hard time finding licensed individuals to do work, however there are other organizations who are happy to assist in making recommendations of license contractors, such as the Maui Chamber of Commerce. Thank you for the opportunity to testify on this matter.

LATE

HB-1877-HD-1

Submitted on: 2/21/2018 11:15:31 AM

Testimony for CPC on 2/21/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Kobayashi	Individual	Oppose	No

Comments:



Randy Perreira
President

HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

LATE

Telephone: (808) 597-1441
Fax: (808) 593-2149

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

Testimony by
Hawaii State AFL-CIO

February 21, 2018

H.B. 1877, H.D.1 – RELATING
TO CONTRACTORS

The Hawaii State AFL-CIO opposes H.B. 1877, H.D.1 which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Work that requires over a \$1,000 in maintenance or repairs can often be complex and require skilled labor. We feel it is in the best interest of the consumer that a worker is licensed and properly trained to perform such work. The definition of a handyman is someone who does minor renovations or occasional domestic repairs. Raising the threshold above \$1,000 is getting beyond minor renovations. We respectfully request the Committee on Consumer Protection and Commerce to defer H.B. 1877, H.D.1.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President



Testimony to the House Committee on Consumer Protection & Commerce
Wednesday, February 21, 2018
2:00 PM
State Capitol, Conference Room 329

LATE

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HAWAIIAN DREDGING
CONSTRUCTION CO. INC.

ADDRESS:
94-487 AKOKI STREET SUITE 213
WAIPAHU, HAWAII 96797
P 808.847.4666

RE: HB 1877 HD 1 – Relating to Contractors

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is **opposed** to H.B. 1877, HD 1, which proposes raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to an unspecified amount.

Proponents of the bill state that increasing the exemption will help landlords and homeowners reduce the costs of maintaining a home or for repairs to make rentals marketable. In rural parts of the State, it is often difficult to find licensed contractors because the job is either too small or contractors are not available.

The underlying concern with this bill is the problem of controlling unlicensed construction work in our State. In addition, increasing the threshold unfairly takes business away from properly licensed members and small businesses in the construction industry.

This exemption was intended for persons to do repair work and minor jobs on the home. The State of California caps their handyman exemption at \$500 for this very reason. It is not intended for major construction work, which will further result by an increase in our current \$1,000 exemption. If the exemption was raised to even \$2,500, it will be a \$5,000 job because the owner will be asked to purchase the materials and the \$2,500 will be the labor cost.

The raising of the exemption increases the risk of uninsured persons compromising the integrity of a home and leaving the homeowner on the hook since the uninsured person is not licensed, insured, or bonded. Homeowners have lost their homes and declared bankruptcy when an unlicensed person is injured on their property.

In a time where home prices are rising and the material costs to do remodels are increasing, it is essential that homeowners continue to be protected from the hidden costs of using unskilled, unlicensed, uninsured individuals to attempt significant home repairs. The current \$1,000.00 exemption does allow for any incidental repairs to be done by a handyman while insuring larger, more intensive projects will be done to a higher standard.

On January 22, 2018, KHON reported that the State Attorney General took an unlicensed person to court, and now, after years of waiting, victimized homeowners may be getting some of their money back.

Increasing the exemption will create more opportunities for unlicensed work by unlicensed persons.

We are **opposed** to H.B. 1877, H.D. 1, and appreciate the opportunity to express our views on this matter.



LATE

February 21, 2018

TO: House Committee on Consumer Protection & Commerce
FROM: Blake Parsons, Executive Director
SUBJECT: Opposition to *H.B. 1877, HD1 - Relating to Contractors*

Chair Takumi and Members of the Committee:

My name is Blake Parsons. I am the Executive Director of the Sheet Metal Contractors Association (SMCA), a trade association that represents signatory sheet metal and air conditioning contractors in Hawaii.

SMCA **opposes H.B. 1877, HD1.**

Increasing the “handyman” exemption from \$1,000 to \$5,000 further promotes unlicensed contracting and puts people in harm’s way by exposing them to unsafe, unchecked workmanship.

Our contractors have completed a rigorous contractor licensing process, secured insurance and bonding, and provided written contracts, among many other assurances to the consumer that their quality work will be backed by the letter of the law.

By increasing the “handyman” exemption, the State would effectively promote the idea that the aforementioned assurances are not needed for substantial projects up to \$5,000 - this is simply NOT in the best interest of the consumer or the general public.

It is never in the interest of the consumer to use an unlicensed contractor and we respectfully request that your committee actually reduce or eliminate the “handyman” exemption altogether. My members - licensed contractors - would be happy to provide a plethora of examples of dangerous work they have corrected that was initially performed by unlicensed contractors.

Therefore, **we oppose H.B. 1877, HD1.** I appreciate the honor to submit testimony to your committee.

Mahalo,

A handwritten signature in blue ink, appearing to read "Blake Parsons".

Blake Parsons

Executive Director