

HB 1877

**RELATING TO
CONTRACTORS**

A BILL FOR AN ACT

RELATING TO CONTRACTORS.

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

1 SECTION 1. The legislature finds that chapter 444, Hawaii
2 Revised Statutes, requires that a licensed contractor be hired
3 for any construction work that costs more than \$1,000 or that
4 requires a building permit. However, the handyman exemption to
5 chapter 444, Hawaii Revised Statutes, allows the hiring of a
6 person not licensed as a contractor if the total value of the
7 project, including labor and materials, is equal to or less than
8 \$1,000.

9 The legislature further finds that as housing costs have
10 increased in Hawaii, the cost of housing materials has also
11 increased. As a result, small home repair projects may easily
12 exceed \$1,000. Additionally, Act 195, Session Laws of Hawaii
13 2009, increased the monetary sanctions for engaging in
14 contracting without the required license in violation of the
15 contractors licensing law. Fines were increased from \$500 to
16 \$2,500 for the first offense and from \$1,000 to \$3,500 for the
17 second offense. This represents a fivefold increase in the



1 amount of the first offense and over a threefold increase in the
2 second offense fine.

3 Despite an increase in costs and a shortage of licensed
4 contractors, the handyman exemption amount has not been
5 increased since 1992. Accordingly, the legislature finds that
6 in order to combat high housing costs, the handyman exemption
7 should be expanded to provide faster, easier access to
8 construction services for smaller projects.

9 It is necessary to raise the handyman exemption from \$1,000
10 to \$5,000 for several reasons. First, increasing the exemption
11 threshold brings the exemption more in line with the increased
12 fines imposed by Act 195 and reduces that law's potential impact
13 on handymen who take on small projects in good faith and face
14 rising materials costs. Second, raising the handyman exemption
15 will help landlords and homeowners reduce the costs of
16 maintaining a home or for repairs to make rentals marketable.
17 Finally, in rural parts of the State, it is often difficult to
18 find licensed contractors because the job is either too small or
19 contractors are not available.



1 The purpose of this Act is to raise the threshold under the
2 contractor licensing law's handyman exemption from \$1,000 to
3 \$5,000.

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

6 "**§444-2 Exemptions.** This chapter shall not apply to:

- 7 (1) Officers and employees of the United States, the
8 State, or any county while in the performance of their
9 governmental duties;
- 10 (2) Any person acting as a receiver, trustee in
11 bankruptcy, personal representative, or any other
12 person acting under any order or authorization of any
13 court;
- 14 (3) A person who sells or installs any finished products,
15 materials, or articles of merchandise that are not
16 actually fabricated into and do not become a permanent
17 fixed part of the structure, or to the construction,
18 alteration, improvement, or repair of personal
19 property;
- 20 (4) Any project or operation for which the aggregate
21 contract price for labor, materials, taxes, and all



1 other items is not more than [~~\$1,000.~~] \$5,000. This
2 exemption shall not apply in any case where a building
3 permit is required regardless of the aggregate
4 contract price, nor where the undertaking is only a
5 part of a larger or major project or operation,
6 whether undertaken by the same or a different
7 contractor or in which a division of the project or
8 operation is made in contracts of amounts not more
9 than [~~\$1,000~~] \$5,000 for the purpose of evading this
10 chapter or otherwise;

- 11 (5) A registered architect or professional engineer acting
12 solely in the person's professional capacity;
- 13 (6) Any person who engages in the activities regulated in
14 this chapter as an employee with wages as the person's
15 sole compensation;
- 16 (7) Owner-builders exempted under section 444-2.5;
- 17 (8) Any joint venture if all members thereof hold licenses
18 issued under this chapter;
- 19 (9) Any project or operation where it is determined by the
20 board that less than ten persons are qualified to
21 perform the work in question and that the work does



1 not pose a potential danger to public health, safety,
2 and welfare; or
3 (10) Any public works project that requires additional
4 qualifications beyond those established by the
5 licensing law and which is deemed necessary and in the
6 public interest by the contracting agency."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.
10

INTRODUCED BY:

B. Stal

Lindeschnigen

JAN 18 2018



H.B. NO. 1877

Report Title:

Contractors; Exemptions

Description:

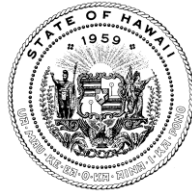
Raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



1877

TESTIMONY



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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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

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

TO THE HOUSE COMMITTEE ON
LABOR AND PUBLIC EMPLOYMENT

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, February 13, 2018
9:15 a.m.

TESTIMONY ON HOUSE BILL NO. 1877, RELATING TO CONTRACTORS.

TO THE HONORABLE AARON LING JOHANSON, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on H.B. 1877, 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 amends Hawaii Revised Statutes section 444-2 by increasing the “handyman” exemption for unlicensed contracting work from a total project or operation cost of \$1,000 to \$5,000. In effect, the bill would permit all construction work under \$5,000, 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 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. I am happy to answer any questions the Committee may have.



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,

My name is Amanda Frazier, from Cornerstone Properties. We manage over 650 rental units on Oahu ranging from single family homes to condos and townhouses. We rent to military, local families, HUD-VASH and Section 8.

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

The current law only allows for a handyman to work up to \$1000 including material and labor. As you know, many times the materials alone can cost close to \$1000 after shipping, etc.

There are countless occasions when we need a handyman to go in for items not just for maintenance of the home, but sometimes safety, sometimes preventative maintenance – and it could be a list of items that will come out to more than \$1000 very easily.

It is nearly impossible to get a contractor to do a job that is just over \$1000. Most contractors are looking for the jobs that will cost \$10K/\$20K + such as a remodel or exterior painting, or new roof, etc. So currently, with the limit at \$1000, it really puts a huge burden on not just Property Managers, but selling agents, and the everyday home owner who needs to upkeep their home.

Imagine a kupuna needing to fix a handle grab bar in their shower for \$1,500, but they cannot hire a handyman because of the cost, and they are not able to get any contractor to call them back for such a small job.

Please consider helping us all by increasing the handyman exemption to at least \$5000.
Mahalo for the opportunity to testify in strong support of this measure.

Amanda Frazier, R, RMP
Cornerstone Properties

HB-1877

Submitted on: 2/9/2018 4:49:31 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

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. I am a full time property manager with about 30 years of experience under my belt. I work with a company that really takes pride in having wonderfully maintained properties whether they are studios or large estates.

Maintaining these properties to the level we want is the challenge. So we need to dispose of 4 doors & hang 4 new ones. What contractor wants to come out for such a manini job? It'll cost over a thousand to do it right. So property managers & owners are caught between a rock & a hard place.

We comply with ALL of the laws at our company, but it really is a challenge. By raising the amount for handymen to \$5000 or equal to the small claims court cost, it will actually help the contractors get us off their backs begging them for jobs they wont accept, and we can maintain excellence in homes for tenants,plus happy owners. Win Win Win Win. Please pass this Bill !



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 13, 2018

HOUSE OF REPRESENTATIVES

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

NOTICE OF HEARING

DATE: Tuesday, February 13, 2018
TIME: 9:15 AM
PLACE: Conference Room 309

RE: STRONG OPPOSITION TO HB 1877 - RELATING TO CONTRACTORS

Aloha Committee Chair Aaron Johanson, Vice Chair Daniel Holt, and members of the Committee on Labor & Public Employment,

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 which proposes to raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

Handyman construction work up to \$1000 are considered casual, minor, or inconsequential in nature. Unfortunately, the same cannot be said for construction work up to \$5000. At this level, a handyman project may require a permit, insurances, inspections, and other regulatory requirements to protect the handyman, the owner/client, and public safety.

The handyman is currently an unregistered and unlicensed group in Hawaii. No one seems to know how many handyman individuals are out there.

If handymen are taking on projects over \$1000, it is considered unlicensed activity. Rather than raising the exemption ceiling to \$5000 to legalize their unlicensed activity, handymen should consider applying for a contractors license.

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

With respect,

Joy Kimura
Hawaii Laborers-Employers Cooperation
and Education Trust

HB-1877

Submitted on: 2/10/2018 1:05:11 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lurline R. Johnson	Property Profiles, Inc.	Support	No

Comments:

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 a Realtor 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.

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE HOUSE COMMITTEE ON
LABOR AND PUBLIC EMPLOYMENT

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, February 13, 2018
9:15 a.m.

TESTIMONY ON HOUSE BILL NO. 1877, RELATING TO CONTRACTORS.

TO THE HONORABLE AARON LING JOHANSON, 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 on H.B. 1877, which is a companion to S.B. 2376.

This measure proposes to raise the "handyman" exemption from \$1,000 to \$5,000.

The Board has not had the opportunity to discuss this bill but will be discussing this measure at its next meeting on February 16, 2018. However, the Board has previously testified in opposition to similar measures for the following reasons:

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 on H.B. 1877.

HB-1877

Submitted on: 2/11/2018 9:58:49 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dan O'Hanlon	Sailors Realty	Support	No

Comments:

February 11, 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 Trem Property Manager on Maui. My job is to supply housing for residents. I **strongly support** House Bill 1877, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

Handypersons provide a valuable service by doing maintenance and minor jobs on short notice. Here on Maui contractors must not need small jobs because they will not even respond to inquiries for smaller jobs. 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 so the Tenant may continue to occupy the property. . Often by the time the place is put back together, things end up being bigger and take more time and materials than the current \$1000 limit. It is unacceptable to have the Handyperson have to stop in the middle of a job like this just because they may have hit the dollar limit.

Also 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 make it a law that contractors must respond to inquiries within a reasonable time or risk losing their license.

Mahalo for your consideration of my testimony,

Dan O'Hanlon PB R
Sailors Realty

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HB-1877

Submitted on: 2/11/2018 11:16:35 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherie Hitchcock	Marie Hansen Properties	Support	No

Comments:

The reason this bill is so important it will allow property managers to work with a few qualified handyman. With the current bill we are limited in the amounts of work and one job can put the handyman at its limit and then we have to fine someone else to do what ever is left? This is very stressful for our tenants and owners, not to mention how time consuming this is for us. For this reason that reason repairs fall be hide. I am so annoyed that the contractors are the ones fighting this bill when they are the very ones that will NOT do small repair jobs, and if they do they will charge you way more than the job is worth. This is not right!

Please pass this bill, because there is a lot of work to go around!

Thank you



Hawaii Reserves, Inc.
A LAND MANAGEMENT COMPANY

February 11, 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

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

My name is Richard Vierra and I support House Bill 1877, which raises the contractor licensing law's handyman exemption threshold from \$1,000 to \$5,000.

As you know, the high costs of living in Hawaii affects everyone. But conversely Hawaii is going through an economic revival and many people are working, and many are working in the construction industry. Opportunities exist for small businesses and homeowners to do renovations and repairs now to improve the infrastructure and appearance of their property and businesses. The demand for good work is growing and it is only reasonable to allow the public to have the opportunity to grow and hire those handymen who can do the work.

But due to the cost, very few projects can be completed for \$1,000 or less, and much less are they single projects performed in a calendar year. Many licensed contractors are just too busy to do small projects like re-tile a kitchen floor, change electrical fixtures, paint a house or install irrigation lines so doesn't it make sense to allow handymen the opportunity to do the work that owners need and licensed contractors can't perform, in a timely and feasible manner? There is enough work to go around.

It has been over 26 years since the exemption amount was raised from \$100.00 to \$1,000.00. We all know 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, in 2009, legislation was passed increasing 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.

Again, please support House Bill 1877 for all of us.

Aloha,

Richard Vierra (B)
Principal Broker &
Director of Property Management

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,

My name is Craig Minami 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, changing assorted locks, caulking and repairing minor termite damages, water rot, touching up paint, or repairing a gate for homeowners. These are just some of the minor work related repairs that they do. 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.

It's been many years since any adjustment was made and now with the costs of material and labor, a thousand dollar repair job is significantly restricted in this current economic time. It's definitely different now and I'll get worse. In fact, materials are rising at a quicker rate now, especially the past few years and I don't see it stopping anytime soon. Costs will increase!

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 of at least catch up a bit.

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.

With Aloha and Care,

Craig Minami
Lighthouse Properties



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HONOLULU, HI 96813
PH: (808) 597-1216

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

February 5, 2018

Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice-Chair
House of Representatives Committee on Labor and Public Employment
The Twenty-Ninth Legislature, Regular Session of 2018

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

SUBJECT: HB1877 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 cost of the “handyman” exemption from \$1,000 to \$5,000 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. Lower the handyman exemption threshold from \$1,000 to \$500.
2. Place an annual limit on the total amount of handyman work that can be performed by any individual.
3. Require any person who contracts and performs handyman work to duly register in a statewide database specifically created to track these individuals.
4. 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

HEARING BEFORE THE HOUSE COMMITTEE ON LABOR
February 12, 2018
9:15 a.m.

House Bill 1877
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 Johanson 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.

This measure raises the threshold for the handyman exemption found in Hawaii Revised Statutes §444-2(4) from \$1,000 to \$5,000.

An 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

HB-1877

Submitted on: 2/12/2018 10:13:04 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Marybel Aspili	Narpm	Support	No

Comments:

I support increasing Contractors threshold to \$5000. Cost of repairs and even cleaning in Hawaii is beyond \$1000 most times. I am a property manager who uses a handyman/contractor all the time. I use a handyman to do simple paint and repairs. Even small repairs adds up easily beyond \$5000. Big construction companies will not tackle small job for me. I hope to see this bill pass.



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INCORPORATED

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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 Berton Hamamoto, president of Property Profiles Inc., 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.

I have been involved in property management for over 35 years. Our company manages approximately 1,000 rental units on Oahu consisting of single family homes, condominiums, apartment buildings, and commercial rentals. I also travel to the neighboring islands to teach property management to Realtors which gives me a comprehensive understanding of the market in Hawaii and the problems property managers face.

One of the biggest issues we have in the industry, is finding good handymen to do repair work for our units. Handymen provide a valuable service to our owners doing maintenance and minor jobs which we can't find any licensed contractor to do. We understand that these jobs are too small for a licensed contractor to deal with. They would prefer booking jobs that would include all their employees over several days or weeks rather than two hours for only one or two of their men.

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.

I also understand the fear and concern the opponents to this bill have regarding unscrupulous individuals doing substandard work and creating a bad image for the construction industry. I would also voice that concern, but I just don't see that problem out in the field. There may be some individuals like that, but property managers would not continue to hire someone like that and the person would be out of work in a heartbeat. What I do hear out there are property managers having difficulty with the handyman limit and they having to constantly break the law because they have no alternatives.


I think it's time to make adjustments to the limit!


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


Berton Hamamoto ABR, CRB, CRS, CFP

RB: 13802



 | 808-733-7060

 | 808-737-4977

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

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.

Aloha Chair Johanson, Vice Chair Holt 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, 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.

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

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**TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
TWENTY-NINTH LEGISLATURES
REGULAR SESSION OF 2018**

TIME/DATE: 9:15 A.M. – TUESDAY, FEBRUARY 13, 2018

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

**TO CHAIR JOHANSON AND MEMBERS OF THE HOUSE
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT:**

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to testify in OPPOSITION to House Bill No. 1877 – “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. 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.

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

HB-1877

Submitted on: 2/12/2018 11:38:59 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

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

Comments:

I am in support of HB1877. I mainly manage apartment buildings and use one handyman. With the raising costs of materials, etc. it is impossible for a handyman to not go over in expenses when taking care of several units repairs in one building.

SAH - Subcontractors Association of Hawaii ³¹⁹

1188 Bishop St., Ste. 1003Honolulu, Hawaii 96813-2938**

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 13, 2018

Testimony To: House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair

Presented By: Tim Lyons, President

Subject: H.B. 1877 – RELATING TO CONTRACTORS

Chair Johanson 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

We find it somewhat ironic that this bill comes before a committee interested in labor because typically handymen only use their own labor – they employ no legitimate labor. 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 affects.

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, 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 rain gutters 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

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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?

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.

...very little of playing field for the regulated side of the business in terms of financing to build

...which competition will be forced, we believe that it is not fair for government to interfere and to

...the scales to the other

...the industry that become the work under 27.6% the most common, related to be handling and

...there is no regulatory structure or penalties or regulation of the construction deal with these

...individuals. The current law allows those with primary or under 27.6% to run under the same

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...because it came in at over \$1000. It just doesn't happen. It's over \$100,000 and it would not

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...the construction industry, the 1000 days, and again, related to its own to professional organizations

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...What is it about the construction industry that makes them any less deserving of

...protection than those who engage a contractor for \$1000 or \$4000? Why should those who work

...periodically exposed to hazards, down injured employees of the industry (if any) why should

...the contractor not have to get the contract, of their workers, be the employer, providing services and

...why are they not also in the front of a regulatory system that would address that issue

...when they deal with a contractor for \$2000 or

...So what does regulation cost? Does a team of contractors have that all unregulated contractors

...industry does not, take a particular

...the attached disclosure of the rights 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.

Thank you.

the industry, but also for the average consumer and we depend on
in fact, this will have good intentions but it has horrible unintended consequences not only for

Director (1/28/18). It takes law (e) which has just in that they

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handwritten copy of the required materials

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in order to have a license the contractor has to prove taxes were paid that he has worked

handyman

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there is a right to cancel

only if licensed contractor

there is access to a remedy through a pool of money for contractors that have been bonded for



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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

Submitted on: 2/9/2018 4:09:59 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

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

Comments:

I am the owner of a local property management company in Honolulu. We manage over 600 homes. Our goal is to protect our clients investments while they earn income. 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 rate which upsets the owners of the property. Its 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?

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. Please pass this bill as 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.

Respectfully,

Cheryl Kunimoto

President

Marie Hansen Properties

HB-1877

Submitted on: 2/9/2018 1:57:06 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

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

Comments:

Aloha,

Will allow persons with fixed inclome esp. retirees an option to have necessary work done on their proprties without unnecessary costs.

Aloha

HB-1877

Submitted on: 2/9/2018 3:14:13 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Kia	Ms.	Support	No

Comments:

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 Andrea Kia 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 handy man exemption is long overdue to be modified. Our high costs of materials and labor continues to dramatically increase but this exemption has remained the same since 1992! It's time to do the right thing and represent the many local property owners who want to maintain their property and work within the law.

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

Respectfully,

Andrea L. Kia

HB-1877

Submitted on: 2/10/2018 9:17:23 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

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

Comments:

As a realtor and property manager, I cannot justify support for HB1877.

HB-1877

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

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gavin Hall		Support	No

Comments:

February 11, 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 Gavin Hall 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.

I manage my Grampa's old property, which frequently needs small repairs. It is very difficult to get a Licensed Contractor in unless you have enough work built up to make it meaningful for them and they are so busy they rarely want to come down for even an estimate for us little guys. Plus, they are expensive!

The workshop in the back yard has suffered some termite damage over the years and has been tented, but even just replacing or sistering boards adds up quick. The current \$1000 maximum means, the damaged gate or cracks in the cement cap on the stone wall or driveway or wood louvers need to be deferred for later years.

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.

HB-1877

Submitted on: 2/11/2018 10:01:19 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Murchie		Support	No

Comments:

February 13, 2018

The Honorable Aaron Ling Johanson, Chair House Committee on Labor & Public Employment
House Bill 1877 Relating to Contractors

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

I am Margaret Murchie 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. Also support certifying unlicensed Home Inspectors.

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.

It is difficult to find licensed contractors willing to do the work here on Oahu.

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. Please also support some sort of certification and proof of insurance for Professional Home Inspectors. They are causing us to hire handymen at our expense.

HB-1877

Submitted on: 2/11/2018 9:48:32 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Leslie R Lewis		Support	No

Comments:

February 11, 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 Leslie Lewis, a Honolulu resident, 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.

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.

HB-1877

Submitted on: 2/10/2018 11:02:36 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

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

Comments:

Aloha Chair Johanson, Vice-Chair Holt, and members of the committee.

I am Peter Davis, a resident of Kihei, Maui and am writing to support HB1877 which will increase the amount of the "handyman exemption" from its current ridiculous level of \$1,000 to something higher. The limit of \$1000 for labor and materials combined is simply unrealistically low in this day and age. I was amazed to hear that it hasn't been increased since 1992. It is time for an update.

The reality is that licensed contractors don't want the small jobs in the \$2,000 to \$5,000 range. In fact, it's virtually impossible here on Maui to get a licensed contractor to even come out and give a bid for these small jobs. The result is that both we homeowners and our local handymen are thus forced to break the law. The other alternative is to leave our necessary home repairs undone, often creating safety issues.

I am a senior citizen and at an age where I really shouldn't be climbing up ladders anymore. Neither should my wife. Please help us by supporting HB1877 so that we can safely maintain our home without breaking the law.

Thank you for your consideration.

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 D'Arcy Kerrigan 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.

D'Arcy Kerrigan, Realtor
Properties of the Pacific

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 Erik Covarrubias 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.

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 Kim Arongay 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.

I also feel that passing this bill would be greatly beneficial to both Handyman small business and property owners, who already have mounting property ownership costs in this state.

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.

HB-1877

Submitted on: 2/12/2018 11:56:27 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan L Bauer	Individual	Support	No

Comments:

We urgently need to be able to utilize the services of handimen/women where we may be paying them an amount greater than \$1000.00. Most handimen/women are very skilled and diversified where we can ask them as property managers and realtors to address more than one repair item at a time. It is unreasonable to be limited to \$1000.00 total payment. Additionally it is very difficult to get licensed contractors for every job as most of them are quite busy and are not interested in the smaller jobs....smaller jobs being considered anything under \$5000. It would an incredible opportunity for property owners, tenants, managers, realtors, and small business in general for this bill to move forward.

Thanks for your consideration

HB-1877

Submitted on: 2/12/2018 11:59:51 AM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Marion Fogarty	marie hansen properties	Support	No

Comments:

In support of raising the handyman limits.

HB-1877

Submitted on: 2/12/2018 12:03:42 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cherie Tsukamoto	Individual	Support	No

Comments:

The handyman exemption threshold needs to be raised in order to provide homeowners the ability to have minor work done on their properties without the added expense of hiring licensed contractors. The ceiling hasn't been raised in years, but the cost for simple handyman repair continues to rise.

February 13,2018

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

RE: House Bill 1877 Relating to the Contractors

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

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

I am Ron Scott Moore and I strongly support House Bill 1877 which raises the handyman exemption from \$1,000 to \$5,000.

I was born and raised in the Waianae area. I retired from the Honolulu Police in the year 2000. Since then I have run a one man Handyman business. It is very hard with the price being so low. In this day and age just to do a small job that no contractor wants or can afford to do is hard to stay under \$1,000.00. Contractors do not want to come to West side for a small job like tiling a floor or painting a small apartment. A lot of people rely on having a good handyman that will show up and do the work. There have been many times that I have to turn down a job because the material is more than a thousand dollars without any labor. I purpose that there be regulation put in place for handyman that make it mandatory to carry insurance and be accountable. I would like to see it be a stepping stone for someone who wants to be a licensed A or B contractor. With the population getting older these people need someone who can do the work for a reasonable price. Handyman can do this because we have little overhead. I hope that you will take this into consideration.

Aloha,

Hope you will support HB 1877 Relating to Contractors.

Mahalo,

Fern Mossman

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 Fern Mossman 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 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.

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.

Aloha and thank you,

Fern Mossman, R.A.

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 177

**LATE
TESTIMONY**



OAHU CHAPTER

National Association of Residential Property Managers

February 13, 2018

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

LATE

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,

As President of the Oahu Chapter of the National Association of Residential Property Managers (NARPM) representing property managers on Oahu, I am writing to voice our wholehearted **support for House Bill 1877**, which raises the threshold under the contractor licensing law's "handyman exemption" from \$1,000 to \$5,000.

To clarify, Hawai'i Revised Statutes Chapter 444 requires that a licensed contractor must be hired for any construction work costing more than \$1,000 or that requires a building permit. If a project is equal to or less than \$1,000, including all costs such as labor and materials, a non-licensed handyman may be hired. This does not apply to electrical or plumbing work or where the work is parceled into multiple projects.

Increasing the handyman threshold to \$5,000 will let Property Managers more readily hire handymen for projects that are too small for licensed contractors; projects that contractors would not likely accept because their overhead would be much higher. Installing a screen door, touching up some paint, or repairing a gate for a homeowner are the kinds of jobs that are often difficult to find contractors for especially on neighbor islands or rural areas where there are smaller pools of contractors from which to choose.

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.

Historically, the handyman exemption was last raised from \$100 to \$1,000 in 1992, over 26 years ago. The cost of living housing and inflation have all risen drastically since then.

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.

Thank you,

A handwritten signature in black ink, appearing to read "Carol Ginoza R.", written in a cursive style.

Carol Ginoza R, CRS, CRB

RB-15228

President, Oahu Chapter

National Association of Residential Property Managers

(808)949-4318 (bus)

(808)754-7777 (cell)

carol@zenproperties.com



**Testimony to the House Committee on Labor & Public Employment
 Tuesday, February 13, 2018
 9:15 am
 State Capitol, Room 309**

LATE

RE: HB 1877 – Relating to Contractors

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CONSTRUCTION CO. INC.
- ADDRESS:
94-487 AKOKI STREET, SUITE 213
WAIPAHAU, HAWAII 96797
P 808.847.4666

Chair Johanson, Vice-Chair Holt, & 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, which proposes to raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

The bill points out that the handyman, who are unlicensed contractors, exemption has not been increased since 1992. 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. Finally, 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 raising of the limit to \$5,000.00 adds the risk of uninsured persons beginning renovations that could compromise the structural integrity of homes, or do significant enough damage to a roof that water intrusion could destroy a home. The experience, insurance and regulation and requirement for workman's compensation insurance involved in being a licensed contractor being required for work over \$1,000.00 must be maintained for homeowners safety and protection.

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 who 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 by licensed, insured and bonded contractors

Our concern is the work is being done by an unlicensed person. On January 22, 2018, KHON reported that the State Attorney General took an unlicensed person to court, and now homeowners stand a chance at getting some of their money back. Increasing the exemption will create more opportunities for unlicensed work and the proliferation of unlicensed individuals.

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

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

HOUSE OF REPRESENTATIVES
Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

Thursday, February 13, 2018
9:15 A.M.
State Capitol – Room 309

LATE

Aloha Chair Johanson, Vice Chair Holt and members of the Committee:

We respectfully oppose HB 1877 which raises the threshold under the contractor licensing law's handyman exemption from \$1000 to \$5000.

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

Submitted on: 2/12/2018 2:03:42 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lajuanna Zier	Individual	Support	No

Comments:

I strongly support this bill. The exemption amount has not increased since 1992. This bill is long-overdue. The \$5,000 exemption amount is conservative in my view.

LATE

HB-1877

Submitted on: 2/12/2018 2:09:17 PM

Testimony for LAB on 2/13/2018 9:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelly Miura	Individual	Support	No

Comments:

February 12, 2018

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

LATE

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 Kelly Miura 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 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.

As a property manager it is nearly impossible to find a contractor to do minor work for \$1000 - \$5000. But handymen are capable to do these jobs in a timely manner if it weren't for the current law.

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.

Thank you,

Kelly Miura (S)