

SB1144

Measure Title: RELATING TO CONTRACTORS.
Report Title: Contractors; Responsible Managing Employee
Description: Amends definition of RME as used in the contractors law to clarify responsibilities.
Companion:
Package: None
Current Referral: CPH
Introducer(s): SHIMABUKURO, K. RHOADS, S. Chang

**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

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

TWENTY-NINTH LEGISLATURE
Regular Session of 2017

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

TESTIMONY ON SENATE BILL NO. 1144, RELATING TO CONTRACTORS.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Peter H.M. Lee, and I am the Chairperson of the Legislative Committee of the Contractors License Board ("Board"). Thank you for the opportunity to testify on Senate Bill No. 1144, which proposes to amend the definition of a Responsible Managing Employee ("RME").

The Board opposes this bill because it significantly narrows the responsibilities of an RME to directing and supervising installations.

Currently, the Board's administrative rules define an "RME" as "the individual who is a bona fide employee of the contracting entity that maintains a current contractor's license, and who qualifies the contracting entity for a contractor's license in the licensed classifications held by the individual." See, Hawaii Administrative Rules ("HAR") section 16-77-3. An RME has direct management of the contracting business of a contracting entity and has the following responsibilities:

1. Secures full compliance with the laws governing contractors, including but not limited to chapter 444, HRS, and HAR chapter 16-77;

2. Is familiar with all contracts the contracting entity enters into, sees that all contract provisions are carried out, and signs or initials all contracts;
3. Is familiar with all projects the contracting entity undertakes and sees that records are kept on the projects, which shall include the amount of time the principal RME spends with the contracting entity and payroll records of the principal RME;
4. Is in residence in the State during the time the license of the contracting entity is in effect or during the period a project is under construction; and
5. Is responsible for any violation of chapter 444, HRS, or HAR chapter 16-77.

Thus, under current law, an RME does more than just “direct and supervise installations”. Limiting or narrowing an RME’s responsibilities would therefore be detrimental to the contracting entity, as well as the general public.

For these reasons, the Board opposes this measure.

Thank you for the opportunity to testify in opposition of Senate Bill No. 1144.

SAH - Subcontractors Association of Hawaii

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February 24, 2017

Testimony To: Senate Committee on Commerce, Consumer Protection, and Health
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1144 - RELATING TO CONTRACTORS

Chair Baker and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we are unclear as to the intent of this bill. The SAH represents the following nine separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

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

While the bill adds the words "as a qualifier" to the definition of an RME as one who "directs and supervises", we are not sure what that adds to the current law. After all, it would seem to us that the individual who is responsible for the job is also one who likely supervises the job, manages the job, oversees the job and superintends the job. It has been said that perhaps the intent was to require the RME to be onsite however, we do not find that any of the language commonly associated with the words used in the bill or with words commonly understood to have meaning with those words would require personal onsite installation and if it did, we would oppose it because we think it would be impractical and unnecessary.

Based on the above, unless there is a better clarification of this bill we do not see that it adds anything to the Contractors License Law and therefore we cannot support it as written.

Thank you.

TESTIMONY TO THE COMMITTEE ON COMMERCE,
CONSUMER PROTECTION, and HEALTH
Friday, February 24, at 9:30 AM
Conference Room 229, State Capitol

Re: SENATE BILL 1144 RELATING TO CONTRACTORS

To: Chair Baker, Vice Chair Nishihara, and Members of the COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, and HEALTH

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

I am submitting testimony in SUPPORT of SENATE BILL 1144 with an amendment to change "INSTALLATIONS to EMPLOYEES" to read: RME- means responsible managing employee- the one who directs and supervises employees. The term or acronym RME is used extensively in the administrative rules (HARS 16-77) for HRS444 without the statute actually supplying clarification of the term other than stating what RME stands for, responsible managing employee. This bill is to augment the term defined in the statute and better define the duties of the RME, to direct and supervise employees.

Sincerely,

David Lovelace