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

TO THE SENATE COMMITTEE ON LABOR

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Thursday, February 8, 2018
3:30 p.m.

TESTIMONY ON SENATE BILL NO. 2376, RELATING TO CONTRACTORS.

TO THE HONORABLE JILL N. TOKUDA, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 2376, 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 H.B. 1877, but offers enforcement-related comments.


S.B. 2376 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. 2184. I am happy to answer any questions the Committee may have.



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 | 808-737-4977

February 8, 2018

The Honorable Jill Tokuda, Chair

Senate Committee on Labor

State Capitol, Room 229

Honolulu, Hawaii 96813

RE: Senate Bill 2376 Relating to Contractors

HEARING: Thursday, February 8, 2018, at 3:30 p.m. in Room 2299

Aloha Chair Tokuda, Vice Chair English 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 over 9,500 members. HAR **strongly supports** Senate Bill 2376, 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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**PRESENTATION OF THE
CONTRACTORS LICENSE BOARD**

TO THE SENATE COMMITTEE ON
LABOR

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Thursday, February 8, 2018
3:30 p.m.

TESTIMONY ON SENATE BILL NO. 2376, RELATING TO CONTRACTORS.

TO THE HONORABLE JILL N. TOKUDA, CHAIR, AND MEMBERS OF THE
COMMITTEE:

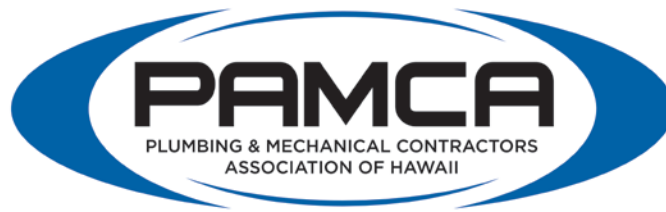
My name is Peter H.M. Lee, and I am the Chairperson of the Contractors License Board ("Board") Legislative Committee. Thank you for the opportunity to testify on S.B. 2376.

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 S.B. 2376.



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

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Email

February 5, 2018

Senator Jill N. Tokuda, Chair
Senator J. Kalani English, Vice Chair
The Senate - Committee on Labor
The Twenty-Ninth Legislature, Regular Session of 2018
State Capitol
Honolulu, HI 96813

Chair Tokuda, Vice Chair English, and Members of the Committee:

SUBJECT: SB2376 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 SB 2376.

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



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

2240 Young Street
Honolulu, HI 96826

Phone
808.941.0991

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808.955.9091

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**TO THE SENATE COMMITTEE ON LABOR
TWENTY-NINTH LEGISLATURES
REGULAR SESSION OF 2018**

TIME/DATE: 3:30 P.M. – THURSDAY, FEBRUARY 8, 2018

**TESTIMONY IN OPPOSITION TO SENATE BILL NO. 2376 – “RELATING TO
CONTRACTORS.”**

**TO CHAIR TOKUDA AND MEMBERS OF THE SENATE
COMMITTEE ON LABOR:**

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to testify in OPPOSITION to Senate Bill No. 2376 – “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 Senate Bill No. 2376. 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 Senate Bill No. 2376. Thank you again for the opportunity to testify in opposition to this measure.

SAH - Subcontractors Association of Hawaii

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

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

February 8, 2018

Testimony To: Senate Committee on Labor
Senator Jil Tokuda, Chair

Presented By: Tim Lyons, President

Subject: S.B. 2376 – RELATING TO CONTRACTORS

Chair Tokuda 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 effects.

It is quite typical in many construction trades that about 50% of the price is associated with labor and about 50% with materials. So when you raise the current \$1000 exemption amount for needing a contractor's license to \$5000, 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

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.

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

*there is a right to cancel.

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

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

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

*there are protections since a written contract is required.

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

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

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

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

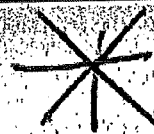
*and, the address of the contractor must be up to date in order to locate them.

Handymen have none of these requirements.

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

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

Thank you.



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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



HAWAII LABORERS-EMPLOYERS COOPERATION AND EDUCATION TRUST
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February 7, 2018

THE SENATE
COMMITTEE ON LABOR

DATE: Thursday, February 8, 2018
TIME: 3:30 p.m.
PLACE: Conference Room 229

RE: STRONG OPPOSITION TO SB2376 - RELATING TO CONTRACTORS

Aloha Committee Chair Jill Tokuda, Vice Chair J. Kalani English, and members of the Committee on Labor,

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 SB2376 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 SB2376 indefinitely.**

With respect,

Joy Kimura
Hawaii Laborers-Employers Cooperation
and Education Trust

HEARING BEFORE THE SENATE COMMITTEE ON LABOR
February 8, 2018
3:30 p.m.

Senate Bill 2376
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 Tokuda 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 Senate Bill 2376.

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.

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



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P 808.847.4666

Testimony to the Senate Committee on Labor
Thursday, February 8, 2018
9:30 am
State Capitol, Room 229

RE: SB 2376 – Relating to Contractors

Chair Tokuda, Vice-Chair English, & 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 S.B. 2376 which proposes raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$5,000.

The bill points out that the handyman exemption has not been increases 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. It should also be noted that the term "unlicensed contractor" is inaccurate; by definition, a contractor MUST be licensed. A person who performs work for which a license is required is an "unlicensed individual".

Our concern is the work is being done by an unlicensed individual. On January 22, 2018, KHON reported that the State Attorney General took an unlicensed individual 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 S.B. 2376 as presently drafted, and appreciate the opportunity to express our views on this matter.



98-055 Kamehameha Hwy C6
Aiea, HI 96701

January 5, 2018

Subject: S.B. 2376

To Whom It May Concern,

Do not pass S.B. 2376 because it makes legal the current illegal activities of certain individuals who act as licensed contractors and prey on the unknowing.

As a licensed contractor, there are many legislations that are established to protect consumers from situations where the average consumer has been "ripped off". One good example is the Disclosure of Lien Rights, which is a required form to every consumer in a residential contract to forewarn them of possibilities of problems that they can get into by signing a contract. Homeowners who deal with handymen do not get this disclosure. There is a long list of protections afforded to consumers that deal with contractors, which are not afforded to the consumers who deal with handyman. And there are many problems that arise from work done by unlicensed contractors. There has been a big push by RICO to educate the average consumer to use only licensed contractors because of the cases that have been reported to them of people being "ripped off" by unlicensed contractors. Approving this bill would only expose your average consumers to this risk even more.

There is a need for handyman and the work that they do to fix and repair things. To increase the limit of the work from \$1,000 to \$5,000 really opens things up, especially if the handyman asks the owners to pay for the materials. We are looking at jobs that could easily be in the \$10,000!

Some of the ways that consumers are protected with work done by contractors:

- Disclosure of Lien Rights are attached to contracts.
- Access to a recovery fund set for consumers who have been ripped off by licensed contractors.
- Right to cancel.
- Special penalties against contractors who hire illegal immigrants.
- In order to renew licenses, the contractor has to prove taxes were paid, workers' compensation insurance are in place.
- There is an extra protection for seniors.
- There is the protection of the written contract.
- Homeowners are educated to their right to have their job bonded for their own protection.
- Consumer is advised of the Right to Cure for cases of defective workmanship.
- Consumer has the right to know who the subcontractors are on a particular job so they can go after them if they have to.
- Consumers have the right to know when the completion date is for their contract.
- The address of the contractor must be up to date in order to locate them.

None of these items are required when a homeowner deals with a handyman.

As a contractor, we may not like the cost of all the regulations that are out there, but we embrace it because we understand the need to protect the consumers.

Based on the above, we cannot support this bill.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jackson Cheng', with a long horizontal flourish extending to the right.

Jackson Cheng
Director of Operations

SB-2376

Submitted on: 2/7/2018 1:18:19 PM

Testimony for LBR on 2/8/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

SB-2376

Submitted on: 2/7/2018 3:27:21 PM

Testimony for LBR on 2/8/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Neal Arita		Oppose	No

Comments:

Aloha Chariperson Tokuda and Committee,

I have attached my testimony to Oppose S.B. 2376

Mahalo,

Neal Arita

Hawai'i Construction Alliance

LATE

P.O. Box 179441
Honolulu, HI 96817
(808) 348-8885

February 7, 2018

The Honorable Jill N. Tokuda, Chair
The Honorable J. Kalani English, Vice Chair
and members
Senate Committee on Labor
Hawai'i State Legislature
Honolulu, Hawai'i 96813

Dear Chair Tokuda, Vice Chair English, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, the member unions of the Hawai'i Construction Alliance represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

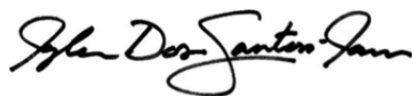
The Hawai'i Construction Alliance **respectfully opposes SB2376**, relating to contractors. The bill proposes to raise the threshold under the contractor licensing law's "handyman exemption" from \$1,000 to \$5,000. We have serious concerns that raising the threshold will increase the number of unlicensed contractors operating within the State of Hawai'i, which may endanger the public.

For home repair projects above approximately \$1,000 in value, there is good reason to use an experienced, licensed contractor. According to DCCA's Regulated Industries Complaints Office ("RICO"):

- "A licensed contractor has the training and experience necessary to obtain a contractor's license. The State of Hawaii's Contractor's License Board has checked into the contractor's background and is satisfied that the person is qualified to hold a contractor's license.
- A licensed contractor has worker's compensation and liability insurance. This protects the homeowner from putting his/her property at risk if anyone is injured on the project or if anything is damaged while the work is being done.
- A licensed contractor is able to obtain and sign building permits.
- Lastly, if anything goes wrong with the home improvement project, the Contractor's Recovery Fund is available to the homeowner only if he/she has hired a licensed contractor."

Mahalo for the opportunity to provide these comments.

Aloha,



Tyler Dos Santos-Tam
Executive Director
Hawai'i Construction Alliance
execdir@hawaiiiconstructionalliance.org

LATE

SB-2376

Submitted on: 2/8/2018 9:40:43 AM

Testimony for LBR on 2/8/2018 3:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerald Peters	Fixit Fridays Radio-HPS Construction Services	Oppose	No

Comments:

Testimony of Gerald Peters- Fixit Fridays Home Improvement Live on The Mike Buck Show, & Pres/Gen Mgr of HPS Services, Inc. & HPS Const Services, Ltd.

COMMITTEE ON LABOR

Senator Jill N. Tokuda, Chair

Senator J. Kalani English, Vice Chair

DATE: Thursday, February 8, 2018

TIME: 3:30 p.m.

Conference Room 229

PLACE: State Capitol

415 South Beretania Street

Honorable Chair Tokuda and Vice Chair English

I am Content Producer and Co-Host –680 live, one hour, news shows about the home improvement industry: Fixit Fridays Home Improvement on The Mike Buck Show, Salem Communications, KHNR AM 690 (12 years); President/Gen Mgr HPS Construction Services, Ltd./HPS Services, Inc. I am testifying in **strong opposition**.

This proposal will:

- Ruin the State’s Licensed Contractor system;
- Endanger the financial security and household safety of homeowners, in particular kupuna, who are being victimized every day as it is;
- Probably cost the state \$50 million in tax revenues yearly by allowing this segment of the underground, black market-- so called “repair” business—non reported cash economy -- to increase by 500%.
- NOT increase economic activity, and thus tax revenues.

- California has **reduced** the exemption to \$500 and along with other state is conducting sting operations to nab these carpetbagger, non tax reporting, non tax paying outliers.

The assumption in the bill's narrative that there are not enough licensed contractors and thus people have to wait six months is not true, and not based upon fact. At the recent Building Industry Association of Hawaii annual home show at Blaisdell, there were over 126 exhibitors, a great percentage licensed contractors.

We licensed contractors all need business all the time. We at HPS have pioneered the Licensed Handyman Services sector specifically to address the cry from the public for regulated, trustworthy, price competitive contractors for their work. Contractors CAN produce low prices competitive with non capable, shady handymen types by gearing up and understanding marginal cost improvement strategy. To approve this bill can only mean a disincentive for playing by the rules, which, do, in fact, protect the public.

Please do not fool yourselves, or be led to believe there is any public benefit in this proposed legislation. It is without doubt, exactly the opposite, and your committee will be known as one reason tax revenues fell, and kupuna cried. Think again. Hold this bill. Thank you,