



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

GOV. MSG. NO. 1403

July 10, 2019

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Re: SB767 SD1 HD1 CD1

Pursuant to Section 16 of Article III of the State Constitution, SB767 SD1 HD1 CD1, entitled "A BILL FOR AN ACT RELATING TO CONTRACTORS" became law as ACT 283, Session Laws of Hawaii 2019, on July 10, 2019.

This bill increases the handyman exemption from \$1,000 to \$1,500 and makes it applicable only to the cost of labor and materials.

The handyman exemption amount has not been increased since 1992. A project that cost \$1,000 in 1992 is estimated to cost more than \$1,800 in 2019 according to Bureau of Labor Statistics consumer price index. This bill will assist landlords and homeowners in reducing the cost of maintaining a home or to make expedient repairs to make rentals more marketable.

Also, rural parts of our state have a shortage of licensed contractors for these types of projects because the work is too small or contractors are unavailable. Some types of repairs required quick action to prevent further damage to the home.

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Although there is merit to raising the threshold, increasing the exemption cap leads to potential consumer protection concerns as unlicensed individuals can engage in larger and more complex construction work. Many of these unlicensed individuals have not met the experience, examination, and insurance requirements required of licensed contractors.

For the foregoing reasons, I allowed SB767 SD1 HD1 CD1 to become law without my signature.

Sincerely,

A handwritten signature in black ink, appearing to read "David Y. Ige". The signature is fluid and cursive, with a large, sweeping flourish at the end.

DAVID Y. IGE
Governor, State of Hawaii

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 fine and over a threefold increase
2 in the 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 The legislature finds that it is necessary to raise the
10 handyman exemption for several reasons. First, increasing the
11 exemption threshold brings the exemption more in line with the
12 increased fines imposed by Act 195 and reduces that law's
13 potential impact on handymen who take on small projects in good
14 faith and face rising materials costs. Second, raising the
15 handyman exemption will help landlords and homeowners reduce the
16 costs of maintaining a home or for repairs to make rentals
17 marketable. Third, in rural parts of the State, it is often
18 difficult to find licensed contractors for these projects
19 because the job is either too small or contractors are not
20 available. Finally, if the exemption threshold remains as it
21 is, senior citizens who are unable to find contractors may be



1 forced to attempt dangerous repairs themselves, thereby placing
2 senior citizen homeowners at risk of injury.

3 The purpose of this Act is to broaden the contractor
4 licensing law's handyman exemption threshold amount by removing
5 all costs other than labor and materials from its calculation
6 and raising the amount to \$1,500.

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

9 "§444-2 Exemptions. This chapter shall not apply to:

- 10 (1) Officers and employees of the United States, the
11 State, or any county while in the performance of their
12 governmental duties;
- 13 (2) Any person acting as a receiver, trustee in
14 bankruptcy, personal representative, or any other
15 person acting under any order or authorization of any
16 court;
- 17 (3) A person who sells or installs any finished products,
18 materials, or articles of merchandise that are not
19 actually fabricated into and do not become a permanent
20 fixed part of the structure, or to the construction,



- 1 alteration, improvement, or repair of personal
2 property;
- 3 (4) Any project or operation for which the aggregate
4 contract price for labor~~[,]~~ and materials~~[, taxes, and~~
5 ~~all other items]~~ is not more than ~~[\$1,000.]~~ \$1,500.
- 6 This exemption shall not apply in any case where a
7 building permit is required regardless of the
8 aggregate contract price, nor where the undertaking is
9 only a part of a larger or major project or operation,
10 whether undertaken by the same or a different
11 contractor or in which a division of the project or
12 operation is made in contracts of amounts not more
13 than ~~[\$1,000]~~ \$1,500 for the purpose of evading this
14 chapter or otherwise;
- 15 (5) A registered architect or professional engineer acting
16 solely in the person's professional capacity;
- 17 (6) Any person who engages in the activities regulated in
18 this chapter as an employee with wages as the person's
19 sole compensation;
- 20 (7) Owner-builders exempted under section 444-2.5;



1 (8) Any joint venture if all members thereof hold licenses
2 issued under this chapter;

3 (9) Any project or operation where it is determined by the
4 board that less than ten persons are qualified to
5 perform the work in question and that the work does
6 not pose a potential danger to public health, safety,
7 and welfare; or

8 (10) Any public works project that requires additional
9 qualifications beyond those established by the
10 licensing law and which is deemed necessary and in the
11 public interest by the contracting agency."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2019.

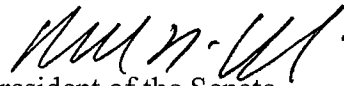
APPROVED this day of , 2019

GOVERNOR OF THE STATE OF HAWAII

THE SENATE OF THE STATE OF HAWAI'I

Date: April 30, 2019
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirtieth Legislature of the State of Hawai'i, Regular Session of 2019.



President of the Senate



Clerk of the Senate

SB No. 767, SD 1, HD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 30, 2019
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.



Scott K. Saiki
Speaker
House of Representatives



Brian L. Takeshita
Chief Clerk
House of Representatives