



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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

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DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection and Commerce
Tuesday, March 12, 2019
2:00 p.m.
State Capitol, Conference Room 329**

**On the following measure:
S.B. 767, S.D. 1, RELATING TO CONTRACTORS**

Chair Takumi and Members of the Committee:

My name is Esther Brown, and I am the Acting Complaints and Enforcement Officer of the Department of Commerce and Consumer Affairs' (Department) Regulated Industries Complaints Office (RICO). The Department offers enforcement-related comments on this bill.

The purposes of this bill are to: (1) increase the handyman exemption to \$1,500.00 for projects or operations limited to residential repairs or minor renovation projects; and (2) require individuals operating under the handyman exemption to provide their name and contact information to the Department so that it may compile and submit an annual report to the Legislature detailing any complaints made against these individuals.

The Department appreciates the reasons for the proposed increase in the project amount, as well as the intent to continue limiting handymen activity to only small or minor projects. However, the terms "residential repairs" and "minor renovation projects"

on page 4, line 19 are vague and broad enough to make enforcement more time-consuming, absent clarification on the scope of activity or type of conduct these terms are meant to encompass and exclude. In addition, since handymen also perform small landscaping projects, these terms could lead to the unintended consequence of forbidding the performance of that type of work. In contrast, keeping a dollar project amount without qualifying terms, as has historically been the case with this exemption, would continue making enforcement easier and would meet the intent of limiting handymen work to only small jobs and projects.

Second, any enforcement action against unlicensed persons is pursued through circuit court only because licensing boards, of which RICO is the enforcement arm, lack authority over unlicensed persons. Therefore, RICO's ability to compel compliance with any requirement that unlicensed handymen register their names and contact information, as proposed on page 5, lines 7 to 11, will be tenuous at best. Moreover, the potential lack of an enforcement mechanism for this registration provision could impact the accuracy of information provided to the Legislature. For these reasons, the Department suggests a registration system for handymen that is voluntary, rather than mandatory.

Thank you for the opportunity to testify on this bill.

SAH - Subcontractors Association of Hawaii

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

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

March 12, 2019

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

Presented By: Tim Lyons, President

Subject: S.B. 767, SD 1 – RELATING TO CONTRACTORS.

Chair Takumi and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. 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

We are more inclined to support this version of the bill than any version that has surfaced from the legislature so far. This is not to say that we are "in love" with the concept, however in the spirit of compromise and in order to advance this issue, we are willing to accept this stated increase in the threshold.

We are more inclined to accept the language as stated in S.D. 1 than in the House version. First, because it seems to limit the activity to residential repairs or minor renovation projects. We would however suggest that the language be changed to residential repairs which are minor renovation projects so that it is clear that it is limited to the residential area. This is, after all, what the advocates of the bill have asked for and indicated where they are having issues.

Secondly, the bill calls for individuals qualifying under this section to provide their name and contact information to the Department. Although that provision also carries with it a proviso for the adoption of Chapter 91 rules, we find the proposed statutory requirement to be lacking in detail and would think that you would want to have additional safeguards built into the law in order to protect those individuals that deal with these unlicensed individuals. We further believe that in the Department's annual report to the Legislature, it not only should detail any complaints that have been filed with the Department but it should be clear that this report should also include information regarding the failure of individuals to register with the Department and any information surrounding those circumstances.

In summary, although we have a difficult time supporting an increase, if there is to be an increase, we believe that the additional proviso's that have been inserted in this bill are certainly necessary for any movement in that direction.

Thank you.

March 12, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am Ken Hiraki Government Affairs Director, testifying 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 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

To add to the problem, Hawai'i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua'i, Maui and parts of Hawai'i Island and O'ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners trying to recover from disasters.

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

HAR prefers House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

HEARING BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

March 12, 2019

2:00 p.m.

Room 329

Re: Senate Bill 767, SD1
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

Dear Chair Takumi and Members of the Committee:

Thank you for this opportunity to submit testimony on behalf of the Painting Industry of Hawaii Labor Management Cooperation Trust Fund, Hawaii Tapers Market Recovery Trust Fund, Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund, and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund in **opposition** to Senate Bill 767, SD1.

This measure raises the threshold for the handyman exemption found in Hawaii Revised Statutes §444-2(4) from \$1,000 to \$1,500 inclusive of labor and materials; makes the handyman exemption applicable only to residential repairs or minor renovation projects; requires handymen to furnish their name and contact information to the Department of Commerce and Consumer Affairs ("DCCA"); requires DCCA to adopt rules and furnish the legislature with annual reports of complaints related to handyman work; and sets a sunset date of June 30, 2024.

While we support the limitation of handyman work to residential and only minor renovation projects; the requirement that handymen furnish their names and contract information to DCCA; the requirement that DCCA provide the legislature with reports of complaints relating to handymen; and the sunset date provisions in the current version of this bill, we are still strongly opposed to any increase in the handyman threshold, however slight. Again, we believe this will result in increased unlicensed activity and a greater risk of harm to homeowners.

Unlicensed contractors taking advantage of the handyman exception would still not be required to maintain liability or workers compensation insurance, and 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. Again, any increase in the threshold increases the risk of harm to consumers.

We also 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 of \$1,000. This is especially so for specialty contractors such as painters, or floor layers.

In other states, the handyman threshold is less than in Hawaii and has not changed in many years despite increased material and labor costs. The State of California, for example, has a \$500 handyman threshold, which has been unchanged since 1998. A very small threshold is consistent with the central purpose of the handyman exception, which is to allow unlicensed

construction work that is of a casual, minor, or inconsequential nature, not the completion of whole projects or even substantial portions of a project.

The recent increase in penalties for unlicensed work in Hawaii is no reason to increase the handyman threshold. The increase in fines simply has no relation to the question of whether more unlicensed construction activity should be tolerated. By way of example, in California, the penalty for a first offense for unlicensed contracting is up to six months in jail and/or a \$5,000 fine and possibly more in administrative fines. Thus, despite having a threshold half of Hawaii's current threshold, California penalties are just as stringent as in Hawaii. Moreover, the state of California routinely conducts statewide undercover operations to combat illegal handyman work.

Equally unconvincing is the unsubstantiated claim that leaving the threshold unchanged will result in an increased risk of injury to senior citizens because they will be forced to attempt dangerous construction repairs themselves. We are aware of no instance where this has ever happened in the past, and would ask proponents of the bill to come forward with some evidence to substantiate and quantify these ridiculous claims.

Finally, increasing the threshold has a significant, negative impact on licensed contractors, and smaller licensed contractors in particular. Many contractors in the finishing trades, and their union employees, would be adversely affected by an increase in the threshold because it would make them less competitive against the unlicensed handyman who do not have to bear the substantially greater costs of being a licensed contractor. Simply put, it is not fair to all of the contractors who take the time and effort to obtain and maintain their license to face increased competition from unlicensed handymen.

For all of these reasons, we ask that the Committee defer this measure. Thank you again for this opportunity to testify in strong opposition to this measure.



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

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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
THIRTIETH LEGISLATURES
REGULAR SESSION OF 2019

TIME/DATE: 2:00 P.M. – TUESDAY, MARCH 12, 2019

TESTIMONY IN OPPOSITION TO SENATE BILL NO. 767, S.D. 1 – “RELATING TO CONTRACTORS.”

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

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to provide testimony in OPPOSITION to Senate Bill No. 767, S.D. 1 - “RELATING TO CONTRACTORS.” My name is Lorna Woo, Director of Government Affairs, District Council 50. DC50 is an organization that represents five (5) local unions, the Painters, Local Union 1791; the Glaziers Architectural and Glass Metal Workers, Local Union 1889; the Carpet Linoleum and Soft Tile, Local Union 1926; the Drywall, Tapers Finishers, Local Union 1944 and the Pearl Harbor Metal Trades Specialty Worker Local Union 1944 – approximately 2000 members statewide.

DC50 strongly believes that the “handyman” threshold amount should not be increased above the current amount of \$1,000 per project, inclusive of labor and the cost of materials to perform common and innocuous repairs, such as mending a broken mailbox that has fallen over; repairing a small hole in the drywall; or installing a new window screen, etc. The current amendments to the bill now provide additional safeguards to protect the public by requiring handyman contractors to submit contact information to the Department of Commerce and Consumer Affairs; and requires the

Department of Commerce and Consumer Affairs to adopt rules and submit annual reports to the Legislature detailing complaints. We believe that these necessary safety measures provide additional protection to the average consumer. Many 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 illustrated above, we respectfully recommend that the handyman threshold is kept at \$1000, per project, inclusive of labor and the cost of materials; and require handyman contractors to register with the state. Thank you for the opportunity to provide testimony in OPPOSITION to Senate Bill No. 767, S.D. 1.

SB-767-SD-1

Submitted on: 3/11/2019 12:17:21 PM

Testimony for CPC on 3/12/2019 2:00:00 PM

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

Comments:

My company is a small business property management company. Me and my staff of property managers strongly support this bill. We urge you to increase the amount a handyman can charge to \$1500 for labor only. Please do not include materials in this amount. Often times, the material costs exceed the cost of labor by so much that it isn't possible for handyman to do basic jobs needed to maintain our homes. Hiring contractors is very difficult because they don't want small jobs and they are very expensive. It makes maintaining our homes a difficult challenge. Owners don't want to pay exorbitant prices for simple repairs.

How can you allow this bill not to be passed? We have not seen an increase in almost 30 years!! This is totally unacceptable and really needs to be addressed. As a property management company, we want to keep our homes maintained for our tenants. Please help pass this bill! Most contractors don't want these small jobs and we need handyman to help keep our properties cared for so our tenants have a safe and comfortable place to live.

Thank you,

Cheryl Kunimoto R, PB, RMP

President

SB-767-SD-1

Submitted on: 3/8/2019 4:13:14 PM

Testimony for CPC on 3/12/2019 2:00:00 PM

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

Comments:

March 12, 2019

The Honorable Roy Takumi, Chair

House Committee on Consumer Protection & Commerce

State Capitol, Room 329

Honolulu, Hawaii 96813

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am Amanda Frazier and I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs ("DCCA"). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

To add to the problem, Hawai'i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua'i, Maui and parts of Hawai'i Island and O'ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners trying to recover from disasters.

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

We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

SB-767-SD-1

Submitted on: 3/8/2019 5:32:44 PM

Testimony for CPC on 3/12/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Deal	Individual	Support	No

Comments:

Aloha,

I am Chad Deal, a Realtor Broker submitting testimony in support of SB767 SD1. The Handyman exemption was last raised in the early 1990's and has not stayed in line with the cost of living increases. As a licensed professional I cannot recommend a handyman to my clients for small jobs which exceed the \$1,000 threshold under the current law. Since most contractors will not respond to small kine jobs this puts Realtors like myself in the precarious situation of suggesting that my clients use unlicensed handymen. I personally would like to see the Handyman limit increased to \$5,000. I see SB767 as an effort to assist Realtors and property owners in making small repairs/remodels without requiring a licensed contractor with the exception of plumbing and electrical work.

Mahalo for the opportunity to testify.

Sincerely,

Chad Deal, RB 19105

SB-767-SD-1

Submitted on: 3/9/2019 2:32:58 PM

Testimony for CPC on 3/12/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Regina Duncan	Individual	Support	No

Comments:

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

I am Gina Duncan and I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law’s handyman exemption from \$1,000 to \$1,500.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed. 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. The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically.

By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there

is a smaller pool of contractors to choose from.

To add to the problem, Hawai’i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua’i, Maui, and parts of Hawai’i Island and O’ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners

trying to recover from disasters. I often find it next to impossible to have a licensed

contractor willing to do small jobs and my clients depend on me to help them make minor repairs to improve their homes to sell them, and buyers rely on me to assist them once they move in to find folks willing to help with small jobs.

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, a consumer has the small claims court as an outlet should they believe that a handyman's work is not up to par. We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

Sincerely,
Gina Duncan, REALTOR, Principal Broker
Fine Island Properties
President Realtors Association of Maui 2019

March 9, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am Brandi Oshiro, a licensed Realtor at Property Profiles, Inc. and I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

To add to the problem, Hawai'i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua'i, Maui and parts of Hawai'i Island and O'ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners trying to recover from disasters.

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

We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

SB-767-SD-1

Submitted on: 3/11/2019 2:07:14 AM

Testimony for CPC on 3/12/2019 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerald Peters	Individual	Oppose	Yes

Comments:

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

RE: SB767SD1 RELATING TO CONTRACTORS. Tues March 12, 2019 Room 329
Weds Feb 20, 2019 Room 329 2 pm

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.

Honorable Chair Takumi, Vice Chair Ichiyama, and Members:

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); Member BIA Hawaii Gov't Affairs Committee, and President/Gen Mgr HPS Construction Services, Ltd./HPS Services, Inc. for 26 years. I am testifying in the absence and behalf of representation of Hawaii's senior citizens and Licensed small contractors in **strong opposition**.

This proposal Raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500. **It is fatally ill conceived and flawed** because first of all it creates a nonsensical, supposed, financial nexus between the level of penalties for illegal unlicensed contracting, ignores trend lines in other states, citing timeline since last increase in Hawaii. Most importantly, and due primarily to realtor lobbying, **leaves out the public and small contractors input**; plus it makes the faulty presumption that Licenses Handyman Services are not widely available.

Plus this legislation will further open the door to widespread increased cheating of most projects in this price range and encourage unlicensed activity beyond this threshold.

This legislation will:

- Ruin a significant part and the protections of 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; and risk pinning

uninsured worker injuries on the victimized homeowner; or the realtor or property manager.

- Probably cost the state \$20-\$50 million in lost tax revenues yearly by allowing this segment of the underground, black market-- so called "repair" business—non reported cash economy -- to increase market share of new projects and presume the State is turning the other way;
- NOT increase economic activity, and thus tax revenues, and make Hawaii Consumer Protection legislators transparent in shirking their true objective, the public, in favor of a narrow, political action contribution business lobbying group.
- Damage the Counties permit filing systems and purposes.
- 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 noncapable, 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.

Please think again. Hold this bill. Or, at a minimum, delay it for a year or whatever time the DCCA and CLB need to set up a registration system for unlicensed type people and businesses, and, importantly mandate investment by DCCA in a meaningful public information campaign to let consumers know there is, at long, last some consumer source of truth and background checks on these thousands of black market opportunists.

Thank you,



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO
735 Bishop Street, Suite 412 * Honolulu, Hawaii 96813
(808)524-2249 * hbctc@hawaiibuildingtrades.org

EXECUTIVE BOARD

March 11, 2019

DAMIEN T.K. KIM

President

International Brotherhood
Of Electrical Workers
Local 1186

To: House Committee on Consumer Protection & Commerce
Honorable Chair Roy M. Takumi, Honorable Vice Chair Linda Ichiyama,
Members of the Committee

MARC YAMANE

Vice President

Elevator Constructors
Local 126

Subject: **Testimony Strongly Opposing SB767 SD1**
Hearing on Tuesday, March 12, 2019, at 2:00 PM
Conference Room 329

PETER IRIARTE

Secretary/Treasurer

Operative Masons &
Plasterers Local 630

Dear Chair Takumi, Vice Chair Ichiyama, and Committee Members:

DOUGLAS FULP

Sergeant-At-Arms

International Association of
Heat & Frost Insulators &
Allied Workers Local 132

The Hawaii Building and Construction Trades Council **STRONGLY OPPOSES** this bill, as there is no shortage of qualified, licensed contractors to address all of the repair and renovation needs of homeowners, landlords, and realtors.

MELVIN P. SILVA

Trustee

Bricklayers & Allied
Craftworkers Local 1

The current handyman exemption is for projects that have an aggregate labor and materials total of equal to or less than \$1,000.00. This amount should not be evaluated in the context of “when” the amount was enacted, but rather **what is the potential consumer harm** of unlicensed, unscrupulous, and predatory behavior that continues to exist in this field, and our elderly population is often the target. It is precisely why the legislature found it necessary to enact harsher penalties for violators of laws against elderly persons.

VALENTINO CERIA

Trustee

Plumbers & Fitters
Local 675

The license laws protect consumers and there are significant rules in place to protect workmanship standards, insurance coverages, and detailed and protective information required in the contracts. Any increase in unregulated handyman work simply increases the potential harm caused to consumers with little or no recourse to recover losses.

JOSEPH O'DONNELL

Ironworkers Local 625

JACOB EVENSON

Boilermakers, Ironship
Builders Local 627

The amendments limiting the scope of work and adding the requirement to register contact information of persons performing work under this exemption, will assist the department locating and enforcing the violations that are already being committed with NO increase to the “handyman exemption”.

ART TOLENTINO

Sheetmetal Workers, I.A.
Local 293

We ask this committee to hold this bill and not expose consumers to a greater degree of harm, and continue to let the licensed, qualified, and **regulated** professionals operate in the best interests of the public at the current aggregate price.

VAUGHN CHONG

Roofers, Waterproofers &
Allied Workers United Union
Of Roofers Local 221

Thank you for your consideration.

WAYNE K.S. KAULULAAU

Hawaii Teamsters &
Allied Workers Local 996

RYDEN VALMOJA

District Council 50
Painters & Allied Trades
Local 1791
Carpet, Linoleum & Soft Tile
Local 1926
Drywall, Tapers & Finishers
Local 1944
Glaziers, Architectural Metal
& Glassworkers Local 1889

March 12, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors
HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500. Also, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

Bottom line is that Kauai is in need of increasing the exemption because there is much need for handymen for work that does not need a licensed professional. This is especially true due to the escalated need for repairs in Kauai as a result of the weather. Further the handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Also, 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, a consumer has the small claims court as an outlet should they believe that a handyman’s work is not up to par.

It serves Kauai best for House Bill 69, House Draft 1, to pass – now more than ever - which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

Kindest regards,

Emma Ladendecker
Real Estate Sales Agent, Kauai
Member, Gov't Affairs Committee
Board of Director, Kauai Board of Realtors
Member, Hawaii Assn of Realtors
Member, National Assn of Realtors





Jason A. Economou
Government Affairs Director

441 Ala Makani Pl • Kahului, HI 96732
phone 808-243-8585 • fax 808-873-8585
jason@ramau.com • www.ramaui.com

March 12, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am Jason Economou, Government Affairs Director, speaking on behalf of the REALTORS Association of Maui, and its over 1,600 members. RAM **strongly supports** Senate Bill 767, SD1, which increases the threshold under the contractor licensing law's "handyman exemption" from \$1,000 to \$1,500. Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs ("DCCA"). The DCCA must submit an annual report to the Legislature on any complaints filed.

As it stands now, Hawaii Revised Statutes Chapter 444 requires an individual to hire a licensed contractor for any construction work that costs more than \$1,000 or that requires a building permit. However, the "handyman exemption" allows for the hiring of an individual 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. The "handyman exemption" is an excellent idea, but the limit of \$1,000 is far too low.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs, a modest increase of the threshold amount to \$1,500 will keep pace with current levels.

Handymen provide a valuable service by conducting maintenance and minor jobs that are often too difficult for an untrained homeowner, but too small for a licensed contractor to be willing to take on due to higher overhead costs. Moreover, handymen are an invaluable resource in rural areas, where there is a smaller pool of contractors available to choose from. In rural areas, handymen and residents alike would greatly benefit from these changes to the handyman exemption.

To make matters more pressing, Hawaii continues to see high winds and heavy rain due to climate change, which has caused an increase in property damage across the state. Property damage from debris and heavy winds often requires repairs exceeding the \$1,000 threshold for materials alone. This creates yet another obstacle for homeowners trying to recover from disaster. Raising the limit, even slightly, and not having the limit apply to materials would greatly benefit Hawaii residents.

Additionally, Act 195 passed in 2009, increased 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 a potential five-fold increase in penalties without any increase in the handyman exemption. Logic supports increasing the handyman exemption now.

Finally, an increase in the handyman exemption will not negatively impact consumer protection, as consumers will still have the small claims court as an outlet should they believe that a handyman's work was not up to par.

We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for considering my testimony.

Jason A. Economou
Government Affairs Director
REALTORS Association of Maui

March 12, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am Jennifer L. Andrews, a homeowner and a Realtor, and I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500.

The belief that the increase of the handyman exemption will be a slippery slope for illegal licensed activities is unfounded and, quite frankly, absurd. The types of jobs that a handyman service provides are not jobs that contractors will take on. Ask a contractor to fix a door and they will be too busy or quote a ridiculously high price to make it worth their while, if they are even willing to entertain the request. I have been trying to get work done on my personal home for some time now and the quotes from contractors (from those I can get to come out and give me quote) range from \$550-\$800 per sq. ft. for an addition. On top of this, the time frame for work to be completed, if they are even willing to take it on, is undeterminable because they are “so busy”. If this is the response I am getting from contractors to build an addition on my home, just imagine the responses given for requests on small home repair jobs. Many homeowners use a handyman as they provide an essential service to maintain the home to provide a safe living environment and cannot 1) wait indefinitely for a contractor to be willing to do the job and 2) afford the cost, whereas a handyman will be able to provide the necessary services within a reasonable time and at an affordable cost.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

To add to the problem, Hawai'i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua'i, Maui and parts of Hawai'i Island and O'ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners trying to recover from disasters.

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

We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.

Jennifer L. Andrews
RB-18874



HAWAII REGIONAL COUNCIL OF CARPENTERS

House Committee on Commerce, Consumer Protection, and Health
The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair

Tuesday, March 12, 2019
2:00 PM, State Capitol Room 329

SB767 SD1 – Relating to Contractors

Statement of the Hawaii Regional Council of Carpenters – Comments on SB767 SD1

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

The Hawaii Regional Council of Carpenters would like to provide the following comments on SB767 SD1, relating to contractors. The bill proposes to raise the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500, require handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs, and require the Department of Commerce and Consumer Affairs to report to the legislature.

We are **opposed** to the provision in the bill which would increase the threshold from \$1,000 to \$1,500. We believe that for home repair projects above \$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."

However, we **support** the provision to require handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs, and to require that the department submit an annual report to the legislature regarding complaints on projects performed by a handyman. We believe this will increase transparency, provide a means for consumers to have recourse against a handymen who perform poor quality work, and allow the legislature to better understand the complaints which often arise when dealing with unscrupulous handymen.

In summary, we request that your committee revert the dollar amount to \$1,000 on Page 4, Line 17 and Page 5, Line 6, but retain all other language in the bill.

Mahalo for the opportunity to provide these comments.

STATE HEADQUARTERS & BUSINESS OFFICES

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MAUI OFFICE: 330 Hookahi Street, Wailuku, Maui 96793-1449 • Ph. (808) 242-6891 Fax (808) 242-5961
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**TESTIMONY TO THE HOUSE COMMITTEE
COMMITTEE ON CONSUMER PROTECTION & COMMERCE
State Capitol, Conference Room 329
415 South Beretania Street
2:00 PM**

March 12, 2019

RE: SENATE BILL NO. 767 SD 1, RELATED TO CONTRACTORS

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

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

BIA-Hawaii provides the following comments on S.B. 767 SD 1, which proposes to amend Chapter 444-2 HRS by raising the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500. The bill also requires handymen to provide their name and contact information to the department of commerce and consumer affairs. Finally, the bill requires the Department of Commerce and Consumer Affairs to report to the legislature.

The "handyman" exemption has been used to allow for unlicensed contractors to perform work up to a certain amount. Any work exceeding that amount would need to be performed by a licensed contractor. The proposed bill would allow for a modest increase in work performed by unlicensed contractors.

While we understand the rationale for the proposed increase, the legislature should be aware that a "handyman" is an unlicensed individual, and is not required to carry insurance. As such, the consumer is at risk.

We appreciate the opportunity to express our views on this matter.

Testimony of
Christopher Delaunay, Government Relations Manager
Pacific Resource Partnership

House Committee on Consumer Protection and Commerce
The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair

SB 767 SD1—Relating to Contractors

Tuesday, March 12, 2019
2:00 P.M.
Conference Room 329

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

Pacific Resource Partnership (PRP) is **opposed** to the provision in SB 767 SD1 which would increase the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500. We urge this Committee to keep the exemption at \$1,000.

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—they 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; and
- 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).

However, PRP **supports** the provision to require handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs, and to require that the department submit an annual report to the legislature regarding complaints regarding projects performed by a handyman. We believe this will increase transparency, provide a means for consumers to have recourse against an unscrupulous handyman who perform poor quality work, and allow the legislature to better understand the complaints which often arise when dealing with unscrupulous handymen.



(Continued From Page 1)

Thank you for this opportunity to express our concerns about SB 767. We request that your committee defer this bill.

March 11, 2019

The Honorable Roy Takumi, Chair

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

RE: Senate Bill 767, SD1, Relating to Contractors

HEARING: Tuesday, March 12, 2019, at 2:00 p.m.

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

I am David Belew with Realtors Association of Maui, and I strongly support Senate Bill 767, SD1, which raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500.

Additionally, this measure requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs (“DCCA”). The DCCA must submit an annual report to the Legislature on any complaints filed.

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.

The handyman exemption was last raised in 1992, from \$100 to \$1,000, which is over 27 years ago. Since then, the cost of living, housing and inflation have all risen drastically. By having the handyman exemption only apply to labor costs and a modest increase to \$1,500 will help keep pace with current levels.

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 also a problem for neighbor islands or rural areas, where there is a smaller pool of contractors to choose from.

To add to the problem, Hawai'i has also seen heavy rains and winds last year from Hurricane Olivia and Lane which affected Kaua'i, Maui and parts of Hawai'i Island and O'ahu. Properties damaged from debris and heavy winds would need repairs exceeding the \$1,000 limit from materials alone. This creates another obstacle for homeowners trying to recover from disasters.

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

We would prefer House Bill 69, House Draft 1, which raises the handyman exemption from \$1,000 to \$1,500.

Mahalo for the opportunity to testify.



**Testimony to the House Committee on Consumer Protection and Commerce
Tuesday, March 12, 2019 at 2:00 P.M.
Conference Room 329, State Capitol**

RE: SB 767 SD1, RELATING TO CONTRACTORS

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

The Chamber of Commerce Hawaii (“The Chamber”) **provides comments** on SB 767 SD1, which proposes amending Chapter 444-2 HRS by raising the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500. The bill also requires handymen to provide their name and contact information to the Department of Commerce and Consumer Affairs. It requires the Department of Commerce and Consumer Affairs to report to the legislature.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

The “Handyman” exemption has been used to allow for unlicensed contractors to perform work up to a certain amount. Any work exceeding that amount would need to be performed by a licensed contractor. The proposed bill would allow for a modest increase in work performed by unlicensed contractors.

While we understand the rationale for the proposed increase, be aware that “Handyman” are “unlicensed” and are not required to carry insurance, as such, the consumer is at risk.

Thank you for the opportunity to testify.