

Testimony of the Contractors License Board

**Before the
House Committee on Finance
Wednesday, February 19, 2020
2:00 p.m.
State Capitol, Conference Room 308**

**On the following measure:
H.B. 2316, H.D. 1, RELATING TO THE CONTRACTORS RECOVERY FUND**

Chair Luke and Members of the Committee:

My name is Neal Arita, and I am the Legislative Committee Chairperson of the Contractors License Board (Board). The Board supports this administration bill and recommends an amendment to H.D. 1.

The purpose of this bill is to increase the monetary amount an injured homeowner may recover from the Contractors Recovery Fund, which provides financial assistance to homeowners injured by the act, representation, transaction, or conduct of a licensed contractor.

Currently, homeowners may receive up to \$12,500 per contract from the Contractors Recovery Fund. Section 1 of this bill increases the payment amount to \$25,000 per contract. Additionally, section 2 raises the maximum payout per licensed contractor from \$25,000 to \$50,000. In consideration of increased construction costs that make it difficult for injured homeowners to recoup some of their financial loss from the fund, the Board requests that the maximum payout per licensed contractor be raised to \$75,000, as provided for in the original bill, to adequately enhance homeowners' relief from their financial loss.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill with our recommended amendment.

SAH - Subcontractors Association of Hawaii

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February 10, 2020

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

Presented By: Tim Lyons, President

Subject: H.B. 2316, HD 1 – RELATING TO THE CONTRACTORS RECOVERY FUND.

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 generally but reluctantly can support this bill.

We just think it is important for everyone to be mindful that it is the "good guys" that pay into this fund. That is, all licensed contractors are assessed a fee in order to build up the money in this fund and then it is paid out on behalf of the "bad guys" who don't know what they are doing or go out of business. So, the "good guys" are paying for the "bad guys". Unfortunately that seems to be the way it is in many instances. For the protection of the consumer and for the protection of the overall good name of the industry we can therefore support the increase but again, only reluctantly.

We would like to note our appreciation to the last Committee for adjusting the amount and hope that this Committee can honor that same amount.

Thank you.