

Testimony of the Contractors License Board

**Before the
Senate Committee on Commerce, Consumer Protection and Health
Thursday, February 20, 2020
9:00 a.m.
State Capitol, Conference Room 229**

**On the following measure:
S.B. 2872, RELATING TO THE CONTRACTORS RECOVERY FUND**

Chair Baker 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.

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 \$75,000. In consideration of increased construction costs that make it difficult for injured homeowners to recoup some of their financial loss from the fund, this bill will 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.

SAH - Subcontractors Association of Hawaii

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February 20, 2020

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

Presented By: Tim Lyons, President

Subject: S.B. 2872 - RELATING TO THE CONTRACTORS RECOVERY FUND.

Chair Baker 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 House Committee for adjusting the amount in the companion bill and hope that this Committee can honor that same amount.

Thank you.

SB-2872

Submitted on: 2/14/2020 2:21:57 PM

Testimony for CPH on 2/20/2020 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karin Nomura	Individual	Support	No

Comments:

As someone who was damaged (structural damage, now covering 3 yrs & 7 months with nothing done & monetarily - lawyers fees, with what the damage actually costs not covered by either insurance it seems) by construction that occurred on a neighboring property feel that increasing the amount will hopefully lead to homeowners hiring licensed and insured contractors for any work that is to be completed.

My only issue is that I'm told that while a contractor is unlicensed according to the DCCA, that it was found acceptable under "owner builder" contracts to call the contractor licensed. As a third party I can't receive anything from the Contractors funds, but told that contractors under this category could still collect. Would like to see better definitions of "licensed" brought up, and stricter regulations for "owner builder" projects. As this could have been avoided with some simple safety precautions.