

STAND. COM. REP. NO. 187

Honolulu, Hawaii

FEB 12 2021

RE: S.B. No. 223
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 223 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require contractors and subcontractors to submit tax clearances as a condition of obtaining building permits for private developments exceeding a certain value; assigning a contract for private developments exceeding a certain value; and obtaining final inspection of private developments exceeding a certain value;
- (2) Authorize the department of taxation to require that tax clearance applications be submitted electronically;
- (3) Establish penalties; and
- (4) Appropriate funds for grants-in-aid to the counties.

Your Committee received testimony in opposition to this measure from the City and County of Honolulu Department of Planning and Permitting and Building Industry Association of Hawaii. Your Committee received comments on this measure from the



Department of Taxation, Tax Foundation of Hawaii, and the Subcontractors Association of Hawaii.

Your Committee finds that current administrative rules require tax clearances to obtain or renew a contractor's license during each even-numbered year. This measure in essence codifies this practice for purposes of obtaining building permits. Your Committee notes the problematic grant-in-aid appropriation language included in the current version of this measure, due to title concerns. Accordingly, amendments to this measure are necessary.

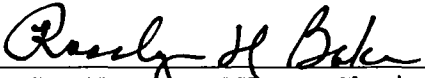
Your Committee has amended this measure by:

- (1) Clarifying that a building license issued pursuant to this measure shall be valid for two years, provided that all appropriate tax clearances were obtained and submitted with the application;
- (2) Clarifying that, if the building license expires, all state and county contracting officers or agents shall withhold final inspection in certain circumstances;
- (3) Deleting language that would have appropriated funds for grants-in-aid to the counties;
- (4) Inserting an effective date of January 1, 2022;
- (5) Inserting a repeal date of December 31, 2026; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 223, S.D. 1, and be referred to your Committees on Ways and Means and Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

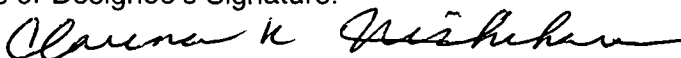


ROSALYN H. BAKER, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
 Committee on Commerce and Consumer Protection
 CPN

Bill / Resolution No.:* SB 223	Committee Referral: CPN, WAM JDC	Date: 2-9-2021		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members				
	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
CHANG, Stanley (VC)	/			
MISALUCHA, Bennette E.	/			
NISHIHARA, Clarence K.	/			
RIVIERE, Gil	/			
SAN BUENAVENTURA, Joy A.	/			
FEVELLA, Kurt	/			
TOTAL	7	-	-	-
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

*Only one measure per Record of Votes