

**Testimony of the Contractors License Board**

**Before the  
Senate Committee on Ways and Means  
Friday, February 26, 2021  
9:30 a.m.  
Via Videoconference**

**On the following measure:  
S.B. 1104, RELATING TO THE CONTRACTORS RECOVERY FUND**

**WRITTEN TESTIMONY ONLY**

Chair Dela Cruz and Members of the Committee:

My name is Candace Ito, and I am the Executive Officer 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.

The Contractors Recovery Fund was created to provide financial assistance to homeowners injured by the act, representation, transaction, or conduct of a licensed contractor. Currently, the maximum amount of recovery from the fund is \$12,500 per contract, and the maximum payout per licensed contractor is \$25,000.<sup>1</sup> Due to increased construction costs, however, homeowners are increasingly unable to recoup some of their financial loss from the fund.

By increasing the maximum amount of recovery to \$25,000 per contract and the maximum payout per licensed contractor to \$75,000, 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.

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<sup>1</sup> These maximum amounts were last statutorily increased in 1983.

# ***SAH - Subcontractors Association of Hawaii***

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February 26, 2021

Testimony To: Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1104 – RELATING TO THE CONTRACTORS RECOVERY FUND.

Chair Dela Cruz 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 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".

We have not heard of any data revealing the number of times and the amounts where the current cap was hit and therefore needs to be increased.

It should also be remembered that this "extra" remedy is not available to consumers of any other profession, other than real estate. Without the historical information we are reluctant to support this bill and its increases.

Thank you.



**SENATE COMMITTEE ON WAYS & MEANS  
Hawaii State Capitol  
415 South Beretania Street  
Via Videoconference  
9:30 AM**

February 26, 2021

RE: SB 1104 - RELATING TO CONTRACTORS RECOVERY FUND

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee:

My name is Beau Nobmann, 2021 President 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.

**BIA Hawaii is in opposition to SB 1104**, which would increase the monetary amount an injured homeowner can recover from the Contractors Recovery Fund.

It is our understanding that the intent of the Contractors Recovery Fund is to be a means of last resort after bond claims and any possible lawsuits have been settled. This fund is currently funded by an annual assessment paid by contractors, and raising the limit would mean the assessment would also be raised. This would represent a hardship on contractors who are already struggling in this economic climate. With the combined effects of the housing crisis and the economic chaos due to the pandemic, we must find ways to ease burdens on businesses in the construction industry, not add to them.

We appreciate the opportunity to provide our comments on this matter.