

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 2709
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 2709 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTORS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that a licensed specialty contractor may perform incidental and supplement work in crafts or trades other than in which the specialty contractor is licensed; provided that the incidental and supplemental work:

- (1) Involves other trades that are directly related to and necessary for the completion of the project undertaken by the licensed specialty contractor pursuant to the scope of the specialty contractor's license; and
- (2) Does not exceed five percent of the licensed specialty contractor's total work on the project.

Your Committee received testimony in support of this measure from the Ironworkers Stabilization Fund. Your Committee received testimony in opposition to this measure from the City and County of Honolulu Department of Planning and Permitting, Subcontractors Association of Hawaii, and General Contractors Association of Hawaii. Your Committee received comments on this measure from the Contractors License Board.



Your Committee finds that under existing law, a specialty contractor may take or execute a contract involving the use of two or more crafts or trades, for work other than that in which the contractor is licensed, if the performance of the work in the crafts or trades is incidental and supplemental to the performance of work in the craft for which the specialty contractor is licensed. In practice, the Contractors License Board allows a specialty contractor to perform work for which the contractor is not licensed as long as the unlicensed portion of the work is less than fifty percent of the contracted total work on the project. Your Committee believes that for safety reasons, the amount of incidental and supplement work performed by a contractor who is not licensed to perform that work should be significantly less than fifty percent. This measure seeks to address those concerns.

Your Committee notes the testimonies raising concerns that the five percent limitation, when applied to small-scale projects such as home renovation or re-roofing contracts, may result in unwanted costs and possible delays at a time when budgets are tight and homeowners are trying to save where they can.

Accordingly, your Committee has amended this measure by:

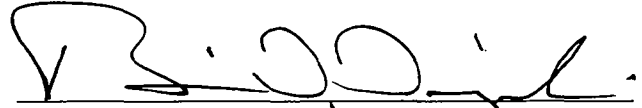
- (1) Clarifying that the amount of unlicensed work by a specialty contractor shall be:
 - (A) Measured by the cost and extent of work involved in executing the specialty contract's work; and
 - (B) Substantially less than and only incidental and supplemental to the performance of work in the craft for which the specialty contractor is licensed; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2709, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2709,



S.D. 1, and be referred to your Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,



BRIAN T. TANIGUCHI, Chair



The Senate
Thirty-First Legislature
State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:* <i>SB 2709</i>	Committee Referral: <i>LCA, CPN</i>	Date: <i>2-9-22</i>
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The Committee is reconsidering its previous decision on this measure.
If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)	✓			
CHANG, Stanley				✓
KEOHOKALOLE, Jarrett				✓
FEVELLA, Kurt	✓			
TOTAL	<i>3</i>	<i>0</i>	<i>0</i>	<i>2</i>

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: 

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*Only one measure per Record of Votes