

Testimony of the Contractors License Board

**Before the
Senate Committee on Commerce and Consumer Protection
Thursday, March 24, 2022
9:30 a.m.
Via Videoconference**

On the following measure:

S.R. 177, REQUESTING THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS AND THE CONTRACTORS LICENSE BOARD TO ENSURE THAT THE CONTRACTORS LICENSE BOARD INCLUDES AT LEAST TWO MEMBERS WITH EXPERTISE IN SPECIALTY STRUCTURAL CONTRACTING

Chair Baker and Members of the Committee:

My name Leslie Isemoto, and I am the Chairperson of the Contractors License Board (Board). I apologize for not being able to attend the hearing to present the Board's testimony. The Board is meeting today from 9 a.m. until this afternoon.

The purposes of this resolution are to request that the Director of the Department of Commerce and Consumer Affairs and the Board: (1) ensure that the Board includes, at all times, at least two specialty contractor members licensed in at least one of eight structural contracting subclassifications, provided that the license was not issued automatically as a result of holding a general engineering contractor license or a general building contractor license; (2) consider the feasibility of establishing an advisory committee focused on structural contracting issues within the existing Board composition to enhance sensitivity and attention given to structural contracting issues; (3) consider whether the Board's current administrative rules that allow for the automatic issuance of certain specialty licenses enumerated above for general engineering contractors and general building contractors, without further examination or fees, are prudent and sufficiently ensure the safety and welfare of the public; and (4) submit a report on their findings, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2023.

The Board will review this resolution at its next publicly noticed meeting on March 24, 2022. In the meantime, the Board offers comments based on its prior opposition to similar measures. The Board issues licenses in the "A" general engineering contractor, "B" general building contractor, and various "C" specialty contractor classifications. The

“A” and “B” contractors are automatically issued several “C” classifications (see page 3), and pursuant to the Hawaii Supreme Court’s decision in the Okada Trucking Co., Ltd. v. Board of Water Supply, 97 Haw. 450, 40 P.3d 73 (2002), the “A” and “B” contractors may perform work in these “C” classifications, as well as any other “C” classification it qualified for independent of its “A” or “B” license.

§444-3(b), Hawaii Revised Statutes, provides that the Board is comprised of thirteen members, including five “A” or “B” contractors, five “C” contractors and three noncontractors. Given that the contractor rules set forth over 90 different sub-specialty classifications, the Board believes that disproportionate board representation in any one subspecialty is problematic.

The Board believes that it is reasonable to include certain “C” classifications automatically as part of the “A” and “B” contractor licenses because these automatic “C” classifications are typically the areas of work that fall under an “A” or “B” project. Additionally, the “A” and “B” licensees must document at least four years of on-site supervision and direction of their own employees performing projects in the broad scope of the “A” and “B” classifications, and complete examinations on these subject matters. Thus, it is unnecessary to have at least two specialty contractor members licensed in at least one of the eight classification in the 4th whereas paragraph because the complement of general contractor and specialty contractor members on the Board provide a broad range of contracting expertise and experience to address structural contracting issues that may arise.

The Board further believes that it does have the expertise to evaluate the experience of applicants in the following classifications and has been licensing contractors in the C-6 Carpentry framing, C-31 Masonry, C-32 Ornamental, guardrail, and fencing, C-35 Pile driving, pile and caisson drilling, and foundation, C-38 Post tensioning, C-41 Reinforcing steel, C-48 Structural steel, and C-56 Welding classifications for decades. Lastly, the Board is not aware of any incidents of structural failures or structural contracting issues.

Thank you for the opportunity to testify on this resolution.

Automatic "C" Specialty Classifications

"A" General Engineering Contractor (See, Hawaii Administrative Rules section 16-77-32(a))

- (1) C-3 asphalt paving and surfacing
- (2) C-9 cesspool
- (3) C-10 scaffolding
- (4) C-17 excavating, grading, and trenching
- (5) C-24 building moving and wrecking
- (6) C-31a cement concrete
- (7) C-32 ornamental guardrail, and fencing
- (8) C-35 pile driving, pile and caisson drilling, and foundation
- (9) C-37a sewer and drain line
- (10) C-37b irrigation and lawn sprinkler systems
- (11) C-38 post tensioning
- (12) C-43 sewer, sewage disposal, drain, and pipe laying
- (13) C-49 swimming pool
- (14) C-56 welding
- (15) C-57a pumps installation
- (16) C-57b injection well
- (17) C-61 solar energy systems

"B" General Building Contractor (See, Hawaii Administrative Rules section 16-77-32(c))

- (1) C-5 cabinet, millwork, and carpentry remodeling and repairs
- (2) C-6 carpentry framing
- (3) C-10 scaffolding
- (4) C-12 drywall
- (5) C-24 building moving and wrecking
- (6) C-25 institutional and commercial equipment
- (7) C-31a cement concrete
- (8) C-32a wood and vinyl fencing
- (9) C-42a aluminum and other metal shingles
- (10) C-42b wood shingles and wood shakes

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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March 24, 2022

TO: HONORABLE ROSALYN H. BAKER, CHAIR, HONORABLE STANLEY CHANG, COMMITTEE ON COMMERCE AND CONSUMER PORTECTION

SUBJECT: **OPPOSITION TO S.C.R 184/S.R. 177 REQUESTING THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS AND THE CONTRACTORS LICENSE BOARD TO ENSURE THAT THE CONTRACTORS LICENSE BOARD INCLUDES AT LEAST TWO MEMBERS WITH EXPERTISE IN SPECIALTY STRUCTURAL CONTRACTING.**

HEARING

DATE: Thursday, March 24, 2022
TIME: 9:30 a.m.
PLACE: Capitol Room 229

Dear Chair Baker, Vice Chair Chang and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA is in **opposition** of S.C.R. 184/S.R.177, which requests the director of the department of commerce and consumer affairs and the contractors license board to ensure that the contractors license board includes at least two members with expertise in specialty structural contracting.

GCA believe that changes to the board composition are unnecessary since there is already a balance of five specialty contractors, five general contractors, and three public members. Additionally, the issues of structural engineering concerns are best addressed by professionally licensed designers and not as part of contractor licensing. Furthermore, we have not seen any evidence of engineering issues in construction by improperly licensed contractors.

The Contractors License Board is a longstanding and well-respected board that has been in place since 1957 and it works diligently on various issues affecting the construction industry.

The Board is established under Chapter 444, Hawaii Revised Statute (HRS) and are responsible, among other things, to grant licenses to contractors, adopt and amend rules affecting construction contractors, suspend or revoke licenses, educate, ensure administration of testing, order summary suspension of licensees, and issue informal nonbinding interpretations of inquiries.

The current make up of the Board includes a total of thirteen members, including five general contractors, five specialty contractors and three public members. The composition of the Board is required under the statute and has worked well with a balanced composition from each island represented. The various viewpoints and experience of the board members invite an even evaluation of each application and licensing inquiry. The Board must assess every license application and ensure that the applicant has the education, credibility, proper work experience, and background to provide the work in a safe and workman like manner if granted a license. The GCA believes that the current makeup of the Board including general contractors, subcontractors and members of the public is important because they have the background and expertise to determine if a candidate for a particular license is qualified and can make scope determinations upon request as it relates to the construction industry. The current composition of the public members of the Board can assist in evaluating each license applicant's education and work experience and ensures that the views and interests of the general public are adequately protected.

Furthermore, the Senate's advise and consent process allows proper vetting and discussion about a nominee's qualifications and abilities. If a member of the public had a concern with a nominee to the Board, it would have ample opportunity to raise those issues at an Advise and Consent public hearing or by speaking directly with the members of the Hawaii State Senate. The administrative rules in section 16-77-2, HAR recognizes the importance and the role of the Board which is to protect public health and safety, therefore the suggestive language regarding highest priority are unnecessary.

The GCA urges the committee to retain the current statute for appointing members to the Contractors License Board and request deferral of SCR 184/ SR 177.

IRON WORKERS STABILIZATION FUND

March 24, 2022
9:30 am

Senate Committee on Commerce and Consumer Protection
Via Videoconference
Conference Room 229
State Capitol
415 South Beretania Street

Re: SCR184/SR177 –Relating to the Contractors License Board

Aloha Chair Baker, Vice-Chair Chang, and Members of the Senate Committee,

We **SUPPORT** SCR 184/SR177. The resolutions request the director of the Department of Commerce and Consumer Affairs and the Contractors License Board to ensure that the Contractors License Board includes at least two members with expertise in specialty structural contracting.

Specialty structural contracting experience on the board is needed to better protect public health and safety. The current structure of the Contractors License Board—five (5) general contractors, five (5) specialty contractors, and three (3) public members—is not able to guarantee that the board, through its members, has expertise in all contracting license areas let alone structural contracting.

There is a total of ninety-nine (99) different areas of licenses of which two (2) are general contracting licenses, forty-nine (49) are specialty licenses, forty-six (46) are sub-specialty licenses, and one (1) is a temporary classification.

Of those ninety-nine (99) different area licenses only nine (9) influence the structural integrity of a building. Without specialty contractors on the Board with specialty structural contracting experience, the public's health, safety, and welfare will be put in jeopardy.

Ensure that the Board has appropriate representation and access to specialty structural contracting expertise. Pass these resolutions as they are both wise and prudent—protect the health and safety of the public and of our workers on job sites.

Sincerely,



T. George Paris
Managing Director

TGP: MP



INTERNATIONAL ASSOCIATION OF BRIDGE, STRUCTURAL, ORNAMENTAL AND REINFORCING IRON WORKERS

Affiliated with A.F.L.-C.I.O.

LOCAL UNION NUMBER 625

94-497 UKEE STREET • WAIPAHU, HAWAII 96797

T.G. Paris
President Emeritus

March 23, 2022 - 9:30 am

9:30 am

LATE

Senate Committee on Commerce and Consumer Protection
Via Videoconference
Conference Room 229
State Capitol
415 South Beretania Street

Re: SCR184/SR177 –Relating to the Contractors License Board

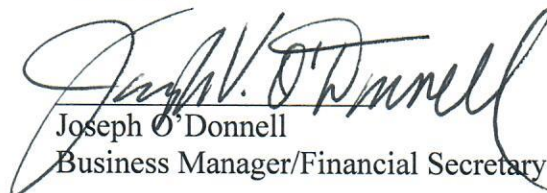
Aloha Chair Ross Baker, Vice-Chair Stanley Chang, and Members of the Committee,

We **SUPPORT** SCR 184/SR177. The resolutions request the director of the Department of Commerce and Consumer Affairs and the Contractors License Board to ensure that the Contractors License Board includes at least two members with expertise in specialty structural contracting.

I am speaking in my capacity as the Business Manager/Financial Secretary-Treasurer of the Hawaii Ironworkers Local 625, AFL-CIO and not in my capacity as a board member of the Contractors License Board.

There are close to a hundred license areas that the Contractors License Board has kuleana over and only nine license areas that pertain to the public safety area of structural contracting. As such, these resolutions would showcase the importance of having specialty structural contracting expertise on the board to bolster public confidence in the Contractors License Board's ability to protect the public and workers on job sites. Please consider passing resolutions SCR184 and SR177. Mahalo for the opportunity to testify.

Sincerely,


Joseph O'Donnell
Business Manager/Financial Secretary-Treasurer