



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**House Committee on Consumer Protection & Commerce**

**Wednesday, March 13, 2024**  
**2:05 PM**  
**State Capitol, Conference Room 329**

**On the following measure:**  
**S.B. 2977, RELATING TO UNLICENSED CONTRACTORS**

Chair Nakashima and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Office of Consumer Protection supports this bill as a common-sense measure to protect homeowners seeking to make improvements to their properties after a disaster. These improvements may require new structures and engineering damaged landscapes. This bill will help homeowners avoid injuries associated with unlicensed contracting by deterring unlicensed contracting on Maui. The bill expands the types of unlicensed contracting activities to which certain criminal and civil penalties apply when these activities occur after a disaster.

In the period after the deadly Tubbs Wildfire (2017) and Camp Wildfire (2018) devastated communities in California, including Santa Rosa and Paradise, the State of California Department of the Attorney General and local California prosecuting

authorities advocated the passage of a similar new law to deter unlicensed contracting when property owners sought to build new structures. Following passage of the California law, the California Contractor License Board worked to promote public awareness of the new law. Prosecuting authorities investigated reports of unlicensed contracting and, in specific cases, successfully prosecuted offenders under the criminal provisions of the new law.

Existing Hawaii law provides for enhanced civil and criminal penalties for unlicensed contracting after a disaster, but only when a person without a contractor license performs repairs that require a contractor's license to perform. This law was passed shortly after Hurricane Iniki caused widespread property damage on Kauai in particular and in some leeward Oahu communities. This existing law may deter unlicensed contracting after a disaster when the property damage resulting from the disaster is property damage that can be repaired. But it will not deter unlicensed contracting after a disaster when homeowners' properties have been destroyed and must be rebuilt.

During the Maui wildfires in August 2023, thousands of homes were destroyed. For homeowners whose homes were destroyed in the disaster and want to rebuild, this bill will deter unlicensed contractors from providing those services and will help homeowners avoid the harms associated with unlicensed contracting. This bill provides civil and criminal penalties when persons without a contractor's license perform certain improvements and other work which requires a contractor's license.

Thank you for the opportunity to testify on this bill.

JON N. IKENAGA  
STATE PUBLIC DEFENDER

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S.B. No. 2977: RELATING TO UNLICENSED CONTRACTORS

Chair Mark M. Nakashima  
Vice Chair Jackson D. Sayama  
Honorable Committee Members

The Office of the Public Defender **opposes** this bill.

This bill allows judges to impose a hefty fine and sentence up to a year in jail for being an unlicensed contractor repairing or improving properties in an emergency or disaster zone like Lahaina Town. It does not take into account mitigating circumstances and some of the less harmful albeit still criminal conduct.

For example, many unlicensed builders, electricians, or other laborers may be working to for friends, family, or classmates. While there is indeed great risk for homeowners, under-the-table jobs should be an option for them. And while the concern about unlicensed and fraudulent contractors is serious, the right legislation should target fraud, not the mere fact that a person is engaging in unlicensed contract work at the best of the property owner.

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

***1188 Bishop St., Ste. 1003\*\*Honolulu, Hawaii 96813-2938***

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March 13, 2024

Testimony To: House Committee on Consumer Protection & Commerce  
Representative Mark M. Nakashima, Chair

Presented By: Tim Lyons, President

Subject: S.B. 2977 – RELATING TO UNLICENSED CONTRACTORS.

Chair Nakashima 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 AND AIR CONDITIONING NATIONAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We support this bill.

This legislature provided for a framework for the licensing of contractors for very good reasons. There are unfortunately some in the industry who refuse to follow the law and oftentimes will take advantage of homeowners who are not knowledgeable about construction practices for their own profit. It is unfortunate that disasters oftentimes bring out the worst in these unlicensed contractors and they prey upon individuals that are sorely in need of repairs; sometimes immediate repairs.

It is often difficult to find a contractor and as a result, owners tend to settle for whomever answers the phone call. It is no way to do business and does not provide any protection for the homeowner. When homeowners deal with licensed contractors, they are protected by a large number of consumer protections including the requirement for a written contract, disclosure of lien rights, stating the percentage of work that will be subcontracted out, advising homeowners of the Contractors Repair Act and the benefits of the actions of the Regulated Industries Complaint Office. There are so many reasons to deal with only a licensed contractor however when homeowners are desperate they often do not take into consideration the protections that are there.

This bill addresses the situation when they have not done that and now the unlicensed activity is discovered. A fine of \$10,000.00 will serve as a deterrent to those "contractors" that like to practice illegally.

Based on the above, we support this bill and recommend your passage.

Thank you.

**Testimony of the Contractors License Board**

**Before the  
House Committee on Consumer Protection & Commerce  
Wednesday, March 13, 2024  
2:05 pm.  
Conference Room 329 and Videoconference**

**On the following measure:  
S.B. 2977, RELATING TO UNLICENSED CONTRACTORS**

Chair Nakashima and Members of the Committee:

My name is Neal Arita, and I am the Chairperson of the Contractors License Board (Board). The Board supports this bill.

The purposes of this bill are to: (1) make it unlawful for an unlicensed contractor to offer or perform repairs or improvements to a residential or nonresidential structure or property, or add to or subtract from grounds in connection with the structure or property, for damage or destruction caused by a natural disaster for which a state of emergency or disaster is proclaimed by the Governor; and (2) require violations to be punished by a fine of not more than \$10,000, imprisonment up to one year, or both, in addition to all other remedies or penalties.

The Board supports this measure as it deters unlicensed individuals from performing work that requires a contractor license. This would align with the Board's objective to protect the health, safety, and welfare of persons contracting with the construction industry and afford the public effective and practical protection against the incompetent, inexperienced, unlawful, and unfair practices of contractors.

Thank you for the opportunity to testify on this bill.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE HOUSE COMMITTEE ON  
COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 329  
Wednesday, March 13, 2024 AT 2:05 P.M.**

To The Honorable Mark M. Nakashima, Chair  
The Honorable Jackson D. Sayama, Vice Chair  
Members of the Committee on Consumer Protection & Commerce

**SUPPORTING SB2977 RELATING TO UNLICENSED CONTRACTORS**

The Maui Chamber of Commerce **supports SB2977** which makes it unlawful for an unlicensed contractor to offer or perform repairs or improvements to a residential or nonresidential structure or property, or add to or subtract from grounds in connection with the structure or property, for damage or destruction caused by a natural disaster for which a state of emergency or disaster is proclaimed by the Governor and requires violations to be punished by a fine of not more than \$10,000, imprisonment up to one year, or both, in addition to all other remedies or penalties.

The Chamber notes that, among other events, the wildfires of August 8, 2023 have increased the reports of unscrupulous actors have tried to take advantage of people in distress. We support this bill because, during this time, we are concerned about the high level of predatory behaviors. The bill will help mitigate some of this type of behavior.

For this reason, we **support SB2977** and request it be passed.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.