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# A BILL FOR AN ACT

RELATING TO CONTRACTORS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that Act 283 (2019)  
2       raised the exemption threshold under HRS 444-2 from \$1,000 to  
3       \$1,500, while also exempting all costs associated other than  
4       labor and materials. In passing Act 283, the legislature noted  
5       the increased cost of materials, limited access to contractors  
6       and skilled professionals, and the risk of untrained homeowners  
7       performing their own improvements. These concerns remain today,  
8       and a mere \$500 increase has done little to address the issues.

9       Home renovation prices continue increasing due to the  
10      rising cost of materials and labor. According to the Department  
11      of Business, Economic Development, and Tourism the cost of  
12      construction for a single-family residence increased 3.9 per  
13      cent between 2023 and 2024. Further, the U.S. Congressional  
14      Joint Economic Committee reported that Hawaii has seen  
15      cumulative inflation of nearly twenty per cent since 2021.

16      American Savings Bank references a report from the U.S.  
17      Bureau of Labor Statistics which revealed that "[l]ess than half



1 of construction businesses survived a decade" since 2013. This  
2 industry trend is reflected in Hawaii where a shortage of  
3 licensed contractors has led to an increased price of labor.

4 In this desaturated market, many licensed contractors prefer to  
5 accept jobs exceeding \$10,000. Ultimately, this shortage makes  
6 it difficult for homeowners to make timely small-scale repairs.

7 Many other states have much higher exemption thresholds to  
8 licensure requirements than Hawaii. Alabama and Delaware have  
9 thresholds set at \$50,000, while North Dakota and North Carolina  
10 are set at \$40,000 and \$30,000, respectively. Only seven states  
11 have lower thresholds than Hawaii. Further, Hawaii still  
12 prevents certain specialized jobs from being eligible for this  
13 exemption such as electrical or plumbing work and any project  
14 requiring a building permit.

15 With the ongoing housing crisis, rising cost of living, and  
16 the need to update deferred maintenance in many condo units,  
17 Hawaii cannot afford to have one of the lowest exemption  
18 thresholds in the nation. It took twenty-seven years for Hawaii  
19 to increase the threshold in Act 283, but the issues facing our  
20 state are too pressing to be dealt with an equal lack of urgency  
21 today.



1       Accordingly, the purpose of this Act is to amend the  
2 handyman exemption threshold from \$1,500 to \$2,500.

3       SECTION 2. Section 444-2, Hawaii Revised Statutes, is  
4 amended by amending subsection (4) to read as follows:

5       "**§444-2 Exemptions.** This chapter shall not apply to:

6       (1) Officers and employees of the United States, the  
7 State, or any county while in the performance of their  
8 governmental duties;

9       (2) Any person acting as a receiver, trustee in  
10 bankruptcy, personal representative, or any other  
11 person acting under any order or authorization of any  
12 court;

13       (3) A person who sells or installs any finished products,  
14 materials, or articles of merchandise that are not  
15 actually fabricated into and do not become a permanent  
16 fixed part of the structure, or to the construction,  
17 alteration, improvement, or repair of personal  
18 property;

19       (4) Any project or operation for which the aggregate  
20 contract price for labor and materials is not more  
21 than [~~\$1,500~~] \$2,500. This exemption shall not apply



1 in any case where a building permit is required  
2 regardless of the aggregate contract price, nor where  
3 the undertaking is only a part of a larger or major  
4 project or operation, whether undertaken by the same  
5 or a different contractor or in which a division of  
6 the project or operation is made in contracts of  
7 amounts not more than [~~\$1,500~~] \$2,500 for the purpose  
8 of evading this chapter or otherwise;

9 (5) A registered architect or professional engineer acting  
10 solely in the person's professional capacity;

11 (6) Any person who engages in the activities regulated in  
12 this chapter as an employee with wages as the person's  
13 sole compensation;

14 (7) Owner-builders exempted under section 444-2.5;

15 (8) Any joint venture if all members thereof hold licenses  
16 issued under this chapter;

17 (9) Any project or operation where it is determined by the  
18 board that less than ten persons are qualified to  
19 perform the work in question and that the work does  
20 not pose a potential danger to public health, safety,  
21 and welfare; or



(10) Any public works project that requires additional qualifications beyond those established by the licensing law and which is deemed necessary and in the public interest by the contracting agency."

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Ding D. King", is written over a horizontal line.

JAN 21 2025



# H.B. NO. 946

**Report Title:**

Contractors; Handyman Exemption; Threshold

**Description:**

Raises the threshold exemption under the contractor licensing law's handyman exemption from \$1,500 to \$2,500.

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