

JAN 15 2025

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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 in recent years,  
2 there has been a significant increase in fraudulent activities  
3 by unlicensed contractors, commonly known as "storm chasers,"  
4 who exploit the vulnerabilities of homeowners in the aftermath  
5 of natural disasters. These individuals often engage in  
6 deceptive practices, such as performing substandard repairs or  
7 absconding with advance payments, leaving property owners in  
8 precarious situations. In 2021, the Federal Trade Commission  
9 received nearly seventy thousand cases of home repair,  
10 improvement, and product fraud, underscoring the pervasive  
11 nature of this issue.

12           The legislature further finds that the financial impact of  
13 these types of fraudulent activities is substantial. The  
14 National Insurance Crime Bureau estimates that post-disaster  
15 fraud results in billions of dollars in losses annually, with  
16 approximately ten per cent of catastrophe-related insurance  
17 payouts being diverted to unscrupulous contractors.



1 Post-disaster fraud not only burdens individual homeowners but  
2 also contributes to increased insurance premiums and strains on  
3 public resources.

4 The legislature also finds that in recognition of the  
5 severity of post-disaster fraud, several states have enacted  
6 stringent measures to deter and penalize contractor fraud during  
7 disaster recovery efforts. For instance, Wisconsin implemented  
8 legislation granting homeowners the right to cancel contracts  
9 with contractors within a specified period if their insurance  
10 claims are denied, thereby providing a safeguard against hasty  
11 agreements with fraudulent operators. Similarly, Tennessee has  
12 introduced laws requiring contractors to furnish detailed  
13 information to residents affected by storms, enhancing  
14 transparency and accountability in repair services. Despite  
15 these efforts, the persistence of contractor fraud necessitates  
16 a unified and robust response. Higher penalties for unlicensed  
17 contracting activities during declared states of emergency serve  
18 as a strong deterrent against these exploitative practices.

19 With Lahaina in the throes of rebuilding and with costs  
20 spiraling out of control, the legislature finds there is still a  
21 pressing need to enact further protections. By adopting



1 enhanced punitive measures, the State can better protect its  
2 residents from predatory contractors, ensure the integrity of  
3 disaster recovery processes, and promote public trust in the  
4 aftermath of natural disasters.

5 Accordingly, the purpose of this Act is to establish as a  
6 class B felony the unlicensed performance of contractor work,  
7 during or within five years following a national emergency,  
8 state of emergency, or disaster proclamation, in an affected  
9 political subdivision.

10 SECTION 2. Section 444-10.6, Hawaii Revised Statutes, is  
11 amended by amending subsection (e) to read as follows:

12 "(e) Any person who violates section 444-9[~~, in connection~~  
13 ~~with the offer or performance of repairs to a residential or~~  
14 ~~nonresidential structure for damage caused by a natural disaster~~  
15 ~~in]~~]:

16 (1) During or within five years following a national  
17 emergency proclaimed by the President or the Congress  
18 of the United States or a state of emergency  
19 proclaimed by the governor; and

20 (2) Within a political subdivision for which [a state of]  
21 the emergency or disaster is proclaimed [by the governor, may be



1 ~~punished by a fine of up to \$10,000, imprisonment up to one~~  
2 ~~year, or both],~~  
3 shall be guilty of a class B felony, in addition to all other  
4 remedies or penalties."

5 SECTION 3. This Act does not affect rights and duties that  
6 matured, penalties that were incurred, and proceedings that were  
7 begun before its effective date.

8 SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: \_\_\_\_\_



# S.B. NO. 417

**Report Title:**

National Emergencies; States of Emergency; Disasters;  
Contractors; Unlicensed Performance of Work; Penalties

**Description:**

Establishes as a class B felony the unlicensed performance of contractor work, during or within 5 years following a national emergency, state of emergency, or disaster proclamation, in an affected political subdivision.

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