

JAN 18 2019

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 chapter 444, Hawaii
2 Revised Statutes, requires that a licensed contractor be hired
3 for any construction work that costs more than \$1,000 or that
4 requires a building permit. However, the handyman exemption to
5 chapter 444, Hawaii Revised Statutes, allows the hiring of a
6 person not licensed as a contractor if the total value of the
7 project, including labor and materials, is equal to or less than
8 \$1,000.

9 The legislature further finds that as housing costs have
10 increased in Hawaii, the cost of housing materials has also
11 increased. As a result, small home repair projects may easily
12 exceed \$1,000. Additionally, Act 195, Session Laws of Hawaii
13 2009, increased the monetary sanctions for engaging in
14 contracting without the required license in violation of the
15 contractors licensing law. Fines were increased from \$500 to
16 \$2,500 for the first offense and from \$1,000 to \$3,500 for the
17 second offense. This represents a fivefold increase in the



1 amount of the first offense fine and over a threefold increase
2 in the second offense fine.

3 Despite an increase in costs and a shortage of licensed
4 contractors, the handyman exemption amount has not been
5 increased since 1992. Accordingly, the legislature finds that
6 in order to combat high housing costs, the handyman exemption
7 should be expanded to provide faster, easier access to
8 construction services for smaller projects.

9 It is necessary to raise the handyman exemption for several
10 reasons. First, increasing the exemption threshold brings the
11 exemption more in line with the increased fines imposed by Act
12 195 and reduces that law's potential impact on handymen who take
13 on small projects in good faith and face rising materials costs.
14 Second, raising the handyman exemption will help landlords and
15 homeowners reduce the costs of maintaining a home or for repairs
16 to make rentals marketable. Third, in rural parts of the State,
17 it is often difficult to find licensed contractors for these
18 projects because the job is either too small or contractors are
19 not available. Finally, if the exemption threshold remains as
20 it is, senior citizens who are unable to find contractors may be



S.B. NO. 767

1 forced to attempt dangerous repairs themselves, thereby placing
2 senior citizen homeowners at risk of injury.

3 The purpose of this Act is to broaden the contractor
4 licensing law's handyman exemption threshold amount by removing
5 all costs other than labor from its calculation and raising the
6 amount to \$1,500.

7 SECTION 2. Section 444-2, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "§444-2 Exemptions. This chapter shall not apply to:

- 10 (1) Officers and employees of the United States, the
11 State, or any county while in the performance of their
12 governmental duties;
- 13 (2) Any person acting as a receiver, trustee in
14 bankruptcy, personal representative, or any other
15 person acting under any order or authorization of any
16 court;
- 17 (3) A person who sells or installs any finished products,
18 materials, or articles of merchandise that are not
19 actually fabricated into and do not become a permanent
20 fixed part of the structure, or to the construction,



S.B. NO. 767

- 1 alteration, improvement, or repair of personal
2 property;
- 3 (4) Any project or operation for which the [~~aggregate~~]
4 contract price for labor[, ~~materials, taxes, and all~~
5 ~~other items~~] is not more than [~~\$1,000-~~] \$1,500. This
6 exemption shall not apply in any case where a building
7 permit is required regardless of the [~~aggregate~~]
8 contract price, nor where the undertaking is only a
9 part of a larger or major project or operation,
10 whether undertaken by the same or a different
11 contractor or in which a division of the project or
12 operation is made in contracts of amounts not more
13 than [~~\$1,000~~] \$1,500 for the purpose of evading this
14 chapter or otherwise;
- 15 (5) A registered architect or professional engineer acting
16 solely in the person's professional capacity;
- 17 (6) Any person who engages in the activities regulated in
18 this chapter as an employee with wages as the person's
19 sole compensation;
- 20 (7) Owner-builders exempted under section 444-2.5;



S.B. NO. 767

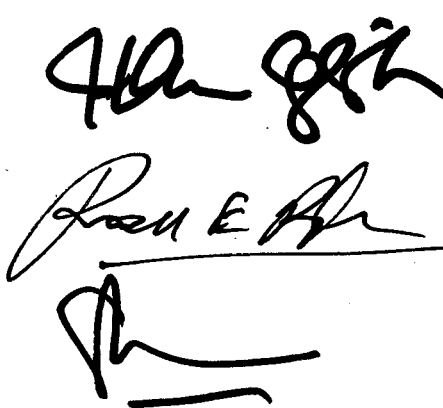
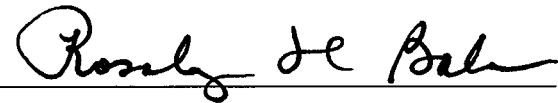
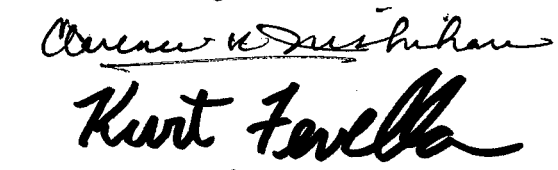
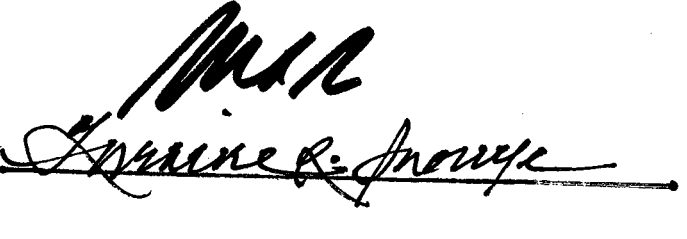
- 1 (8) Any joint venture if all members thereof hold licenses
- 2 issued under this chapter;
- 3 (9) Any project or operation where it is determined by the
- 4 board that less than ten persons are qualified to
- 5 perform the work in question and that the work does
- 6 not pose a potential danger to public health, safety,
- 7 and welfare; or
- 8 (10) Any public works project that requires additional
- 9 qualifications beyond those established by the
- 10 licensing law and which is deemed necessary and in the
- 11 public interest by the contracting agency."

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

14 SECTION 4. This Act shall take effect on July 1, 2019.

15

INTRODUCED BY:

	  
---	--



S.B. NO. 767

Report Title:

Contractors; Handyman Exemption

Description:

Raises the threshold under the contractor licensing law's handyman exemption from \$1,000 to \$1,500 and makes it applicable only to the cost of labor.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

