

Testimony of the Contractors License Board

**Before the
Senate Committee on Commerce & Consumer Protection
Friday, February 12, 2021
9:30a.m.
Via Videoconference**

**On the following measure:
S.B. 1104, RELATING TO THE CONTRACTORS RECOVERY FUND**

Chair Baker and Members of the Committee:

My name is Candace Ito, and I am the Executive Officer of the Contractors License Board (Board). The Board supports this administration bill.

The purpose of this bill is to increase the monetary amount an injured homeowner may recover from the Contractors Recovery Fund.

The Contractors Recovery Fund was created to provide financial assistance to homeowners injured by the act, representation, transaction, or conduct of a licensed contractor. Currently, the maximum amount of recovery from the fund is \$12,500 per contract, and the maximum payout per licensed contractor is \$25,000.¹ Due to increased construction costs, however, homeowners are increasingly unable to recoup some of their financial loss from the fund.

By increasing the maximum amount of recovery to \$25,000 per contract and the maximum payout per licensed contractor to \$75,000, this bill will enhance homeowners' relief from their financial loss.

Thank you for the opportunity to testify, and we respectfully ask the Committee to pass this administration bill.

¹ These maximum amounts were last statutorily increased in 1983.

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February 12, 2021

Testimony To: Senate Committee on Commerce and Consumer Protection
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1104 – RELATING TO THE CONTRACTORS RECOVERY FUND.

Chair Baker 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 CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

We just think it is important for everyone to be mindful that it is the "good guys" that pay into this fund. That is, all licensed contractors are assessed a fee in order to build up the money in this fund and then it is paid out on behalf of the "bad guys" who don't know what they are doing or go out of business. So, the "good guys" are paying for the "bad guys".

We have not heard of any data revealing the number of times and the amounts where the current cap was hit and therefore needs to be increased.

It should also be remembered that this "extra" remedy is not available to consumers of any other profession, other than real estate. Without the historical information we are reluctant to support this bill and its increases.

Thank you.