

STAND. COM. REP. NO. 1297 -08

Honolulu, Hawaii

March 20, 2008

RE: S.B. No. 2896
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2896, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTORS,"

begs leave to report as follows:

The purpose of this bill is to reduce and deter unlicensed contractor activity in this state by:

- (1) Prohibiting the resumption of work by any contractor who is issued a citation for operating without a license until such time that the contractor obtains the necessary license to perform the work; and
- (2) Requiring investigators to issue cease and desist orders, in addition to citations, upon determining that a contractor is performing work without a license.

The Hawaii Building and Construction Trades Council, AFL-CIO, Subcontractors' Association of Hawaii, and Ironworkers Stabilization Fund testified in support of this bill. The General Contractors Association of Hawaii testified in opposition to this measure. The Department of Commerce and Consumer Affairs submitted comments.

SB2896 HD1 HSCR LAB HMS 2008-3210



Unlicensed contracting activity is a serious problem that decreases state revenues and adversely impacts legitimate contractors and consumers, all of whom face the consequences of having to contend with contractors who refuse to "play by the rules." Your Committee notes that this measure will focus on those contractors who continue to perform work without a license, by requiring them to cease work immediately upon the issuance of a citation and prohibiting them from resuming work until all licensing requirements are met.

Your Committee has amended this bill by:

- (1) Clarifying that the person cited for working without a license shall cease work until such time that they hold the required license to perform that work;
- (2) Increasing the fixed monetary fines for working without a license to:
 - (A) \$10,000 per day for a first offense;
 - (B) \$5,000 per day for a second offense; and
 - (C) \$10,000 per day for any subsequent offense;
- (3) Adding the requirement that a person who violates a cease and desist order, must have also been issued a citation for operating without a license, before the Director of Commerce and Consumer Affairs may apply for injunctive or any other relief deemed appropriate by the court; and
- (4) Providing that either a daily violation of the licensure requirements or a daily failure to comply with the cease and desist order will be deemed a separate offense.

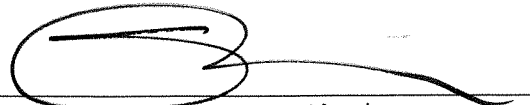
Other technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2896, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2896,



S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right.

ALEX M. SONSON, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

HSUR 1297-08

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2896, SDZ	Committee Referral: LAB, CPC/JVD	Date: 3/18/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	✓			
2. NAKASONE, Bob (VC)				✓
3. EVANS, Cindy		✓		
4. HAR, Sharon E.				✓
5. LEE, Marilyn B.	✓			
6. LUKE, Sylvia				✓
7. McKELVEY, Angus L.K.				✓
8. NISHIMOTO, Scott Y.	✓			
9. SOUKI, Joseph M.	✓			
10. TAKAMINE, Dwight Y.	✓			
11. TAKUMI, Roy M.				✓
12. MEYER, Colleen Rose		✓		
13. PINE, Kymberly Marcos				✓
TOTAL (13)	5	2	0	6
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <i>Joseph M. Souki</i>				
Distribution: Original (White) - Committee Duplicate (Yellow) - Chief Clerk's Office				