

JAN 27 2021

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**A BILL FOR AN ACT**

RELATING TO THE CONTRACTORS RECOVERY FUND.

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

1           SECTION 1. Section 444-26, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:  
3           "(a) The board is authorized to establish and maintain a  
4 contractors recovery fund from which any person injured by an  
5 act, representation, transaction, or conduct of a duly licensed  
6 contractor, which is in violation of this chapter or the rules  
7 adopted pursuant thereto, may recover by order of the circuit  
8 court or district court of the judicial circuit where the  
9 violation occurred, an amount of not more than [~~\$12,500~~] \$25,000  
10 per contract, regardless of the number of persons injured under  
11 the contract, for damages sustained by the act, representation,  
12 transaction, or conduct. Recovery from the fund shall be  
13 limited to the actual damages suffered by the claimant,  
14 including court costs and fees as set by law, and reasonable  
15 attorney fees as determined by the court; provided that recovery  
16 from the fund shall not be awarded to persons injured by an act,  
17 representation, transaction, or conduct of a contractor whose  
18 license was suspended, revoked, forfeited, terminated, or in an

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1 inactive status at the time the claimant entered into the  
2 contract with the contractor."

3 SECTION 2. Section 444-34, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§444-34 Maximum liability.** Notwithstanding any other  
6 provision, the liability of the contractors recovery fund shall  
7 not exceed [~~\$25,000~~] \$75,000 for any licensed contractor."

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 Statutory material to be repealed is bracketed  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

10 SECTION 4. This Act shall take effect upon its approval;  
11 provided that on June 30, 2024, this Act shall be repealed and  
12 sections 444-26 and 444-34, Hawaii Revised Statutes, shall be  
13 reenacted in the form in which they read on the day before the  
14 effective date of this Act.

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INTRODUCED BY:



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BY REQUEST

# S.B. NO. 1104

**Report Title:**

Contractors Recovery Fund; Recovery; Homeowner; Chapter 444

**Description:**

Increases the monetary amount an injured homeowner may recover from the Contractors Recovery Fund.

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

# SB. NO. 1104

## JUSTIFICATION SHEET

DEPARTMENT: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO THE CONTRACTORS RECOVERY FUND.

PURPOSE: To increase the monetary amount an injured homeowner may recover from the Contractors Recovery Fund.

MEANS: Amend sections 444-26(a) and 444-34, Hawaii Revised Statutes (HRS).

JUSTIFICATION: The Contractors Recovery Fund was created to provide financial assistance to homeowners injured by the act, representation, transaction, or conduct of a licensed contractor. Due to higher construction costs, however, homeowners are increasingly unable to recoup some of their financial loss from the Contractors Recovery Fund. Both the amount a homeowner may recover from the Contractors Recovery Fund and the payout amount per licensed contractor were last increased in 1983.

Impact on the public: This bill will help defray financial losses suffered by homeowners injured by the act, representation, transaction, or conduct of licensed contractors.

Impact on the department and other agencies: This measure will allow the Department of Commerce and Consumer Affairs to better serve Hawaii's injured homeowners by increasing the amount of money they can recoup.

GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: CCA-105.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval; provided that on June 30, 2024, this Act shall be repealed and sections 444-26 and 444-34, HRS, shall be reenacted in the form in which they read on the day before the effective date of this Act.