STAND. COM. REP. NO. 2147

Honolulu, Hawaii

FOb. 16

, 2006

RE:

S.B. No. 2469

S.D. 1

Honorable Robert Bunda President of the Senate Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Transportation and Government Operations, to which was referred S.B. No. 2469 entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTORS,"

begs leave to report as follows:

The purpose of this measure is to increase the handyman's exemption from \$1,000 to \$3,500 under the contractors licensing law.

Your Committee received testimony in support of this measure from the Hawaii Association of Realtors; Inoue Hawaii Realty Corporation; Blue Sky Realty & Management; Clark Realty Corporation; Realty & Rentals, Inc.; Century 21 Liberty Homes; Coldwell Banker Pacific Properties; Property Profiles; Landmark Maui Properties; Pukana La Properties LLC; Hawaiian Isle Real Estate, LLC; Aina Maui Properties; West Oahu Realty; Maui Town & Country Realty; Whalers Realty Management Company Inc.; Big Island Brokers; Alpha Real Estate & Mgt. Co.; National Association of Residential Property Managers; Cynthia Rubinstein Real Estate, Inc.; Luko & Assoc. Realty Inc.; and twenty-seven individuals. Testimony in opposition was received from the Contractors Licensing Board, Plumbing & Mechanical Contractors Association of Hawaii, Subcontractors Association of Hawaii, and one individual.

This measure is intended to address the serious problem of a lack of contractors in the home improvement marketplace. The current upswing in large project construction, particularly

federal military projects, as well as resorts and condominiums, has exhausted the skilled labor to perform construction work.

To fill in the gap, there is a large demand for handymen who do small home improvement projects for hire. Current law places a limit of \$1,000 for a contractors license exemption for such projects. However, the costs of construction labor and materials have climbed dramatically to the point where the \$1,000 limit is unrealistic. The result is that few people are willing to undertake such small projects. Homeowners are forced to wait up to eight months or longer for home improvement work to be performed. By raising the limit to \$3,500, your Committee believes the marketplace will improve on the supply side.

Your Committee is cognizant of consumer protection and general excise tax issues. To address these issues, your Committee has amended this measure by requiring the registration of handymen with the contractors licensing board and an excise tax license.

As affirmed by the record of votes of the members of your Committee on Transportation and Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2469, S.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Respectfully submitted on behalf of the members of the Committee on Transportation and Government Operations,

LORRAINE R. INOUTE, Chair

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Transportation and Government Operations (Bills and Resolutions)

Measure:*	Committee Re	eferral:	Date:	***	
SB 2469		H, 00	$ \mathcal{W} $	2/6/0	6
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is to:					
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)					
Members		Ayes	Ayes(WR)	Nays	Excused
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ESPERO, Will (VC)			a*	argerus.	
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TOTAL	-	3	1		3
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

^{*}Do <u>not</u> list more than one measure per Record of Votes.