

Honolulu, Hawaii

April 26, 2007

RE: S.B. No. 1425
S.D. 2
H.D. 1
C.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1425, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONTRACTOR LICENSING
REQUIREMENTS DURING A STATE OF EMERGENCY OR DISASTER,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to ensure that an adequate supply of licensed contractors is available to perform necessary repairs and reconstruction work during a state of emergency or disaster. Specifically, this measure:

- (1) Authorizes the Contractors License Board (Board) to issue emergency contractor's licenses to qualified out-of-state contractors;
- (2) Authorizes the Board to establish an Emergency Contractors Recovery Fund to assist in covering liability costs for



persons injured as a result of work performed by a contractor that is issued an emergency license to perform necessary repair and reconstruction work during a state of emergency or disaster;

- (3) Authorizes the Board to collect fees from applicants for an emergency contractor's license;
- (4) Requires a determination by the Board that a shortage of a qualified workforce exists prior to issuing emergency contractor's licenses to qualified out-of-state contractors;
- (5) Requires that an applicant for an emergency contractor's license provide:
 - (A) Proof of workers' compensation, property damage, and liability insurance in an amount not less than \$300,000 per occurrence and \$600,000 in the aggregate;
 - (B) A current financial statement prepared by a certified public accountant;
 - (C) A credit report; and
 - (D) Proof of intent to pay any and all applicable state general excise taxes by means of a state tax clearance statement;
- (6) Clarifies that a contractor who is issued an emergency contractor's license is subject to requirements set by Hawaii's contractor laws under Chapter 444, Hawaii Revised Statutes; and
- (7) Specifies that an emergency contractor's license shall only be valid during the period that the emergency exists.

Your Committee on Conference finds that the after effects of hurricanes Katrina and Rita demonstrated the adverse consequences of having a short supply of skilled and licensed contractors. Currently, if a natural disaster or other state of emergency were to arise in Hawaii, the demand for skilled and licensed contractors in Hawaii to perform the necessary repair and reconstruction work may exceed the actual supply. Your Committee on Conference further finds that allowing out-of-state contractors licensed in other



jurisdictions to perform work in Hawaii under an emergency license represents a reasonable balance between the need for more contractors and the need to protect consumers.

To this end, your Committee on Conference amended this measure by:

- (1) Removing the provision authorizing the Board to establish an Emergency Contractors Recovery Fund;
- (2) Removing the minimum monetary amounts for insurance liability in the provision requiring proof of workers' compensation, property damage, and liability insurance;
- (3) Amending the provision requiring proof of licensure as a contractor in another state that follows the same adopted version of the applicable county's uniform building code to provide that the county in which the contractor is licensed have a similar, rather than the same uniform building code;
- (4) Clarifying language regarding submitting a state tax clearance statement;
- (5) Inserting language requiring the applicant to provide proof of bond in the amount and in such form as set forth in section 444-16.5, Hawaii Revised Statutes;
- (6) Removing the provision requiring a contractor who is issued an emergency contractor's license to be subject to requirements set forth by Hawaii's contractor license maintenance and penalty laws under chapter 444, Hawaii Revised Statutes;
- (7) Removing the provision requiring the emergency contractor's license to remain valid only during the period of the emergency; and
- (8) Making nonsubstantive changes for the purpose of style and clarity.

It is the intent of your Committee on Conference to ensure that there is an adequate supply of licensed contractors available to perform the necessary repairs and reconstruction work during a state of emergency or disaster and putting requirements in place to ensure public and consumer safety.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1425, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1425, S.D. 2, H.D. 1, C.D. 1.

Respectfully submitted on behalf
of the managers:

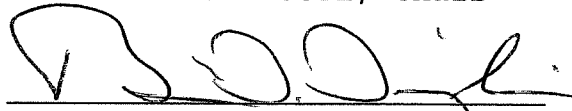
ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE


CINDY EVANS, Co-Chair


ROBERT N. HERKES, Co-Chair


LORRAINE R. INOUE, Chair

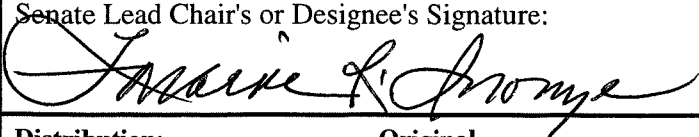
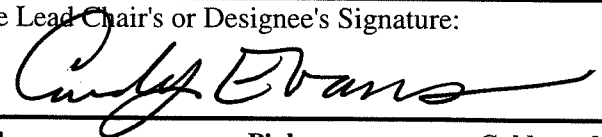

BRIAN T. TANIGUCHI, Co-Chair



CCR 15

Hawaii State Legislature

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB, 1425, SD 2, HD 1					Date/Time: 4/25/07 2:20 p.m.				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
INOUE, Lorraine R., Chr.	✓				EVANS, Cindy, Co-Chr.	✓			
TANIGUCHI, Brian, Co-Chr.	✓				HERKES, Robert N., Co-Chr.	✓			
SAKAMOTO, Norman				✓	HAR, Sharon E.	✓			
HEMMINGS, Fred	✓				MCKELVEY, Angus L.K.	✓			
					YAMANE, Ryan I.	✓			
					FINNEGAN, Lynn				
TOTAL	3			1	TOTAL	5			1
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original					Yellow				
File with Conference Committee Report					House Clerk's Office				
					Pink				
					Senate Clerk's Office				
					Goldenrod				
					Drafting Agency				